



**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 **22**  
to  
Contract Number **MA071B5500025C**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive Suite 200
	Ann Arbor MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	<b>Program Manager</b>	Various - Primary	Meghan Penny
		(517) 282-1272	
		PennyM2@michigan.gov	
	<b>Contract Administrator</b>	Lauren Stempek	DTMB
(517) 243-4008			
stempekl@michigan.gov			

CONTRACT SUMMARY				
Internet Service Provider				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
October 14, 2014	October 31, 2019	5 - 12 Months	October 31, 2027	
PAYMENT TERMS		DELIVERY TIMEFRAME		
Net 45		n/a		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
n/a				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$11,235,041.50	\$0.00	\$11,235,041.50		
DESCRIPTION				
Effective 3/25/2025, this change notice is issued as a clerical correction to Change Notice 21, as the Revised Expiration date that was executed in Change Notice 20 should have carried over and read 10/31/2027. Please see this clerical correction has now been made and the accurate expiration date is now displayed - 10/31/2027.				
All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement Services approval.				

**Program Managers  
for  
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
DTMB	Meghan Penny	517-282-1272	PennyM2@michigan.gov
DTMB	Stephanie Jeppesen	517-335-6899	JeppesenS@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 21  
to  
Contract Number MA071B5500025C

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive Suite 200
	Ann Arbor MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	<b>Program Manager</b>	Various - Primary	Meghan Penny
		(517) 282-1272	
		PennyM2@Michigan.Gov	
	<b>Contract Administrator</b>	Lauren Stempek	DTMB
(517) 243-4008			
StempekL@Michigan.Gov			

### CONTRACT SUMMARY

Internet Service Provider			
<b>INITIAL EFFECTIVE DATE</b>	<b>INITIAL EXPIRATION DATE</b>	<b>INITIAL AVAILABLE OPTIONS</b>	<b>EXPIRATION DATE BEFORE</b>
October 14, 2014	October 31, 2019	5 - 12 Months	October 31, 2024
<b>PAYMENT TERMS</b>		<b>DELIVERY TIMEFRAME</b>	
Net 45		n/a	
<b>ALTERNATE PAYMENT OPTIONS</b>			<b>EXTENDED PURCHASING</b>
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>MINIMUM DELIVERY REQUIREMENTS</b>			
n/a			

### DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
<b>CURRENT VALUE</b>		<b>VALUE OF CHANGE NOTICE</b>	<b>ESTIMATED AGGREGATE CONTRACT VALUE</b>	
\$11,186,237.50		\$48,804.00	\$11,235,041.50	

### DESCRIPTION

Effective 3/6/2025, this contract hereby adds \$48,804.00 in funds to cover the two Statements of Works attached. The first Statement of work adds \$20,100.00 in funds to cover services for Camp Grayling to execute the 3-year renewal for internet access services, optional fee-services as described in the SOW. The Selfridge Statement of Work adds funds in the amount of \$28,704.00 to cover the 3-year renewal for internet access services and optional fee services as described in the SOW.

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

**Program Managers  
for  
Multi-Agency and Statewide Contracts**

<b>AGENCY</b>	<b>NAME</b>	<b>PHONE</b>	<b>EMAIL</b>
DTMB	Meghan Penny	517-282-1272	PennyM2@michigan.gov
DTMB	Stephanie Jeppesen	517-335-6899	JeppesenS@michigan.gov

# STATEMENT OF WORK - IT CHANGE NOTICE

<b>Project Title:</b> Camp Grayling Joint Maneuvering Training Center – 3 Year	<b>Period of Coverage:</b> 10/01/2024 – 10/31/2027
<b>Requesting Department:</b> DTMB – Chief Technology Office	<b>Date:</b> 3/1/2025
<b>Agency Project Manager:</b> Stephanie Jeppesen	<b>Phone:</b> (517) 335-6899
<b>DTMB Project Manager:</b> Meghan Penny	<b>Phone:</b> (517) 282-1272

**BACKGROUND:**

Merit has been providing Internet access services, optional fee-services, and other mutually agreed-upon services to Camp Grayling Joint Maneuvering Training Center, and they are going to continue these services for the next 3 years through 10/31/2027.

**PAYMENT SCHEDULE:**

1 Gbps Fiber Connection with 1 Gbps Bandwidth – 5 year					
Product Details	Quantity	One-Time Price	Total One-Time	Recurring Price	Total Recurring
Setup & Installation	1	\$76,680.00	\$76,680.00	\$0.00	\$0.00
Setup & Installation – Discount	1	(\$68,900.00)	(\$68,900.00)	\$0.00	\$0.00
Startup Allowance	1	(\$7,030.00)	(\$7,030.00)	\$0.00	\$0.00
Contracted Bandwidth – 1 Gbps	1	\$0.00	\$0.00	\$17,100.00	\$17,100.00
Network Access	1	\$0.00	\$0.00	\$2,250.00	\$2,250.00

Annual Recurring Total: **\$19,350.00**

One-Time Total: **\$750.00**

# STATEMENT OF WORK - IT CHANGE NOTICE

One-Time Summary	
Description	Amount
1 Gbps Fiber Connection with 1 Gbps Bandwidth – 5 Year	\$750.00

Non- Recurring Total: **\$750.00**

Annual Recurring Expenses Summary	
Description	Amount
1 Gbps Fiber Connection with 1 Gbps Bandwidth – 5 Year	\$19,350.00

Annual Recurring Total: **\$19,350.00**

Payment will be made on an annual basis. DTMB will pay CONTRACTOR upon receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State’s satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

Payment shall be considered timely if made by DTMB within forty-five (45) days after receipt of properly completed invoices.

**EXPENSES:**

The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

# STATEMENT OF WORK - IT CHANGE NOTICE

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## PROJECT CONTACTS:

The designated Agency Project Manager is:

Stephanie Jeppesen  
DTMB – Michigan Cybersecurity  
(517) 245-5693  
[JeppesenS@michigan.gov](mailto:JeppesenS@michigan.gov)

The designated DTMB Project Manager is:

Meghan Penny  
DTMB – Chief Technology Office  
(517) 282-1272  
[PennyM2@michigan.gov](mailto:PennyM2@michigan.gov)

## EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

**This purchase order is a release from Contract Number 071B5500025. This purchase order, statement of work, and the terms and conditions of Contract Number 071B5500025 constitute the entire agreement between the State and the Contractor.**

# STATEMENT OF WORK - IT CHANGE NOTICE

<b>Project Title:</b> Selfridge Airforce Base Internet Service Renewal – 3 Year	<b>Period of Coverage:</b> 10/01/2024 – 10/31/2027
<b>Requesting Department:</b> DTMB – Chief Technology Office	<b>Date:</b> 3/1/2025
<b>Agency Project Manager:</b> Stephanie Jeppesen	<b>Phone:</b> (517) 335-6899
<b>DTMB Project Manager:</b> Meghan Penny	<b>Phone:</b> (517) 282-1272

**BACKGROUND:**

Merit has been providing Internet access services, optional fee-services, and other mutually agreed-upon services to Selfridge Air Force Base, and they are going to continue these services for the next 3 years through 09/30/2027.

**PAYMENT SCHEDULE:**

Product Details	Amount
Network Access – 10/01/2024 – 09/30/2025	\$10,704.00
1.0 Gbps Contracted Bandwidth with 1 Gbps Fiber Connection – 10/01/2024 – 09/30/2025	\$18,000.00
Network Access – 10/01/2025 – 9/30/2026	\$10,704.00
1.0 Gbps Contracted Bandwidth with 1 Gbps Fiber Connection – 10/01/2025 – 09/30/2026	\$18,000.00
Network Access – 10/01/2026 – 09/30/2027	\$10,704.00
1.0 Gbps Contracted Bandwidth with 1 Gbps Fiber Connection – 10/01/2026 – 09/30/2027	\$18,000.00

Non-Recurring Total \$0.00

Annual Recurring Total \$28,704.00

Payment will be made on an annual basis. DTMB will pay CONTRACTOR upon receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State’s satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.



# STATEMENT OF WORK - IT CHANGE NOTICE

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Payment shall be considered timely if made by DTMB within forty-five (45) days after receipt of properly completed invoices.

## **EXPENSES:**

The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

## **PROJECT CONTACTS:**

The designated Agency Project Manager is:

Stephanie Jeppesen  
DTMB – Michigan Cybersecurity  
(517) 245-5693  
[JeppesenS@michigan.gov](mailto:JeppesenS@michigan.gov)

The designated DTMB Project Manager is:

Meghan Penny  
DTMB – Chief Technology Office  
(517) 282-1272  
[PennyM2@michigan.gov](mailto:PennyM2@michigan.gov)

## **EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:**

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

**This purchase order is a release from Contract Number 071B5500025. This purchase order, statement of work, and the terms and conditions of Contract Number 071B5500025 constitute the entire agreement between the State and the Contractor.**



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ENTERPRISE PROCUREMENT**

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**CONTRACT CHANGE NOTICE**

Change Notice Number 20  
to  
Contract Number MA071B5500025C

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive Suite 200
	Ann Arbor MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	<b>Program Manager</b>	Meghan Penny	DTMB
		517-282-1272	
		PennyM2@michigan.gov	
	<b>Contract Administrator</b>	Lauren Stempek	
(517) 243-4008			
StempekL@Michigan.gov			

**CONTRACT SUMMARY**

Internet Service Provider			
<b>INITIAL EFFECTIVE DATE</b>	<b>INITIAL EXPIRATION DATE</b>	<b>INITIAL AVAILABLE OPTIONS</b>	<b>EXPIRATION DATE BEFORE</b>
November 1, 2014	October 31, 2019	5 - 12 Months	October 31, 2024
<b>PAYMENT TERMS</b>		<b>DELIVERY TIMEFRAME</b>	
n/a		Net 45	
<b>ALTERNATE PAYMENT OPTIONS</b>			<b>EXTENDED PURCHASING</b>
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>MINIMUM DELIVERY REQUIREMENTS</b>			
n/a			

**DESCRIPTION OF CHANGE NOTICE**

<b>OPTION</b>	<b>LENGTH OF OPTION</b>	<b>EXTENSION</b>	<b>LENGTH OF EXTENSION</b>	<b>REVISED EXP. DATE</b>
<input type="checkbox"/>	0 Months	<input checked="" type="checkbox"/>	3 Years	October 31, 2027
<b>CURRENT VALUE</b>		<b>VALUE OF CHANGE NOTICE</b>	<b>ESTIMATED AGGREGATE CONTRACT VALUE</b>	
\$10,236,237.50		\$950,000.00	\$11,186,237.50	

**DESCRIPTION**

Effective 10/30/2024, the State is adding \$950,000.00 in funding and three option years to this contract through Chapter 5.7.6 of procurement policy for useful life. The State is executing all 3 options now making the new expiration date 10/31/2027.

Please note that the Program Manager for the State has been updated to Meghan Penny.

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Procurement approval, and State Administrative Board approval on 10/29/2024.

**Effective 10/30/2024, this Contract is amended as provided in this Change Notice No. 20 to Contract No. 071B5500025. All other terms, conditions, pricing and specifications remain the same.**

**Section 1.601 is revised so that the following provision is hereby deleted from Section 1.601 in its entirety:**

**Method of Payment**

The Contractors will be paid by the methods listed in the SOW.

**Section 2.001 is hereby deleted in its entirety and replaced with the following:**

**2.001 CONTRACT TERM**

All outstanding Purchase Orders must also expire upon the termination for any of the reasons listed in Section 2.150 of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, shall remain in effect for the balance of the fiscal year for which they were issued. The Term of this Contract is extended until 10/31/2027.

**Section 2.048 is hereby deleted in its entirety and replaced with the following:**

**2.048 ELECTRONIC PAYMENT REQUIREMENT**

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.

**The following Section 2.102a is hereby added to the Contract as follows:**

**2.102a STATE DATA.**

1. Ownership. The State's data ("**State Data**)," which will be treated by Contractor as Confidential Information) includes (a) User Data; (b) all data

made available to Contractor during the Term, including but not limited to all text, sound, video, image files, or software; and (c) any other data collected, used, Processed, stored, or generated in connection with the Services, including but not limited to

- i. personally identifiable information (“PII”) collected, used, Processed, stored, or generated as the result of the Services, 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
  - ii. protected health information (“PHI”) collected, used, Processed, stored, or generated as the result of the Services, which is defined under the Health Insurance Portability and Accountability Act (“HIPAA”) and its related rules and regulations.
2. 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.
3. Contractor’s Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Services, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Services. 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 Services, such use and disclosure being in accordance with this Contract and applicable law; (c) keep and maintain State Data in the continental United States; and (d) not use, sell, rent, transfer, mine, distribute, commercially exploit, 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. Contractor’s misuse of State Data may violate state or federal laws, including but not limited to MCL 752.795.
4. Loss or Compromise of State 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:

- i. (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence;
- ii. (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;
- iii. in the case of PII or PHI, at the State's sole election:
  1. 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 5 calendar days of the occurrence; or
  2. reimburse the State for any costs in notifying the affected individuals;
- iv. 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 24 months following the date of notification to such individuals;
- v. (c) perform or take any other actions required to comply with applicable law as a result of the occurrence;
- vi. (d) 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;
- vii. (e) pay for any costs associated with required notification and credit monitoring to affected individuals; and
- viii. (f) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and

hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence;

- ix. be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and
  - x. provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, 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.
  - xi. The parties agree that any damages relating to a breach of this **Section 20** are to be considered direct damages and not consequential damages.
5. **Third-Party Requests.** Contractor will immediately notify the State upon receipt of any third-party requests which in any way might reasonably require access to State Data. Contractor will notify the State Program Managers or their designees by the fastest means available and also in writing. Contractor must provide such notification within twenty-four (24) hours from Contractor's receipt of the request. Contractor will not respond to subpoenas, service of process, FOIA requests, and other legal requests related to the State without first notifying the State. Upon request by the State, Contractor must provide to the State, its proposed response to the third-party request with adequate time for the State to review, and, as it deems necessary, to revise the response, object, or take other action.

6. **“User Data”** means all data, information and other content of any type and in any format, medium or form, whether audio, visual, digital, screen, GUI or other, that is input, uploaded to, placed into or collected, stored, Processed, generated or output by any device, system or network by or on behalf of the State, including any and all works, inventions, data, analyses and other information and materials resulting from any use of the Software by or on behalf of the State under this Contract.

**The following Section 2.102b is hereby added to the Contract as follows:**

**2.102b DATA PRIVACY**

1. **Data Privacy and Information Security.** Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will 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’s Confidential Information that comply with the requirements of the State’s data security policies as set forth in **Schedule E** to this Contract.
2. **Schedule E** is hereby added to this Contract and incorporated by reference.
3. **“Process”** means to perform any operation or set of operations on any data, information, material, work, expression or other content, including to (a) collect, receive, input, upload, download, record, reproduce, store, organize, combine, log, catalog, cross-reference, manage, maintain, copy, adapt, alter, translate or make other improvements or derivative works, (b) process, retrieve, output, consult, use, disseminate, transmit, submit, post, transfer, disclose or otherwise provide or make available, or (c) block, erase or destroy. “Processing” and “Processed” have correlative meanings.

**The following subsection (o) is hereby added to Section 2.121  
WARRANTIES AND REPRESENTATIONS, as follows:**

- (o) 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.

**Section 2.201 is hereby deleted in its entirety and replaced with the following:**

## **2.201 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.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, 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 the Contract.

**The following Section 2.201a is hereby added to the Contract, as follows:**

### **2.201a ACCESSIBILITY REQUIREMENTS.**

- i. All Deliverables created or provided by Contractor under this Contract, including associated content and documentation, must at all times conform to the Digital Accessibility Standards. Contractor must provide a completed PAT for each such deliverable provided under the Contract. All "Not Applicable" or "N/A" responses to the specifications, if any, must be fully explained. A description of the evaluation methods used to support such conformance claims, including, if applicable, any third-party testing, must be provided. Throughout the Term of the Contract, at no additional costs to the State, Contractor must:
  1. promptly respond to and resolve, in a manner acceptable to the State, any complaint the State receives regarding the accessibility of any Deliverable;
  2. upon the State's written request, provide Deliverables in one or more alternative formats and within timeframes specified by the State; and
  3. participate in State of Michigan Digital Standards Review described below.
- ii. State of Michigan Digital Standards Review. Prior to Deliverables being accepted, put into production, or as otherwise required by the State, the State may conduct a Digital Standards Review to assess their accessibility and compliance with the Digital Accessibility Standards. Contractor must assist the State with each such review, including submitting documentation or other information regarding accessibility and compliance with the Digital Accessibility Standards. Contractor



must, at its sole cost and expense, remediate all issues resulting from such review in a manner and timeframe accepted in writing by the State, which may include providing a remediation status report and updated PAT to the State and a re-assessment of accessibility.

- iii. Warranty. Contractor warrants that all conformance claims regarding conformance to the Digital Accessibility Standards made by Contractor pursuant to this Contract, including all information provided in any PAT Contractor provides to the State, are true and correct. If the State determines such conformance claims provided by the Contractor represent a higher level of conformance than what is actually provided to the State, Contractor will, at its sole cost and expense, promptly remediate its Software to align with Contractor's stated conformance claims in accordance with plans and timelines that are approved in writing by the State. If Contractor is unable to resolve such issues in a manner acceptable to the State, in addition to all other remedies available to the State, the State may terminate this Contract for cause.
- iv. Indemnification. Contractor must, 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 arising out of Contractor's failure to comply with the foregoing accessibility standard.
- v. Failure to comply with the requirements in this **Section** will constitute a material breach of this Contract.

## SCHEDULE E – DATA SECURITY REQUIREMENTS

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**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)).

“**Hosting Provider**” means any Permitted Subcontractor that is providing any or all of the Hosted Services and/or Operating Environment 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 Solution who has sufficient knowledge of the security of the Solution 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 Personnel 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/policies/it-policies>.

This responsibility also extends to all service providers and subcontractors with access to State Data or an ability to impact the Solution. Contractor responsibilities are determined from the PSPs based on the services being provided to the State, the type of IT solution, and the applicable laws and regulations.

**4. Acceptable Use Standard.** To the extent that Contractor has access to the State's IT environment, Contractor must comply with the State's Acceptable Use Standard, see <https://www.michigan.gov/dtmb/-/media/Project/Websites/dtmb/Law-and-Policies/IT-Policy/13400013002-Acceptable-Use-of-Information-Technology-Standard.pdf>. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Standard before accessing State systems or Data. 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 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;

5.2 for Hosted Services provided by the Contractor, maintain either a FedRAMP authorization or an annual SSAE 18 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 stored, hosted, supported, administered, accessed, backed up in the United States, its territories or Canada;

5.4 ensure that any Customization development work is performed in the United States;

5.5 ensure the data center(s) in which Software and State Data resides minimally meets Uptime Institute Tier 3 standards (<https://www.uptimeinstitute.com/>), or its equivalent;

5.6 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;

5.7 Throughout the Term, Contractor must not provide any part of the Solution from the list of excluded parties in the [System for Award Management \(SAM\)](#) for entities excluded from receiving federal government awards for "covered telecommunications equipment or services.

5.8 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);

5.9 take all reasonable measures to:

(a) secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Solution against “malicious actors” and others who may seek, without authorization, to destroy, disrupt, damage, encrypt, modify, copy, access or otherwise use Hosted Services 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 Solution; (ii) State Data from being commingled with or contaminated by the data of other customers or their users of the Solution; and (iii) unauthorized access to any of the State Data;

5.10 ensure that State Data is encrypted in transit and at rest using FIPS validated AES encryption modules and a key size of 128 bits or higher;

5.11 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;

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

5.13 Contractor must permanently sanitize or destroy the State’s information, including State Data, from all media both digital and nondigital including backups using National Security Agency (“NSA”) and/or National Institute of Standards and Technology (“NIST”) (NIST Guide for Media Sanitization 800-88) data sanitization methods or as otherwise instructed by the State. Contractor must sanitize information system media, both digital and non-digital, prior to disposal, release out of its control, or release for reuse as specified above.

**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 and required evidence 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, perform related remediation activities, and provide evidence of compliance. 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 must 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 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 and Hosting Provider's (if applicable) 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 Web Application Security Standard 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) – Authenticated interactive scanning of 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 with 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 with 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 with 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 programming interface (API).

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



## **10. Infrastructure Scanning.**

10.1 Contractor must ensure their 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 Solution to meet the applicable 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.





**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 **19**  
 to  
 Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive , Suite 200
	Ann Arbor, MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	<b>Program Manager</b>	Meghan Penny	DTMB
		517-282-1272	
	PennyM2@michigan.gov		
	<b>Contract Administrator</b>	Lauren Stempek	DTMB
(517) 243-4008			
stempekl@michigan.gov			

**CONTRACT SUMMARY**

<b>INTERNET SERVICE PROVIDER</b>			
<b>INITIAL EFFECTIVE DATE</b>	<b>INITIAL EXPIRATION DATE</b>	<b>INITIAL AVAILABLE OPTIONS</b>	<b>EXPIRATION DATE BEFORE</b>
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2024
<b>PAYMENT TERMS</b>		<b>DELIVERY TIMEFRAME</b>	
NET45			
<b>ALTERNATE PAYMENT OPTIONS</b>			<b>EXTENDED PURCHASING</b>
<input type="checkbox"/> P-Card	<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

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**DESCRIPTION OF CHANGE NOTICE**

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2024
<b>CURRENT VALUE</b>		<b>VALUE OF CHANGE NOTICE</b>	<b>ESTIMATED AGGREGATE CONTRACT VALUE</b>	
\$9,831,467.50		\$0.00	\$9,831,467.50	

**DESCRIPTION**

Effective 8/7/2023, this contract is using \$42,000.00 in existing funds to cover Cybersecurity Table Top Exercise services to be provided by Merit Network as described in the attached Statement of Work.

Please note that the Program Manager for the State has been changed to Meghan Penny.

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

**Program Managers  
for  
Multi-Agency and Statewide Contracts**

<b>AGENCY</b>	<b>NAME</b>	<b>PHONE</b>	<b>EMAIL</b>
DTMB	Meghan Penny	517-282-1272	PennyM2@michigan.gov
DTMB	Stephanie Jeppesen	517-335-6899	JeppesenS@michigan.gov
DTMB	Jayson Cavendish	517-243-8692	CavendishJ@michigan.gov

# STATEMENT OF WORK - IT CHANGE NOTICE

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<b>Project Title:</b> Cybersecurity Table Top Exercises	
<b>Requesting Department:</b> DTMB – MCS	
<b>Agency Project Manager:</b> Stephanie Jeppesen	<b>Phone:</b> 517-245-5693
<b>DTMB Project Manager:</b> Jayson Cavendish	<b>Phone:</b> 517-243-8692

**PROJECT OBJECTIVE:**

Merit will provide Table Top Exercises that test and validate the State of Michigans ability to handle disaster response and recovery incidents, and execute procedures at an organization level. The workshop will test the readiness of response capabilities; clarify and define the State of Michigans security goals. Learning objectives include:

- Clarify and define security goals
- Determine how cybersecurity staff interact and respond to an incident
- Validate procedures
- Observe and describe the processes used to detect, respond, and recover from simulated events

**SCOPE OF WORK:**

In this workshop Merit will provide a simulated dynamic cybersecurity environment and participants must walk through the various stages of an incident, including identification, containment, eradication, and recovery. This workshop showcases the realistic and frequently unpredictable natures of cybersecurity inciendts and teaches participants how to be dynamic and address a multitude of organizational challenges which present themselves during an incident.

**DELIVERABLES:**

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them. Deliverables for this project include:

Merit will provide the State of Michigan with the following:

- One primary facilitator to run the exercise with two standby facilitartors to aid with connectivity, organization, and ensure proper flow of exercise components.

# STATEMENT OF WORK - IT CHANGE NOTICE

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- Meet with technical directors of infrastructure areas and ascertain current technical deployments of critical operational technologies (OT) for certain public utility systems in the State of Michigan to identify critical infrastructure areas and technologies for use in this exercise.
- Development of cyber attack scenario. Creation of underlying motive, goals, techniques, procedure, entry points, capabilities, of the threat actors during the course of the scenario.
- Outreach to potential stakeholders for identification of best suited roles.
- Creation and delivery of Incident Response (IR), Disaster Recovery (DR), and Business Continuity Planning (BCP) content. Ensure that all participants, whether active or passive, maintain a standard knowledge library of cybersecurity, cyber incident, and resiliency concepts and strategies.
- Delivery of time-based exercise combining Michigan critical infrastructure segments, a comprehensive cyber attack, and key response stakeholders. Unless otherwise agreed to, each division or area will have up to four (4) individuals able to provide direct game instructions back to the proctor. An unlimited number of other players may utilize in-person or online chat features to discuss possible directions for the four active individuals to pursue.
- Personalized breakout sessions for applicability to current workplace and deployment directives and instructions.
- End of session hotwas to describe to full cyber attack and the effectiveness of the response.

## PAYMENT SCHEDULE:

Product Details	Quantity	One-Time Price	Total One-Time
8 hour Virtual Zoom Workshop – up to 250 participants	1	\$42,000.00	\$42,000.00
One-Time Total:			<b>\$42,000.00</b>

Payment will be made on a satisfactory acceptance of completion of deliverable basis. DTMB will pay CONTRACTOR upon receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB

# STATEMENT OF WORK - IT CHANGE NOTICE

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Project Manager approvals. All invoices should reflect actual work completed by payment date and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State's satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

Payment shall be considered timely if made by DTMB within forty-five (45) days after receipt of properly completed invoices.

## **EXPENSES:**

The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

## **PROJECT CONTACTS:**

The designated Agency Project Manager is:

Stephanie Jeppesen  
DTMB – Michigan Cybersecurity  
MSPHQ 2<sup>nd</sup> Floor  
7150 Harris Drive  
Dimondale, MI 48821  
517-245-5693  
[JeppesenS@Michigan.Gov](mailto:JeppesenS@Michigan.Gov)

The designated DTMB Project Manager is:

Jayson Cavendish  
DTMB – Michigan Cybersecurity  
7150 Harris Dr.,  
Dimondale, MI 48821  
517-243-8692  
[CavendishJ@Michigan.gov](mailto:CavendishJ@Michigan.gov)

# STATEMENT OF WORK - IT CHANGE NOTICE

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**LOCATION OF WHERE THE WORK IS TO BE PERFORMED:**

Services will be performed virtually.

**EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:**

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

**This purchase order is a release from Contract Number 071B5500025. This purchase order, statement of work, and the terms and conditions of Contract Number 071B5500025 constitute the entire agreement between the State and the Contractor.**





**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 **18**  
 to  
 Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive , Suite 200
	Ann Arbor, MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	<b>Program Manager</b>	Whitnie Zuker	DTMB
		517-284-9231	
		zuckerw@michigan.gov	
	<b>Contract Administrator</b>	Lauren Stempek	DTMB
		(517) 243-4008	
		stempekl@michigan.gov	

**CONTRACT SUMMARY**

<b>INTERNET SERVICE PROVIDER</b>			
<b>INITIAL EFFECTIVE DATE</b>	<b>INITIAL EXPIRATION DATE</b>	<b>INITIAL AVAILABLE OPTIONS</b>	<b>EXPIRATION DATE BEFORE</b>
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2024
<b>PAYMENT TERMS</b>		<b>DELIVERY TIMEFRAME</b>	
NET45			
<b>ALTERNATE PAYMENT OPTIONS</b>			<b>EXTENDED PURCHASING</b>
<input type="checkbox"/> P-Card	<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

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**DESCRIPTION OF CHANGE NOTICE**

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2024
<b>CURRENT VALUE</b>		<b>VALUE OF CHANGE NOTICE</b>	<b>ESTIMATED AGGREGATE CONTRACT VALUE</b>	
\$9,831,467.50		\$0.00	\$9,831,467.50	

**DESCRIPTION**

Effective 3/31/2023, this contract is hereby amended for the use of \$155,600 in existing funds, for the attached Statement of Work that includes:

- The fiber connection installation required for Incident Response Training at Alpena AFB, and
- The CIS Controls Workshops Series which allow for the preparation of participants for Cybersecurity Incident Response

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

# STATEMENT OF WORK - IT CHANGE NOTICE

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<b>Project Title:</b> CIS Controls Workshop Series – Professional Services & Alpena AFB Fiber Connection
<b>Requesting Department:</b> DTMB - MCS
<b>Agency Project Manager:</b> Stephanie Jeppssen / Jayson Cavendish
<b>DTMB Project Manager:</b> Stephanie Jeppssen

**BACKGROUND:**

The Department of Technology, Management, and Budget, and Michigan Cybersecurity are requesting to make the following changes to MA 071B5500025 to incorporate the SOW and quote for CIS Controls Workshop Series – Professional Services for Incident Response workshop series, and the installation of the connection needed for Alpena AFB Incident Response Training.

**PROJECT OBJECTIVE:**

The primary goals of this hand on Incident Response workshop series is to:

1. Introduce public sector individuals to the risks and concepts surrounding cybersecurity;
2. Provide guidance on how to improve cybersecurity posture and respond to cyber incidents utilizing the CIS Critical Security control framework;
3. Provide a turnkey environment to assist participants with incident response at their own organizations;
4. Allow participants to be prepared and successful during cyber assessments.

**SCOPE OF WORK:**

Merit Network, Inc. will deliver a maximum of six (6) workshops to participants within the State of Michigan surrounding cybersecurity as defined by the goals, format, topics, and details below. In addition, Merit will manage the marketing, outreach, program management, deliver, and reporting of this program to the State of Michigan. Merit will also setup and install the 1Gbps Fiber Connection required by Alpena AFB to support the Incident Response Training.

# STATEMENT OF WORK - IT CHANGE NOTICE

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## TASKS:

Technical support is required to assist with the following tasks:

**Development of Content** – Merit Network, Inc. will develop the content and material for this workshop series. This content may be used by either party for further development or other training purposes.

**Session Presenters** – The primary presenter will be Chief Information Security Officer (CISO) with broad technical and organizational subject-matter experience in the cybersecurity field. This presenter will have CISSP, CISM, and GIAC certifications and speak authoritatively on covered topics.

A facilitator will also be present during the workshop series, able to aid individual with connectivity issues, answer non-technical questions, provide immediate responses to participate questions, and redirect any feedback, technical questions or Q&A back to the primary presenter.

**Marketing and Outreach** – Merit will publicize the workshop series throughout our local government and education membership and other key partners. Merit may craft landing pages, collateral, and email templates needed to communicate the workshop series. The State of Michigan will share any email lists or contacts to be included in the promotion of the workshop series. Merit may use additional targeted marketing to reach potential participants. The State of Michigan may also use those contacts to promote the event on their own.

**Session Registration and Delivery** – Merit will manage the intake and registration process for each workshop session utilizing our existing event management platform. Attendees will be able to register via a dedicated website and will be give reminder notifications before their registered session. Statistics and records on registration and attendance will be provided to the State of Michigan. Specific dates, times, and locations for each of the six sessions will be determined collaboratively between Merit and the State of Michigan based on level of interest from the statewide community.

For remote delivery options, the delivery of the workshop series will utilize a remote conferencing platform utilized by Merit. Merit will be responsible for creating, maintaining, and troubleshooting the meeting room.

For in-person delivery options, the delivery of the workshop series will be held either at the Merit Network, Inc. Ann Arbor training center or at a suitable facility as jointly decided by the State of Michigan and Merit. Participants will generally be limited to fifty (50) persons for any in-person session; however this may change based on community requirements and interest. Merit will be responsible for coordinating the usage of any in-person facility with the presenters and participants of the program.

# STATEMENT OF WORK - IT CHANGE NOTICE

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For UASI-Funded components of this program, potential physical training locations may include:

1. Merit Network Headquarters, Ann Arbor
2. City of Detroit
3. Oakland County

For SHSP-Funded components of this program, potential physical training locations may include:

1. Grand Rapids / Western Michigan University
2. Marquette / Northern Michigan University
3. Gaylord

An evaluation meeting will be held at the end of the series.

**Workshop Format** – The workshop will be a combination lab and lecture series, with a CISO subject matter expert presenting slides, content, examples, and discussion to participants. Content will include, where appropriate, screenshots and examples of security controls covered under Implementation Group 1 of the CIS Critical Security Controls with the overarching theme of Incident Response.

**Auxiliary Sessions** – Merit will hold three (3) virtual “drop-in” sessions during the course of the program to permit attendees to ensure that their laptop or computer environment will be working properly to support the lab content of the course. Additionally, merit will also hold three (3) virtual “drop-in” sessions once the workshop series is complete where participants can continue to ask follow-up questions, go over lab concepts, and troubleshoot any practical issues they may be having with adapting the delivered concepts or virtual machine to their own work environment.

**Workshop Length** – The workshop length is proposed to be up to sixteen (16) hours of instruction per individual workshop session, subject to the final approved list of topics and depth of learning objectives.

**Audience** – The primary audience for this workshop series is any public sector employee in the information technology (IT) field that has security related tasks as part of their operational duties. These attendees will learn how simple changes to their regular tasks will enhance their organization’s cybersecurity posture and allow them to greatly resist active and passive cyber-attacks.

# STATEMENT OF WORK - IT CHANGE NOTICE

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## DELIVERABLES:

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them. Deliverables for this project include:

### Lab and Lecture Content –

#### **Controls 1 & 2 & 12**

*Inventory and Control of Enterprise Assets, Inventory and Control of Software Assets, & Network Infrastructure Management*

**Learning Lab Goal** – What devices and applications are running and potentially vulnerable?

**Tools and Concepts used-** Nesus

#### **Control 7**

*Continuous Vulnerability Management*

**Learning Lab Goal** – What security patches have been applied as part of your schedule?

**Tools and Concepts used** – WSUS

#### **Control 3**

*Data Protection*

**Learning Lab Goal** – Who has access to sensitive information? What computers may not be covered by full-disk encryption?

**Tools and Concepts used** – Data ACLs; BitLocker

#### **Control 10**

*Malware Defenses*

**Learning Lab Goal** – What malware has been detected as part of the attack?

**Tools and Concepts used** – Microsoft Defender Console

#### **Control 9**

*Email and Web Browser Protections*

**Learning Lab Goal** – What internet sites are associated with the attack?

**Tools and Concepts used** – DNS Logs

#### **Control 5**

# STATEMENT OF WORK - IT CHANGE NOTICE

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## *Account Management*

**Learning Lab Goal** – Is there unusual user activity such as admin account usage?

**Tools and Concepts used** – LAPS

## **Control 4**

### *Secure Configuration of Enterprise Assets and Software*

**Learning Lab Goal** – How can malware potentially pivot and move around? What is the malware able to actually execute and perform?

**Tools and Concepts used** – Windows Firewall; GPO Best Practices

## **Control 6 and 8**

### *Access Control Management & Audit Log Management*

**Learning Lab Goal** – What detailed events occurred as part of the attack timeline?

**Tools and Concepts used** – Windows; MFA Logs

## **Control 11**

### *Data Recovery*

**Learning Lab Goal** – Is your data properly backed up and ready for restoration?

**Tools and Concepts used** – Backups

## **PROJECT CONTROL AND REPORTS:**

A bi-weekly progress report must be submitted to the Agency and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each bi-weekly progress report must contain the following:

1. **Hours:** Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.
2. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
3. **Funds:** Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

# STATEMENT OF WORK - IT CHANGE NOTICE

## PAYMENT SCHEDULE:

### CIS Controls Workshop Series – Professional Services

Product Details	Quantity	One-Time Price	Total One-Time
Workshop Delivery for UASI	1	\$66,375.00	\$66,375.00
Workshop Delivery for SHSP	1	\$66,375.00	\$66,375.00
<b>One-Time Total:</b>			<b>\$132,750.00</b>

### 1Gbps Fiber Connection with 1Gbps Bandwidth – 3 Year

\*Contains Optional Items

Product Details	Quantity	One-Time Price	Total One-Time	Recurring Price	Total Recurring
<b>Setup &amp; Installation</b>	<b>1</b>	<b>\$7,317.00</b>	<b>\$7,317.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Startup Allowance</b>	1	(\$4,925.00)	(\$4,925.00)	\$0.00	\$0.00
<b>Contracted Bandwidth – 1 Gbps</b>	1	\$0.00	\$0.00	\$18,000.00	\$18,000.00
<b>Network Access</b>	<b>1</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,250.00</b>	<b>\$2,250.00</b>
<b>DDoS Protection Service</b> Merit's DDoS Protection Service affords protection of your internet connection against volumetric Distributed Denial of Service ("DDoS") attacks. Merit staff will proactively monitor your traffic using best-in-class tools & threat intelligence. When they identify a sustained DDoS attack on your network, they will immediately contact you and begin the appropriate mitigation to keep your services up and running.	1*	\$0.00	\$0.00	\$4,104.00	\$4,104.00
<b>DDoS Protection Service Setup</b>	1*	\$5,000.00	\$5,000.00	\$0.00	\$0.00
DDoS Protection Service Setup-Discount	1*	(\$5,000.00)	(\$5,000.00)	\$0.00	\$0.00

Annual Recurring Total: **\$20,250.00**  
 \*Optional Annual Recurring Subtotal: **\$4,104.00**  
 One-Time Total: **\$2,392.00**

# STATEMENT OF WORK - IT CHANGE NOTICE

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**One-Time Summary**

Description	Amount
1Gbps Fiber Connection with 1 Gbps Bandwidth – 3 Year	\$2,392.00
Non- Recurring Total: <b>\$2,392.00</b>	

**Annual Recurring Expenses Summary**

Description	Amount
1Gbps Fiber Connection with 1 Gbps Bandwidth – 3 Year	\$20,250.00
Annual Recurring Total: <b>\$2,392.00</b>	

**\*Optional Expenses**

Description	Recurring
1Gbps Fiber Connection with 1 Gbps Bandwidth – 3 Year	\$4,104.00

Payment will be made on an annual basis. DTMB will pay CONTRACTOR upon receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State’s satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

Payment shall be considered timely if made by DTMB within forty-five (45) days after receipt of properly completed invoices.

**EXPENSES:**

The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.



# STATEMENT OF WORK - IT CHANGE NOTICE

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## PROJECT CONTACTS:

The designated Agency Project Manager is:

Stephanie Jeppesen  
DTMB – Michigan Cybersecurity  
MSPHQ 2<sup>nd</sup> Floor  
7150 Harris Drive  
Dimondale, MI 48821  
517-245-5693  
jeppesens@michigan.gov

The designated DTMB Project Manager is:

Stephanie Jeppesen  
DTMB – Michigan Cybersecurity  
MSPHQ 2<sup>nd</sup> Floor  
7150 Harris Drive  
Dimondale, MI 48821  
517-245-5693  
jeppesens@michigan.gov

# STATEMENT OF WORK - IT CHANGE NOTICE

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## **EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:**

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

## **PROJECT PLAN / WORKSHOP SUMMARY:**

As a follow-up to Merit's previous successful workshop series, in this training participants will learn the practical methods in which utilizing the CIS Critical Security Controls can aid in not only protecting an organization from attack but be effective during an Incident Response (IR) process as the discover, scoping, and reaction to the attack is underway.

To this end, participants will engage in a one-day course including both lecture and personal lab components. Focusing on the different phases of a successfully cyber-attack, lecture content will cover a deep dive into the technical controls needed to be successful from both a proactive and reactive cybersecurity standpoint.

Lab exercises will utilize an ELK stack virtual machine (VM) provided to all participants. This VM will be pre-populated with the data, logs, and information from a fictitious organization that underwent a malware cyber-attack. Exercises will focus on being able to successfully analyze and identify the elements of attack for use in successful incident response. This VM can run within a participant's virtualization environment, or if one is not available, on their own workstation using a free player such as VirtualBox or VMWare Player.

Once complete with the course, the ELK stack virtual machine can be repurposed into the central log collector for the participant's organization. In doing so, participants will then be well-positioned to respond to cyber incidents as they will have:

1. The capabilities to configure their environment for successful incident response;
2. The tools and software to gather and correlate IR log data, and
3. The skills to successfully search through and use that data for effective IR analysis.

Lecture and lab components will be grouped into different modules, based on the concepts of the CIS Critical Security Controls and the MITRE ATT&CK framework. Each training module will step through a different phase of cyber attack for a simulated malware attack. For each module, we will:

# STATEMENT OF WORK - IT CHANGE NOTICE

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1. Talk about the control and its effectiveness against cyber-attacks, including both detective and preventive aspects.
2. Configure the control for proper use, including sending logs if possible, to the ELK log system.
3. Simple lab for participants to search for data in the ELK stack VM to help come to conclusion on how the malware is operating and how it impacted the fictitious organization.

Content is designed to be delivered in either in-person or remote delivery formats. Recordings of lecture and lab material, presentation slides, and all accompanying materials can be made available to participants.



**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 17  
 to  
 Contract Number 071B5500025

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive , Suite 200
	Ann Arbor, MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	<b>Program Manager</b>	Ashley Adrian	DTMB
		(517) 284-7454	
		AdrianA1@michigan.gov	
	<b>Contract Administrator</b>	Lauren Stempek	DTMB
		(517) 243-4008	
		stempekl@michigan.gov	

**CONTRACT SUMMARY**

<b>INTERNET SERVICE PROVIDER</b>			
<b>INITIAL EFFECTIVE DATE</b>	<b>INITIAL EXPIRATION DATE</b>	<b>INITIAL AVAILABLE OPTIONS</b>	<b>EXPIRATION DATE BEFORE</b>
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2022
<b>PAYMENT TERMS</b>		<b>DELIVERY TIMEFRAME</b>	
NET45			
<b>ALTERNATE PAYMENT OPTIONS</b>			<b>EXTENDED PURCHASING</b>
<input type="checkbox"/> P-Card	<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

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**DESCRIPTION OF CHANGE NOTICE**

<b>OPTION</b>	<b>LENGTH OF OPTION</b>	<b>EXTENSION</b>	<b>LENGTH OF EXTENSION</b>	<b>REVISED EXP. DATE</b>
<input checked="" type="checkbox"/>	2 Years	<input type="checkbox"/>		October 31, 2024
<b>CURRENT VALUE</b>	<b>VALUE OF CHANGE NOTICE</b>	<b>ESTIMATED AGGREGATE CONTRACT VALUE</b>		
\$9,831,467.50	\$0.00	\$9,831,467.50		

**DESCRIPTION**

Effective 8/16/2022, the State is exercising the 4th and 5th option year. The revised contract expiration date is 10/31/2024. This contract is also incorporating the attached Statement of Work. Please note the contract administrator has been changed to Lauren Stempek.

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

## STATEMENT OF WORK

### STATE OF MICHIGAN

#### **Contract No. 071B5500025 Change Notice No. 17 Enterprise Internet Service Provider ARTICLE 1 STATEMENT OF WORK (SOW)**

Below is detail to indicate the products and services Merit Network and the Michigan Cyber Range are no longer supporting, covering the period of October 1, 2022 through October 31, 2024 to Contract No. 071B5500025 as Contract Change Notice 17 to Merit's existing contract with the State of Michigan.

#### **1. Cyber Range Exercise Support and Dedicated Sandbox - *These products and services are no longer offered:***

- Technical and developmental support for:
  - Development of cyber exercises
  - Development of Enterprise emulated network (DCs, centralized logging, diverse hosts, database, network tools etc.) that replicates actionable events (past and present) for red and blue teams to operate against
  - Cyber training platform that allow for:
    - Red on blue and blue on red team operations, Incident response, Capture the Flag, Paintball
  - Development of graphical representations and training aides as requested and agreed upon by DMVA, MSP, or DTMB personnel
- Development of Enterprise emulated network (sandbox) for the Michigan National Guard to support training events.
- Providing Secure Sandbox environment with and without training (secure environment that can be used for cybersecurity education, training exercises, and software testing).

#### **2. International Cyber Events (ICE) - *These products and services are no longer offered:***

This include support for the International Cyber events (ICE).

#### **3. Exercises & Training Classes - *These products and services are no longer offered:***

This includes cyber exercises and training classes that require virtual infrastructure for hands on experiential learning such as those outlined below:

- Cybersecurity Training Classes offered by Mile2
- Red team / blue team exercises
- Force on force exercises
- Paintball exercises
- Cyber Sentinel
- Capture the Flag
- Hacking Essentials

- Defense Essentials
- Cyber Network Defense Workshop
- Tabletop exercises *that include an accompanying hands on exercise component*
- Northern Exposure Exercise

**4. Cyber Physical Training Environment Development (Griffinville) – *These products and services are no longer offered:***

The Cyber Physical Training Environment - Griffinville, which combines a 3D virtual reality environment with physical devices and infrastructure to construct a proof of concept cyber aspect for the Combined Arms Combat Training Center at Camp Grayling, MI.

**5. Annual High School Cyber Challenge– *These products and services are no longer offered:***

This includes the designing and planning of all aspects of a hands on experiential cyber challenge focused on high school participants.

**6. Annual Cyber Summit and Conferences– *These products and services are no longer offered:***

This includes the North American International Cyber Event sponsored by the Governor's office to include demonstrations, speakers, and cyber exercises as well as events throughout the year involving Cyber Range participation as speakers, demonstrators, or facilitators.



**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 **16**  
 to  
 Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive , Suite 200
	Ann Arbor, MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	<b>Program Manager</b>	Ashley Adrian	DTMB
		(517) 284-7454	
	<b>Contract Administrator</b>	AdrianA1@michigan.gov	
		KeriAnn Trumble	DTMB
		(989) 259-2625	
		trumblek1@michigan.gov	

**CONTRACT SUMMARY**

<b>INTERNET SERVICE PROVIDER</b>			
<b>INITIAL EFFECTIVE DATE</b>	<b>INITIAL EXPIRATION DATE</b>	<b>INITIAL AVAILABLE OPTIONS</b>	<b>EXPIRATION DATE BEFORE</b>
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2022
<b>PAYMENT TERMS</b>		<b>DELIVERY TIMEFRAME</b>	
NET45			
<b>ALTERNATE PAYMENT OPTIONS</b>			<b>EXTENDED PURCHASING</b>
<input type="checkbox"/> P-Card	<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

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**DESCRIPTION OF CHANGE NOTICE**

<b>OPTION</b>	<b>LENGTH OF OPTION</b>	<b>EXTENSION</b>	<b>LENGTH OF EXTENSION</b>	<b>REVISED EXP. DATE</b>
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2022
<b>CURRENT VALUE</b>	<b>VALUE OF CHANGE NOTICE</b>	<b>ESTIMATED AGGREGATE CONTRACT VALUE</b>		
\$9,831,467.50	\$0.00	\$9,831,467.50		

**DESCRIPTION**

Effective 11/23/2021, this Contract is incorporating the attached Statement of Work for Fiscal Year 2022 Services. Please note the Contract Administrator has been changed to KeriAnn Trumble. All other terms, conditions, specifications, and pricing remain the same. Per contractor, agency, and DTMB procurement.

## STATE OF MICHIGAN

### Contract No. 071B5500025 Change Notice No. 16 Enterprise Internet Service Provider

#### ARTICLE 1 STATEMENT OF WORK (SOW)

Below is detail to support the eighth year of service, covering October 1, 2021 through September 30, 2022 to Contract No. 071B5500025 as Contract Change Notice 16 to Merit's existing contract with the State of Michigan. This request identifies the components totaling up to \$250,000.00 in Year 8 of these services.

##### **1. Cyber Range Exercise Support and Dedicated Sandbox = Up to \$50,000**

Technical and developmental support will provide, but not be limited to:

- Development of cyber exercises and training programs as outlined in separate statement of work or request for services
- Enterprise emulated network (DCs, centralized logging, diverse hosts, database, network tools etc.) that replicates actionable events (past and present) for red and blue teams to operate against
- Cyber training platform to support but not limited to:
  - Red on blue and blue on red team operations, Incident response, Capture the Flag, Paintball
- Development of graphical representations and training aides as requested and agreed upon by DMVA, MSP, or DTMB personnel

Additionally, Merit will provide one enterprise emulated network (sandbox) for the Michigan National Guard to support training events. Sandbox will allow members to demonstrate proficiency as a maneuver force, to conduct intelligence-driven HUNT operations on C-KT; to counter and Clear adversary activity from specified terrain; Enable Hardening; and Assess effectiveness of response operations to key terrain; conduct Red Team Activity; conduct Incident Response Activity. These training objectives are broken into 3 different requirements, each having 4 defined requirement that the sandbox will need to support.

Enterprise emulated network will be provided pre-populated with network/user activity and data. This will change with each engagement. Network will have MS DC, Mail Server, Database Server, File Server, DHCP, SharePoint (various OS and patch level) and provide for User zone hosts, DMZ zone hosts, Server zone hosts, and Cyber Team landing point zone. There will also be traffic Simulation, Centralized log collection server (active and running), SIEM installed and running (ELK stack, Snort/Suricata signatures, Threat intel feed). Host endpoint protection w/admin capability on hosts (turned off w/ability to turn on and configure – emulate bad configuration by sys admin). Threat and Vulnerability management system Sandbox capability for malware analysis with ability to send to SIEM. Merit employees acting as an opposing force (red and/or blue) and helpdesk functions during Cyber Team training periods as coordinated.

Sandbox requirements are outlined in Appendix B.

##### **2. International Cyber Events (ICE) = Up to \$45,000**



This task supports the Spring International Cyber events (ICE), sponsored by Michigan Cybersecurity, to include demonstrations, speakers, and cyber exercise for 15 participants.

The Merit team will facilitate a 1-day event in Spring 2022. Preparation leading up to the event includes the team of cyber range analysts enhancing the existing virtual environment, further development of injects, creating new obstacles for the exercise and more. After the event, the team conducts an action review with each team to uncover new areas of training needed, feedback on suggested modifications, input on how to make improvements and more.

A separate proposal must be provided and approved before work begins.

### **3. Exercises & Training Classes = Up to \$45,000**

Merit will provide the cyber exercises and training classes on an as-needed basis at the Merit member rate. DMVA, MSP, and DTMB may request training and must obtain approval as outlined in Appendix A. Participants may select from the options listed on the Merit website or through direct coordination with the Michigan Cyber Range, up to a maximum of the funded total listed above.

Classes and training must take place between 10/01/21 and 09/30/22 to be included in the FY22 Statement of Work. All approvals must be sought prior to scheduling according to the table in Appendix A.

### **4. Base Hub Connections = Up to \$50,000**

Merit to provide base hub connections. Alpena, Grayling, and Selfridge connections with dates of coverage 10/1/2021 – 09/30/2022 will be paid from carry-over funding from the Fiscal Year 2021 Change Notice.

Grayling - \$3,150

Alpena - \$9,090

Selfridge - \$35,628

Up to \$50,000 of Fiscal Year 2022 funding is to be utilized for any additional connections needs that may arise

### **5. Allocate as needed – Remaining funds**

Any remaining funds will be allocated as needed and as agreed upon by DTMB, MSP, and DMVA

Merit to provide detailed Work Plans, Proposals, or Estimates prior to scheduling or rendering services and must also obtain approvals according to Appendix A. Merit to invoice services within all line items as they are rendered according to the agreed upon Work Plan, Proposal, or Estimate. In the event that a need or request exceeds the allotted amount for any line item, DTMB, DMVA, and MSP will discuss options to re-allocate funds from another line item, stop or reduce work, or increase funding.

Merit must provide detailed invoicing including associated Line Items, student names where applicable, training dates, approver name, and date of approval. Invoices related to base hub connections must include the name of the base specific to the invoice. Invoices for all services/line items are to be sent to

Rena Sharp ([renae.m.sharp.nfg@mail.mil](mailto:renae.m.sharp.nfg@mail.mil)) for routing and processing. The assigned Purchase Order number and Change Notice number must be included on each invoice.

Services requested under this Statement of Work must be approved before scheduling work and/or training with Merit. All training requests must have State of Michigan approval before training is conducted. Failure to comply could result in the invoice payment rejected by DTMB.

**Appendix A**

**Approval Path**

DTMB - MCS
<b>Initial Request via email to:</b>
Stephanie Jeppesen Backup: Audra Lang
<b>Business Approver</b>
Laura Clark Backup: Jayson Cavendish
<b>Budgetary Approver/Approval to Schedule</b>
Stephanie Jeppesen Backup: Renae Sharp
<b>Invoice Approval</b>
Laura Clark Backup: Jayson Cavendish CC: Renae Sharp and Stephanie Jeppesen

DMVA
<b>Initial Request via email to:</b>
Renae Sharp Backup: Kari Vaughn
<b>Business Approver</b>
LTC Brady/LTC Maciolek Backup: BG Schloegl/Brig Gen Teff
<b>Budgetary Approver/Approval to Schedule</b>
Renae Sharp Backup: Stephanie Jeppesen
<b>Invoice Approval</b>
BG Lawrence Schloegl and Brig Gen Bryan Teff Backup: N/A CC: Renae Sharp and Stephanie Jeppesen

MSP
<b>Initial Request via email to:</b>
Amanda Brunger Backup: Mollie Leahy
<b>Business Approver</b>
D/F/LT James Ellis Backup: LT Aric Dowling
<b>Budgetary Approver/Approval to Schedule</b>
Renae Sharp Backup: Stephanie Jeppesen
<b>Invoice Approval</b>
D/F/LT James Ellis Backup: LT Aric Dowling CC: Renae Sharp and Stephanie Jeppesen

## Appendix B

### Cyber Team Sandbox Requirements

Owned Cyber hosts are allowed to connect via VPN to MERIT range via MOA w/Merit

Training Requirement 1:	Training Requirement 2:	Training Requirement 3:
<p><b>Hunt:</b> Identify, enumerate, and characterize the area of operations to identify the battlespace, Identify cyber related risks to the supported mission, Identify malicious activity based on reporting to determine response actions, Identify scope of adversary access to determine extent of intrusion</p>	<p><b>Reconnaissance:</b> Identify, enumerate, and characterize the area of operations to identify the battlespace, Target selection</p>	<p><b>Prepare:</b> Develop checklist of required tools, Prepare Incident Triage Plan, Develop Internal workflow and communication plan, Update defensive &amp; analysis script repository</p>
<p><b>Harden:</b> Develop and initiate sensor employment plan to identify adversary presence, Analyze attack surface of C-KT to enable hardening actions Conduct operational, reporting to reduce future risk, Recommend threat mitigation actions</p>	<p><b>Exploit:</b> Develop and initiate sensor employment plan to identify adversary presence, Analyze attack surface of C-KT to enable hardening actions, Conduct operational reporting to reduce future risk, Recommend threat mitigation actions</p>	<p><b>Detect:</b> Identify, enumerate, and characterize the area of operations to identify the battlespace</p>
<p><b>Clear:</b> Contain malicious activity to prevent adversary freedom of action, Contain malicious access to inhibit adversary entry into specified key terrain, Conduct operational reporting to support HHQ decision making, Perform basic malware triage to advise response and hardening actions</p>	<p><b>Delivery:</b> Plant exploit on target destination</p>	<p><b>Respond:</b> Develop and initiate sensor employment plan to identify adversary presence, Analyze attack surface of C-KT to enable hardening actions, Conduct operational reporting to reduce future risk, Recommend threat mitigation actions</p>
<p><b>Assess:</b> Identify cyber related risks to the supported mission, Conduct operational reporting to support HHQ decision making</p>	<p><b>Assess:</b> Emulate threats to determine if technical mitigations are effective, Emulate threats to determine if procedural mitigations are effective Emulate</p>	<p><b>Recover:</b> Emulate threats to determine if technical mitigations are effective, Emulate threats to determine if procedural mitigations are effective</p>

**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 **15**  
 to  
 Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive , Suite 200
	Ann Arbor, MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	<b>Program Manager</b>	Ashley Adrian	DTMB
		(517) 284-7454	
	AdrianA1@michigan.gov		
	<b>Contract Administrator</b>	Jordan Sherlock	DTMB
517-243-5556			
sherlockj@michigan.gov			

**CONTRACT SUMMARY**

<b>INTERNET SERVICE PROVIDER</b>			
<b>INITIAL EFFECTIVE DATE</b>	<b>INITIAL EXPIRATION DATE</b>	<b>INITIAL AVAILABLE OPTIONS</b>	<b>EXPIRATION DATE BEFORE</b>
November 1, 2014	October 31, 2019	0 - 1 Year	October 31, 2022
<b>PAYMENT TERMS</b>		<b>DELIVERY TIMEFRAME</b>	
<b>ALTERNATE PAYMENT OPTIONS</b>			<b>EXTENDED PURCHASING</b>
<input type="checkbox"/> P-Card	<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

**DESCRIPTION OF CHANGE NOTICE**

<b>OPTION</b>	<b>LENGTH OF OPTION</b>	<b>EXTENSION</b>	<b>LENGTH OF EXTENSION</b>	<b>REVISED EXP. DATE</b>
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2022
<b>CURRENT VALUE</b>	<b>VALUE OF CHANGE NOTICE</b>	<b>ESTIMATED AGGREGATE CONTRACT VALUE</b>		
\$9,700,467.50	\$131,000.00	\$9,831,467.50		

**DESCRIPTION**

Effective March 26th 2021, this contract is incorporating the attached Statement of Work and Federal Provisions Addendum. This contract is also hereby increased by \$131,000 to fund this project.

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

+Merit Network Service Agreement Number: 20210222-PROSRV-111621-AMF-1

## Professional Services - State of Michigan Department of Technology & Budget (DTMB)

### Prepared For:

Derek Larson  
State of Michigan Department of  
Technology, Management & Budget  
(DTMB)  
201 N. Washington Sq.  
Lansing, MI 48933  
LarsonD4@michigan.gov

February 22, 2021

### Prepared By:

Ken Trumbull  
734-527-5741  
kenjt@merit.edu

### Scope of Work

Merit Network, Inc. will deliver a maximum of six (6) workshops to participants within the State of Michigan surrounding cybersecurity as defined by the goals, format, topics, and details below. In addition, Merit will manage the marketing, outreach, program management, electronic delivery, and reporting of this program to the State of Michigan.

### Workshop Goals

The primary goals of this CIS Controls workshop series are to:

- (1) Introduce public sector individuals to the risks and concepts surrounding cybersecurity;
- (2) Inform participants on the existing cyber threats posed by hackers, criminals, terrorism actors, and nation-state attackers;
- (3) Provide actionable recommendations and guidance on how to improve cybersecurity posture in a reasonable and cost-effective manner;
- (4) Allow participants to be prepared and successful during cyber assessments;
- (5) Educate participants on the cybersecurity programs, tools, and services available via the State of Michigan.

### Workshop Format

The workshop will be primarily a lecture series, with a CISO subject matter expert presenting slides, content, examples, and discussion to participants. Content will include, where appropriate, screenshots and examples of security controls covered under Implementation Group 1 of the CIS Top 20 Security Controls.

In addition, breakout rooms may be utilized throughout the workshop to allow participants to share their own experiences, both positive and negative, with accomplishing the security controls and objectives covered during the lecture components. Breakout sessions would last approximately 10-15 minutes each and can be grouped by either industry segment or approach to addressing security controls.

## **Workshop Length**

The workshop length is proposed to be between eight (8) and sixteen (16) hours of instruction per individual workshop session, subject to the final approved list of topics and depth of learning objectives.

## **Audience**

The primary audience for this workshop series is any public sector employee in the information technology (IT) field that has security related tasks as part of their operational duties. These attendees will learn how simple changes to their regular tasks will enhance their organization's cybersecurity posture and allow them to greatly resist active and passive cyber-attacks.

Executives and leadership related topics are covered first and lead up to more technical aspects during the course. Executives will get the most value out of attending the very first topic, however they may remain attending as long as they desire based on their technical aptitude and schedule.

While participants are encouraged from across the State of Michigan, efforts will be targeted to achieve approximately 60% participation from the Southeast Michigan region, with the remaining 40% participation from the rest of the state. Four workshops will be focused on UASI/SE Michigan, with two workshops focused on the rest of the state.

## **Deliverables**

All registered participants will receive the following items:

- Attendance of the workshop information as delivered by the presenters;
- A complete copy of the workshop slide material in PDF format;
- A workbook for attendees to create their cybersecurity plan and "fill in" proposed or actual controls during a cybersecurity assessment.

Any and all materials discussed during the workshop will be provided to attendees.

## **Development of Content**

Merit Network, Inc. will develop the content and material for this workshop series. This content may be used in future engagements by Merit for either the State of Michigan or other parties.

## **Session Presenters**

The primary presenter will be a Chief Information Security Officer (CISO) with broad technical and organizational subject-matter experience in the cybersecurity field. This presenter will have CISSP, CISM, and GIAC GCCC certifications and speak authoritatively on covered topics.

A facilitator will also be present during the workshop series, able to aid individuals with connectivity issues, answer non-technical questions, provide immediate responses to participant questions, and redirect any feedback, technical questions or Q&A back to the primary presenter.

[www.merit.edu](http://www.merit.edu)

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Merit Network Inc.

## Session Schedule

The current schedule for topics within this workshop series is a two-day event; a listing of topics and their sequence appears below. This is a proposed schedule and may change based on different perceived needs and desires in consultation with the State of Michigan:

Day 1	Day 2
Cybersecurity Landscape Introduction to CIS Top 20 Security Controls State of Michigan MiDEAL Program Partners and Communities Hardware Asset Control (CSC 1) Software Asset Control (CSC 2) Vulnerability Management (CSC 3 & 11) Defensible Deployments (CSC 4, 5 & 9) Malicious Software Protection (CSC 7 & 8)	Backups and Data Recovery (CSC 10) Network Boundary Control (CSC 12 & 15) Data Protection (CSC 13 & 14) System and Account Monitoring (CSC 6 & 16) Security Awareness and Training (CSC 17) Incident Response and Management (CSC 19) Using the CSAT Tool Review and Conclusion

## Session Topics

The following are the proposed topics and learning objectives for the workshop series. These topics and learning objectives may change due to different perceived needs and desires in consultation with the State of Michigan. The length of each module is an estimation only and is subject to change based on the material created.

### **Cybersecurity Landscape (60 minutes)**

Introductory session on the threat landscape for typical municipal and other covered organizations; definition of common terms; examples of applicable cybersecurity incidents and the failure of controls to prevent them.

### **Introduction to CIS Top 20 Security Controls (45 minutes)**

Overview of structure of cybersecurity program; introduction to cybersecurity frameworks; overview of benefits and methodology of utilizing CIS Top 20 Security Control framework; additional tools and utilities available for improving cybersecurity posture.

### **State of Michigan MiDEAL Program (30 minutes)**

Background and purpose of state cybersecurity initiatives; contents and structure of shared assessment model; requirements and expectations during an engagement or assessment.



### **Partners and Communities (30 minutes)**

Showcase of groups and staff available to participants to increase knowledge and collaboration of cybersecurity issues; introduction of State of Michigan Cyber Partners program; introduction of Michigan State Police (MCP) Cyber Command Center (MC3); introduction of Michigan Cyber Civilian Corps (MiC3); introduction of third-party groups and organizations; introduction of shared national resources.

### **Hardware Asset Control (75 minutes)**

Overview of all elements of hardware asset control, including those included in Implementation Group 1; definition of proper control of hardware assets; examples of successful and incomplete asset inventories, including required data elements; performing inventories of managed computing devices; performing inventories of unmanaged inventory devices; examples of software tools to successfully perform hardware inventory tasks; examples on testing the accuracy of your inventory data; ensuring sustainability of inventory controls; addressing unknown hardware assets located on the network.

### **Software Asset Control (60 minutes)**

Overview of all elements of software asset control, including those included in implementation Group 1; definition of proper control of software assets; examples of successful and incomplete software inventories, including required data elements; performing software inventories on managed desktops and servers; performing inventories on unmanaged devices including network infrastructure; examples of using software and operating system tools to successfully perform software inventory tasks; utilizing hardware inventory as a supporting data source for software asset management; examples of testing the accuracy of inventory data; ensuring software assets are actively supported by their manufacturer; addressing unknown software installations located on the network.

### **Vulnerability Management (45 minutes)**

Overview of all elements of continuous vulnerability management and secure configuration for network devices, including those included in Implementation Group 1; definition of proper vulnerability management; expectations for utilizing vulnerability scanners; definitions of successful vulnerability management programs; examples of proper and improper security patching within network environments; utilizing third-party and operating system tools to perform operating system and application updates; performing updates on network devices such as firewalls, routers, and switches; creating downtime windows and updating software on network devices; utilizing tools to report on active status of security patches

### **Defensible Deployments (90 minutes)**

Overview of all elements of controlled use of administrative privileges, secure configuration for all organizational devices, and limitation and control of network ports, including those included in Implementation Group 1; definition of success for creating successful defensible computing deployments; common usage and pitfalls of shared or default credentials; using credentials in local, domain, and cloud environments; usage of tiered administrative access; common deployments for Windows, Linux, Mac, and other devices for administrative segregation; explanation and theory for host-based stateful firewalls; utilizing Windows Firewall with Advanced Security (WFAS) to create proper protected deployments on Windows computers; utilizing iptables to create proper protected deployments on Linux computers; concepts for using vendor tools to create firewall configurations for third-party devices; tools for locating additional secure configuration templates; tools for testing secure configurations.

### **Malicious Software Protection (75 minutes)**

Overview of all elements of email, web browser, and malware defenses including those included in Implementation Group 1; examples of current malware threats using web browsing and email as an attack vector; definition of success for malware software protection; malware theory of operation; choosing a strategy for web browser and email client standardization; description of DNS filtering services including benefits and limitations; examples of free and for-cost DNS filtering; examples of free and for-cost anti-malware software; utilizing third-party and operating system tools to confirm standard operation of malware defenses; configuring anti-malware software for comprehensive and continuous protection.

### **Backups and Data Recovery (75 minutes)**

Overview of all elements of Data Recovery Capabilities, including those included in Implementation Group 1; examples of typical scenarios where data recovery is required; modern theory of ransomware operation; definition of success for data recovery capabilities; understanding organizational requirements for data restoration; creating layered backup strategies for both application and operating system data; ensuring restoration process and procedures; protecting backups against unauthorized modification or deletion.

### **Network Boundary Control (75 minutes)**

Overview of all elements of Boundary Defense and Wireless Access Control, including those included in Implementation Group 1; definition of success for proper network boundary control; creating a network and topology map; overview of stateful firewalling and Access Control Lists (ACLs); suggested default configurations for firewall and ACL rulesets; definition and description of WiFi encryption standards; requirements and pitfalls of creating wireless networks; suggested WiFi configuration for isolating non-organizational devices; integrating inventory lists with attached client lists.

### **Data Protection (60 minutes)**

Overview of all elements of Data Protection and Controlled Access, including those included in Implementation Group 1; definition of success for proper data protection; definition and examples of sensitive data at an organization; performing automated and manual discovery of sensitive data; strategies for regular review for storage and usage of sensitive data; understanding business process need for sensitive data; removal of unneeded sensitive data from network-accessible locations; understanding concepts of least-privilege and role-based access control; strategies for creating effective groups for account lifecycle management; creation of Access Control Entries (ACEs) for Windows files, folders, and fileshares; tools to audit and confirm proper ACE lists for sensitive data locations; application of data protection concepts to applications and cloud systems; considerations for mobile device management; options for deploying encryption and control for mobile devices.

### **System and Account Monitoring (75 minutes)**

Overview of all elements of Account Monitoring and Audit Logging, including those included in Implementation Group 1; definition of success for comprehensive logging and account monitoring; key indicators for effective system and user logging; enabling logging functionality on Windows and Linux systems; concepts of account lifecycle control; assigning responsibility for group or unassociated accounts; workflows for disabling unknown or unassociated accounts; automation of disabling unused or dormant accounts; security and GPO settings for enforcing workstation lock times.

### **Security Awareness and Training (90 minutes)**

Overview of all elements of Security Awareness and Training, including those included in Implementation Group 1; definition of success for a security awareness and training program; understanding your culture and backlash to a training program; creating a security training program to meet your organizational goals and budget; priority elements for employee training; examples of existing training solutions and software; measuring success of your training program.

### **Incident Response and Management (75 minutes)**

Overview of all elements of Incident Response, including those included in Implementation Group 1; definition of success for an incident response program; concept of security incident response; authoring an incident response plan; utilizing templates for creating or enhancing an incident response plan; understanding different roles during a security incident; creating and maintaining contact information for crisis communications; sharing information during a cybersecurity incident.

### **Utilizing CSAT Tool (75 minutes)**

Overview and purpose of the CIS Controls Self-Assessment Tool (CSAT); creating an account and accessing the electronic platform; creating and using organizations and users; creating a self-assessment; understanding control requirements; understanding and examples of control maturity levels; understanding and examples of response answers; assigning individuals and attaching evidence; validation and completion of assessment controls; scalable strategies for program development and success; reporting data to stakeholders and audiences.

### **Review and Conclusion (30 minutes)**

Summary of expectations for a cyber assessment review; recap of Implementation Group 1 controls; summary of suggested tools for ease of use; recommended next steps for security program development; question and answer session with CISO.

### **Marketing and Outreach**

Merit will publicize the workshop series throughout our non-profit membership and other key partners. Merit may craft landing pages, collateral, and email templates needed to communicate the workshop series. The State of Michigan will share any email lists or contacts to be included in the promotion of the workshop series. Merit may use additional targeted marketing to reach potential participants.

### **Session Registration and Delivery**

Merit will manage the intake and registration process for each workshop session utilizing our existing event management platform. Attendees will be able to register via a dedicated website and will be given reminder notifications before their registered session. Statistics on registration and attendance will be provided to the State of Michigan on request and at the conclusion of the program.

The delivery of the workshop series will utilize a remote conferencing platform utilized by Merit. Merit will be responsible for creating, maintaining, and troubleshooting the meeting room.

### **Proposed Program Timeline**

An estimated project timeline is listed below. Detailed timelines will be created on acceptance of this proposal.

- **Project Kickoff - On Contract**  
*Confirmation of program objectives, deliverables, and timeline. Regular check-in calls or conferences will be performed to confirm current understanding of deliverables, responsibilities, and adherence to appropriate timelines.*
- **Confirmation of Topics and Learning Objectives - February 12, 2021**  
*Signoff from the State of Michigan on proposed topics, schedule, and content.*
- **Content Development - February 15, 2021 through March 31, 2021**

*Creation of lecture and workbook material based on approved topics and learning objectives.*

- **Participant Outreach** - February 15, 2021 through May 27, 2021  
*Import of potential attendee contact information. Development of promotional materials and templates. Development of communication campaign to deliver materials to potential attendees. Review of outreach success and in situ modifications to marketing program based on results and response.*
- **Registration** - February 15, 2021 through May 27, 2021  
*Open registration and collection of participant information. Review and curation of attendees.*
- **Content QA Review** - April 1, 2021 through April 16, 2021  
*Review of workshop content. Addition of theming, branding, typesetting, and styling. Proofreading and grammatical review of materials. Technical review of workshop delivery.*
- **Workshop Delivery** - April 19, 2021 through May 28, 2021  
*Maximum of six workshops to be delivered via a schedule to be determined by Merit. Operated live by primary presenter and facilitator.*
- **Reporting to State of Michigan** - May 31, 2021  
*Delivery of full participation and program metrics to the State of Michigan.*

**Pricing and Cost Schedule**

<b>CIS Workshop Delivery</b> <i>Delivery of up to six sessions of delivered content by a CISO SME. Each session up to two days in length with included facilitator for management of participants and breakout rooms. Sessions cover seventeen topics or modules on practical cybersecurity.</i>	<b>\$69,000.00</b>
<b>Workshop Development</b> <i>Creation and review of presentation material, including research, analysis, and confirmation of software tools and techniques covered in the course.</i>	<b>\$47,250.00</b>
<b>Workbook Development</b> <i>Creation and review of additional materials for use by attendees which can be utilized by their own organizations.</i>	<b>\$7,000.00</b>
<b>Marketing and Program Management</b> <i>Complete management of the creation, delivery, and reporting of the workshop training program. Includes marketing, outreach, registration, deliver, and reporting.</i>	<b>\$7,000.00</b>
<b>Total Proposal Cost</b>	<b>\$130,250.00</b>

# FEDERAL PROVISIONS ADDENDUM

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This addendum applies to purchases that will be paid for in whole or in part with funds obtained from the federal government. The provisions below are required, and the language is not negotiable. If any provision below conflicts with the State's terms and conditions, including any attachments, schedules, or exhibits to the State's Contract, the provisions below take priority to the extent a provision is required by federal law; otherwise, the order of precedence set forth in the Contract applies. Hyperlinks are provided for convenience only; broken hyperlinks will not relieve Contractor from compliance with the law.

## 1. Equal Employment Opportunity

If this Contract is a “**federally assisted construction contract**” as defined in [41 CFR Part 60-1.3](#), and except as otherwise may be provided under [41 CFR Part 60](#), then during performance of this Contract, the Contractor agrees as follows:

- a. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:  
Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
- b. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
- c. The Contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Contractor's legal duty to furnish information.

## FEDERAL PROVISIONS ADDENDUM

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- d. The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- e. The Contractor will comply with all provisions of [Executive Order 11246](#) of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- f. The Contractor will furnish all information and reports required by [Executive Order 11246](#) of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- g. In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in [Executive Order 11246](#) of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in [Executive Order 11246](#) of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- h. The Contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of [Executive Order 11246](#) of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:  
  
Provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.  
  
The applicant further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: *Provided*, that if the applicant so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.



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The applicant agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

The applicant further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the applicant agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the applicant under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such applicant; and refer the case to the Department of Justice for appropriate legal proceedings.

### 2. Davis-Bacon Act (Prevailing Wage)

If this Contract is a **prime construction contract** in excess of \$2,000, the Contractor (and its Subcontractors) must comply with the Davis-Bacon Act ([40 USC 3141-3148](#)) as supplemented by Department of Labor regulations ([29 CFR Part 5](#), "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"), and during performance of this Contract the Contractor agrees as follows:

- a. All transactions regarding this contract shall be done in compliance with the Davis-Bacon Act (40 U.S.C. 3141- 3144, and 3146-3148) and the requirements of 29 C.F.R. pt. 5 as may be applicable. The contractor shall comply with 40 U.S.C. 3141-3144, and 3146-3148 and the requirements of 29 C.F.R. pt. 5 as applicable.
- b. Contractors are required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor.
- c. Additionally, contractors are required to pay wages not less than once a week.

### 3. Copeland "Anti-Kickback" Act

If this Contract is a contract for construction or repair work in excess of \$2,000 where the Davis-Bacon Act applies, the Contractor must comply with the Copeland "Anti-



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Kickback” Act ([40 USC 3145](#)), as supplemented by Department of Labor regulations ([29 CFR Part 3](#), “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”), which prohibits the Contractor and subrecipients from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled, and during performance of this Contract the Contractor agrees as follows:

- a. **Contractor.** The Contractor shall comply with 18 U.S.C. §874, 40 U.S.C. § 3145, and the requirements of 29 C.F.R. pt. 3 as may be applicable, which are incorporated by reference into this contract.
- b. **Subcontracts.** The Contractor or Subcontractor shall insert in any subcontracts the clause above and such other clauses as FEMA or the applicable federal awarding agency may by appropriate instructions require, and also a clause requiring the Subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all of these contract clauses.
- c. **Breach.** A breach of the contract clauses above may be grounds for termination of the contract, and for debarment as a Contractor and Subcontractor as provided in 29 C.F.R. § 5.12.

### 4. Contract Work Hours and Safety Standards Act

If the Contract is **in excess of \$100,000 and involves the employment of mechanics or laborers**, the Contractor must comply with [40 USC 3702](#) and [3704](#), as supplemented by Department of Labor regulations ([29 CFR Part 5](#)), as applicable, and during performance of this Contract the Contractor agrees as follows:

- a. **Overtime requirements.** No Contractor or Subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
- b. **Violation; liability for unpaid wages; liquidated damages.** In the event of any violation of the clause set forth in paragraph (1) of this section the Contractor and any Subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such Contractor and Subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of \$27 for each calendar day on which such individual was required or permitted to work in excess of the standard work

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week of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.

- c. **Withholding for unpaid wages and liquidated damages.** The State shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Contractor or Subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.
- d. **Subcontracts.** The Contractor or Subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1) through (4) of this section and also a clause requiring the Subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (1) through (4) of this section.

### 5. Rights to Inventions Made Under a Contract or Agreement

If the Contract is funded by a federal “funding agreement” as defined under [37 CFR §401.2 \(a\)](#) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with [37 CFR Part 401](#), “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

### 6. Clean Air Act and the Federal Water Pollution Control Act

If this Contract is **in excess of \$150,000**, the Contractor must comply with all applicable standards, orders, and regulations issued under the Clean Air Act ([42 USC 7401-7671q](#)) and the Federal Water Pollution Control Act ([33 USC 1251-1387](#)), and during performance of this Contract the Contractor agrees as follows:

#### Clean Air Act

1. The Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
2. The Contractor agrees to report each violation to the State and understands and agrees that the State will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency or the applicable federal awarding agency, and the appropriate Environmental Protection Agency

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Regional Office.

3. The Contractor agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FEMA or the applicable federal awarding agency.

### Federal Water Pollution Control Act

1. The Contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
2. The Contractor agrees to report each violation to the State and understands and agrees that the State will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency or the applicable federal awarding agency, and the appropriate Environmental Protection Agency Regional Office.
3. The Contractor agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FEMA or the applicable federal awarding agency.

## 7. Debarment and Suspension

A “contract award” (see [2 CFR 180.220](#)) must not be made to parties listed on the government-wide exclusions in the [System for Award Management](#) (SAM), in accordance with the OMB guidelines at [2 CFR 180](#) that implement [Executive Orders 12549 \(51 FR 6370; February 21, 1986\)](#) and [12689 \(54 FR 34131; August 18, 1989\)](#), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than [Executive Order 12549](#).

- a. This Contract is a covered transaction for purposes of 2 C.F.R. pt. 180 and 2 C.F.R. pt. 3000. As such, the Contractor is required to verify that none of the Contractor’s principals (defined at 2 C.F.R. § 180.995) or its affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).
- b. The Contractor must comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.
- c. This certification is a material representation of fact relied upon by the State. If it is later determined that the contractor did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, in addition to remedies available to the State, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.
- d. The bidder or proposer agrees to comply with the requirements of 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C while this offer is valid and

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throughout the period of any contract that may arise from this offer. The bidder or proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

### 8. Byrd Anti-Lobbying Amendment

Contractors who apply or bid for an award of **\$100,000 or more** shall file the required certification in *Exhibit 1 – Byrd Anti-Lobbying Certification* below. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, officer or employee of Congress, or an employee of a Member of Congress in connection with obtaining any Federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient who in turn will forward the certification(s) to the awarding agency.

### 9. Procurement of Recovered Materials

Under [2 CFR 200.322](#), Contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act.

- a. In the performance of this contract, the Contractor shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired:
  - i. Competitively within a timeframe providing for compliance with the contract performance schedule;
  - ii. Meeting contract performance requirements; or
  - iii. At a reasonable price.
- b. Information about this requirement, along with the list of EPA- designated items, is available at EPA’s Comprehensive Procurement Guidelines web site, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.
- c. The Contractor also agrees to comply with all other applicable requirements of Section 6002 of the Solid Waste Disposal Act.

### 10. Additional FEMA Contract Provisions.

The following provisions apply to purchases that will be paid for in whole or in part with funds obtained from the Federal Emergency Management Agency (FEMA):

- a. **Access to Records.** The following access to records requirements apply to this contract:
  - i. The Contractor agrees to provide the State, the FEMA Administrator, the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Contractor which are directly pertinent to this contract for the purposes of

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- making audits, examinations, excerpts, and transcriptions.
- ii. The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.
  - iii. The Contractor agrees to provide the FEMA Administrator or his authorized representatives access to construction or other work sites pertaining to the work being completed under the contract.

In compliance with the Disaster Recovery Act of 2018, the State and the Contractor acknowledge and agree that no language in this contract is intended to prohibit audits or internal reviews by the FEMA Administrator or the Comptroller General of the United States.

**b. Changes.**

See the provisions regarding modifications or change notice in the Contract Terms.

**c. DHS Seal Logo and Flags.**

The Contractor shall not use the DHS seal(s), logos, crests, or reproductions of flags or likenesses of DHS agency officials without specific FEMA pre-approval.

**d. Compliance with Federal Law, Regulations, and Executive Orders.**

This is an acknowledgement that FEMA financial assistance will be used to fund all or a portion of the contract. The Contractor will comply with all applicable Federal law, regulations, executive orders, FEMA policies, procedures, and directives.

**e. No Obligation by Federal Government.**

The Federal Government is not a party to this contract and is not subject to any obligations or liabilities to the State, Contractor, or any other party pertaining to any matter resulting from the Contract.”

**f. Program Fraud and False or Fraudulent Statements or Related Acts**

The Contractor acknowledges that 31 U.S.C. Chap. 38 (Administrative Remedies for False Claims and Statements) applies to the Contractor’s actions pertaining to this contract.

# EXHIBIT 1

## BYRD ANTI-LOBBYING CERTIFICATION

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Contractor must complete this certification if the purchase will be paid for in whole or in part with funds obtained from the federal government and the purchase is greater than \$100,000.

### APPENDIX A, 44 C.F.R. PART 18 – CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

**EXHIBIT 1 - BYRD ANTI-LOBBYING CERTIFICATION**

---

The Contractor, Merit, certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Contractor understands and agrees that the provisions of 31 U.S.C. Chap. 38, Administrative Remedies for False Claims and Statements, apply to this certification and disclosure, if any.

\_\_\_\_\_  
Signature of Contractor's Authorized Official

\_\_\_\_\_  
Name and Title of Contractor's Authorized Official

\_\_\_\_\_  
Date



**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 **14**  
 to  
 Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive , Suite 200
	Ann Arbor, MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	<b>Program Manager</b>	Ashley Adrian	DTMB
		(517) 284-7454	
		AdrianA1@michigan.gov	
	<b>Contract Administrator</b>	Jordan Sherlock	DTMB
		(517) 243-5556	
		sherlockj@michigan.gov	

**CONTRACT SUMMARY**

<b>INTERNET SERVICE PROVIDER</b>			
<b>INITIAL EFFECTIVE DATE</b>	<b>INITIAL EXPIRATION DATE</b>	<b>INITIAL AVAILABLE OPTIONS</b>	<b>EXPIRATION DATE BEFORE</b>
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2022
<b>PAYMENT TERMS</b>		<b>DELIVERY TIMEFRAME</b>	
NET45			
<b>ALTERNATE PAYMENT OPTIONS</b>			<b>EXTENDED PURCHASING</b>
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

<b>DESCRIPTION OF CHANGE NOTICE</b>				
<b>OPTION</b>	<b>LENGTH OF OPTION</b>	<b>EXTENSION</b>	<b>LENGTH OF EXTENSION</b>	<b>REVISED EXP. DATE</b>
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2022
<b>CURRENT VALUE</b>	<b>VALUE OF CHANGE NOTICE</b>	<b>ESTIMATED AGGREGATE CONTRACT VALUE</b>		
\$9,250,467.50	\$450,000.00	\$9,700,467.50		

**DESCRIPTION**

Effective January 5th 2021, this contract in incorporating the attached Statement of Work, and is increased by \$450,000 for DTMB use.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, DTMB Procurement approval, and State Administrative Board approval on January 5th, 2021.



## STATE OF MICHIGAN

### Contract No. 071B5500025 Change Notice No. 14 Enterprise Internet Service Provider

#### ARTICLE 1 STATEMENT OF WORK (SOW)

Below is detail to support the seventh year of service, covering October 1, 2020 through September 30, 2021 to Contract No. 071B5500025 as Contract Change Notice 14 to Merit's existing contract with the State of Michigan. This request identifies the components totaling \$450,000.00 in Year 7 of these services.

#### 1. Cyber Range Exercise Support and Dedicated Sandbox = Up to \$135,000

Technical and developmental support will provide, but not be limited to:

- Development of cyber exercises and training programs as outlined in separate statement of work or request for services
- Enterprise emulated network (DCs, centralized logging, diverse hosts, database, network tools etc.) that replicates actionable events (past and present) for red and blue teams to operate against
- Cyber training platform to support but not limited to:
  - Red on blue and blue on red team operations, Incident response, Capture the Flag, Paintball
- Development of graphical representations and training aides as requested and agreed upon by DMVA, MSP, or DTMB personnel

Additionally, Merit will provide one enterprise emulated network (sandbox) for the Michigan National Guard to support training events. Sandbox will allow members to demonstrate proficiency as a maneuver force, to conduct intelligence-driven HUNT operations on C-KT; to counter and Clear adversary activity from specified terrain; Enable Hardening; and Assess effectiveness of response operations to key terrain; conduct Red Team Activity; conduct Incident Response Activity. These training objectives are broken into 3 different requirements, each having 4 defined requirement that the sandbox will need to support.

Enterprise emulated network will be provided pre-populated with network/user activity and data. This will change with each engagement. Network will have MS DC, Mail Server, Database Server, File Server, DHCP, SharePoint (various OS and patch level) and provide for User zone hosts, DMZ zone hosts, Server zone hosts, and Cyber Team landing point zone. There will also be traffic Simulation, Centralized log collection server (active and running), SIEM installed and running (ELK stack, Snort/Suricata signatures, Threat intel feed). Host endpoint protection w/admin capability on hosts (turned off w/ability to turn on and configure – emulate bad configuration by sys admin). Threat and Vulnerability management system Sandbox capability for malware analysis with ability to send to SIEM. Merit employees acting as an opposing force (red and/or blue) and helpdesk functions during Cyber Team training periods as coordinated.

Sandbox requirements are outlined in Appendix B.

#### 2. 2021 North American International Cyber Event (ICE – Spring 2021) = Up to \$45,000

This task supports the annual North American International Cyber events (ICE), sponsored by the Governor's office and Michigan Cybersecurity, to include demonstrations, speakers, and cyber exercise for 15 participants.

The Merit team will facilitate a 1-day event to be held in Spring 2021. Preparation leading up to the event includes the team of cyber range analysts enhancing the existing virtual environment, further development of injects, creating new obstacles for the exercise and more. After the event, the team conducts an action review with each team to uncover new areas of training needed, feedback on suggested modifications, input on how to make improvements and more.

A separate proposal and statement of work must be provided and approved before work begins.

### **3. Exercises & Training Classes = Up to \$75,000**

Merit will provide the cyber exercises and training classes on an as-needed basis at the Merit member rate. DMVA, MSP, and DTMB may request training and must obtain approval as outlined in Appendix A. Participants may select from the options listed on the Merit website or through direct coordination with the Michigan Cyber Range, up to a maximum of the funded total listed above.

Classes and training must take place between 10/01/20 and 09/30/21 to be included in the FY21 Statement of Work. All approvals must be sought prior to scheduling according to the table in Appendix A.

### **4. Cyber Physical Training Environment Development (Griffinville) = Up to \$100,000**

The Cyber Physical Training Environment - Griffinville, combines a 3D virtual reality environment with physical devices and infrastructure to construct a proof of concept cyber aspect for the Combined Arms Combat Training Center at Camp Grayling, MI. This project requires expertise in the security of Internet of Things devices and experience with creating training scenarios that will utilize Griffinville in conjunction with physical participants and actions.

### **5. Base Hub Connections = Up to \$30,480**

Merit to provide base hub connections for the following locations: Alpena, Grayling, and Selfridge. Dates of coverage: 10/1/2020 – 09/30/2020

Grayling - \$3,150

Alpena - \$9,090

Selfridge - \$18,240

### **6. 2020 Annual High School Cyber Challenge = \$60,000**

Utilize the FY21 Statement of work to cover costs of the 2020 High School Cyber Challenge. Future High School Cyber Challenges under this contract will be funded by the annual statement of work between DTMB, DMVA, and MSP.

### **7. Allocate as needed – Remaining funds (approximately \$4,520)**

Remaining funds will be allocated as needed and as agreed upon by DTMB, MSP, and DMVA

Merit to provide detailed Work Plans, Statements of Work, or Estimate prior to scheduling or rendering services and must also obtain approvals according to Appendix A. Merit to invoice services within all line items as they are rendered according to the agreed upon Work Plan, Statement of Work, or Estimate. In the event that a need or request exceeds the allotted amount for any line item, DTMB, DMVA, and MSP will discuss options to re-allocate funds from another line item, stop or reduce work, or increase funding.

Merit must provide detailed invoicing including associated Line Items, student names where applicable, training dates, approver name, and date of approval. Invoices related to base hub connections must include the name of the base specific to the invoice. Invoices for all services/line items are to be sent to Renae Sharp ([sharp4@michigan.gov](mailto:sharp4@michigan.gov)) for routing and processing. The assigned Purchase Order number and Change Notice number must be included on each invoice.

Services requested under this Statement of Work must be approved before scheduling work and/or training with Merit. All training requests must have State of Michigan approval before training is conducted. Failure to comply could result in the invoice payment rejected by DTMB.

**Appendix A**

**Approval Path**

DTMB - MCS
<b>Initial Request via email to:</b>
Stephanie Jeppesen Backup: Audra Lang
<b>Business Approver</b>
Laura Clark Backup: Derek Larson
<b>Budgetary Approver/Approval to Schedule</b>
Stephanie Jeppesen Backup: Renae Sharp
<b>Invoice Approval</b>
Laura Clark Backup: Derek Larson CC: Renae Sharp and Stephanie Jeppesen

DMVA
<b>Initial Request via email to:</b>
Renae Sharp Backup: Kari Vaughn
<b>Business Approver</b>
LTC Brady/LTC Maciolek Backup: BG Lawrence Schloegl/Brig Gen Bryan Teff
<b>Budgetary Approver/Approval to Schedule</b>
Renae Sharp Backup: Stephanie Jeppesen
<b>Invoice Approval</b>
BG Lawrence Schloegl and Brig Gen Bryan Teff Backup: N/A CC: Renae Sharp and Stephanie Jeppesen

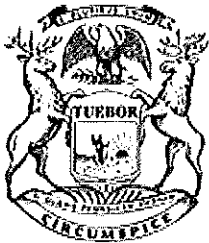
MSP
<b>Initial Request via email to:</b>
Amanda Brunger Backup: Mollie Leahy
<b>Business Approver</b>
D/F/LT James Ellis Backup: LT Aric Dowling
<b>Budgetary Approver/Approval to Schedule</b>
Renae Sharp Backup: Stephanie Jeppesen
<b>Invoice Approval</b>
D/F/LT James Ellis Backup: LT Aric Dowling CC: Renae Sharp and Stephanie Jeppesen

## Appendix B

### Cyber Team Sandbox Requirements

Owned Cyber hosts are allowed to connect via VPN to MERIT range via MOA w/Merit

Training Requirement 1:	Training Requirement 2:	Training Requirement 3:
<p><b>Hunt:</b> Identify, enumerate, and characterize the area of operations to identify the battlespace, Identify cyber related risks to the supported mission, Identify malicious activity based on reporting to determine response actions, Identify scope of adversary access to determine extent of intrusion</p>	<p><b>Reconnaissance:</b> Identify, enumerate, and characterize the area of operations to identify the battlespace, Target selection</p>	<p><b>Prepare:</b> Develop checklist of required tools, Prepare Incident Triage Plan, Develop Internal workflow and communication plan, Update defensive &amp; analysis script repository</p>
<p><b>Harden:</b> Develop and initiate sensor employment plan to identify adversary presence, Analyze attack surface of C-KT to enable hardening actions Conduct operational, reporting to reduce future risk, Recommend threat mitigation actions</p>	<p><b>Exploit:</b> Develop and initiate sensor employment plan to identify adversary presence, Analyze attack surface of C-KT to enable hardening actions, Conduct operational reporting to reduce future risk, Recommend threat mitigation actions</p>	<p><b>Detect:</b> Identify, enumerate, and characterize the area of operations to identify the battlespace</p>
<p><b>Clear:</b> Contain malicious activity to prevent adversary freedom of action, Contain malicious access to inhibit adversary entry into specified key terrain, Conduct operational reporting to support HHQ decision making, Perform basic malware triage to advise response and hardening actions</p>	<p><b>Delivery:</b> Plant exploit on target destination</p>	<p><b>Respond:</b> Develop and initiate sensor employment plan to identify adversary presence, Analyze attack surface of C-KT to enable hardening actions, Conduct operational reporting to reduce future risk, Recommend threat mitigation actions</p>
<p><b>Assess:</b> Identify cyber related risks to the supported mission, Conduct operational reporting to support HHQ decision making</p>	<p><b>Assess:</b> Emulate threats to determine if technical mitigations are effective, Emulate threats to determine if procedural mitigations are effective Emulate</p>	<p><b>Recover:</b> Emulate threats to determine if technical mitigations are effective, Emulate threats to determine if procedural mitigations are effective</p>



**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 **13**  
 to  
 Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive , Suite 200
	Ann Arbor, MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	Program Manager	Ashley Adrian	DTMB
		(517) 284-7454	
	AdrianA1@michigan.gov		
	Contract Administrator	Mike Breen	DTMB
		(517) 249-0428	
		breenm@michigan.gov	

**CONTRACT SUMMARY**

<b>INTERNET SERVICE PROVIDER</b>			
<b>INITIAL EFFECTIVE DATE</b>	<b>INITIAL EXPIRATION DATE</b>	<b>INITIAL AVAILABLE OPTIONS</b>	<b>EXPIRATION DATE BEFORE</b>
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2022
<b>PAYMENT TERMS</b>		<b>DELIVERY TIMEFRAME</b>	
NET45			
<b>ALTERNATE PAYMENT OPTIONS</b>			<b>EXTENDED PURCHASING</b>
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

**DESCRIPTION OF CHANGE NOTICE**

<b>OPTION</b>	<b>LENGTH OF OPTION</b>	<b>EXTENSION</b>	<b>LENGTH OF EXTENSION</b>	<b>REVISED EXP. DATE</b>
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2022
<b>CURRENT VALUE</b>	<b>VALUE OF CHANGE NOTICE</b>	<b>ESTIMATED AGGREGATE CONTRACT VALUE</b>		
\$9,250,467.50	\$0.00	\$9,250,467.50		

**DESCRIPTION**

Effective with mutual signature the contract is amended to add the attached statement of work. All other terms and conditions remain the same. No funding is required.

## STATE OF MICHIGAN

Contract No. 071B5500025 Change Notice No. 13 Enterprise Internet Service Provider

### ARTICLE 1 STATEMENT OF WORK (SOW)

Below is detail to support the sixth year of service, covering October 1, 2019 through September 30, 2020 to Contract No. 071B5500025 as Contract Change Notice 13 to Merit's existing contract with the State of Michigan. This request identifies the components totaling \$429,030.00 in Year 6 of these services.

#### 1. Cyber Range Exercise Support and Dedicated Sandbox = Up to \$149,300

DMVA, MSP, and DTMB have asked for ongoing technical and developmental support. Technical and developmental support will provide, but not be limited to:

- Development of cyber exercises and training programs as outlined in separate statement of work or request for services
- Enterprise emulated network (DCs, centralized logging, diverse hosts, database, network tools etc.) that replicates actionable events (past and present) for red and blue teams to operate against
- Cyber training platform to support but not limited to:
  - Red on blue and blue on red team operations, Incident response, Capture the Flag, Paintball
- Development of graphical representations and training aides as requested and agreed upon by DMVA, MSP, or DTMB personnel

Additionally, Merit will provide one enterprise emulated network (sandbox) for the Michigan National Guard to support training events. Sandbox will allow members to demonstrate proficiency as a maneuver force, to conduct intelligence-driven HUNT operations on C-KT; to counter and Clear adversary activity from specified terrain; Enable Hardening; and Assess effectiveness of response operations to key terrain; conduct Red Team Activity; conduct Incident Response Activity. These training objectives are broken into 3 different requirements, each having 4 defined requirement that the sandbox will need to support.

Enterprise emulated network will be provided pre-populated with network/user activity and data. This will change with each engagement. Network will have MS DC, Mail Server, Database Server, File Server, DHCP, SharePoint (various OS and patch level) and provide for User zone hosts, DMZ zone hosts, Server zone hosts, and Cyber Team landing point zone. There will also be traffic Simulation, Centralized log collection server (active and running), SIEM installed and running (ELK stack, Snort/Suricata signatures, Threat intel feed). Host endpoint protection w/admin capability on hosts (turned off w/ability to turn on and configure – emulate bad configuration by sys admin). Threat and Vulnerability management system Sandbox capability for malware analysis with ability to send to SIEM. Merit employees acting as an opposing force (red and/or blue) and helpdesk functions during Cyber Team training periods as coordinated.

Sandbox requirements are outlined in Appendix C.

#### 2. Annual Summit & Conferences = Up to \$90,000

This task supports the annual North American International Cyber events (ICE), sponsored by the Governor's office and Michigan Cybersecurity, to include demonstrations, speakers, and cyber exercise for 15 participants.

The Merit team facilitates two 1-day events during the year, to be held in the Fall and Spring. Preparation leading up to the event includes the team of cyber range analysts enhancing the existing virtual environment, further development of injects, creating new obstacles for the exercise and more. After each event, the team conducts an action review with each team to uncover new areas of training needed, feedback on suggested modifications, input on how to make improvements and more.

Merit covers all expenses associated with the execution of the two annual events.

### **3. Exercises & training classes = Up to \$89,730**

Merit will provide the cyber exercises and training classes on an as-needed basis at the Merit member rate. DMVA, MSP, and DTMB may request training and must obtain approval as outlined in Appendix A. Participants may select from the options listed on the Merit website or through direct coordination with the Michigan Cyber Range, up to a maximum of the funded total listed above.

Merit pricing is outlined in Appendix B and is subject to change.

Note: This line item was reduced by the amount of overages from FY18/19.

### **4. Cyber Physical Training Environment Development = Up to \$100,000**

The Cyber Physical Training Environment, called Griffinville, combines a 3D virtual reality environment with physical devices and infrastructure to construct a proof of concept cyber aspect for the Combined Arms Combat Training Center at Camp Grayling, MI. This project requires expertise in the security of Internet of Things devices and experience with creating training scenarios that will utilize Griffinville in conjunction with physical participants and actions.

Merit to provide a detailed Work Plans, Statements of Work, or Estimate prior to rendering services and must also obtain approvals according to Appendix A. Merit to invoice services within all line items as they are rendered according to the agreed upon Work Plan, Statement of Work, or Estimate. In the event that a need or request is above the allotted amount for any line item, DTMB, DMVA, and MSP will discuss options to re-allocate funds from another line item, stop or reduce work, or increase funding.

Merit must provide detailed invoicing including associated Line Items, student names where applicable, training dates, approver name, and date of approval. Invoices for all services/line items are to be sent to Renae Sharp ([sharpr4@michigan.gov](mailto:sharpr4@michigan.gov)) for routing and processing. The assigned Purchase Order number and Change Notice number must be included on each invoice.

Services requested under this Statement of Work must be approved before scheduling training with Merit. All training requests must have State of Michigan approval before training is conducted. Failure to comply could result in the invoice payment rejected by DTMB.



Appendix A

Approval Path

DTMB - MCS
<b>Initial Request via email to:</b>
Stephanie Jeppesen Backup: Audra Lang
<b>Business Approver</b>
Laura Clark Backup: Derek Larson
<b>Budgetary Approver/Approval to Schedule</b>
Stephanie Jeppesen Backup: Renae Sharp
<b>Invoice Approval</b>
Laura Clark Backup: Derek Larson CC: Renae Sharp and Stephanie Jeppesen

DMVA
<b>Initial Request via email to:</b>
Renae Sharp Backup: Kari Vaughn
<b>Business Approver</b>
LTC Guy/LTC Maciolek Backup: BG Lawrence Schloegl/Brig Gen Bryan Teff
<b>Budgetary Approver/Approval to Schedule</b>
Renae Sharp Backup: Stephanie Jeppesen
<b>Invoice Approval</b>
BG Lawrence Schloegl and Brig Gen Bryan Teff Backup: N/A CC: Renae Sharp and Stephanie Jeppesen

MSP
<b>Initial Request via email to:</b>
Amanda Brunger Backup: Mollie Leahy
<b>Business Approver</b>
D/F/LT James Ellis Backup: LT Aric Dowling
<b>Budgetary Approver/Approval to Schedule</b>
Renae Sharp Backup: Stephanie Jeppesen
<b>Invoice Approval</b>
D/F/LT James Ellis Backup: LT Aric Dowling CC: Renae Sharp and Stephanie Jeppesen

## Appendix B

### Merit Pricing

#### Events

#### National Guard Rate

Capture the Flag Exercise (10 participant Minimum)	\$	500.00
Paintball (Red vs. Red)	\$	1,400.00
Cyber Sentinel (Incident Response) **	\$	500.00
Full Day - "The Threat at your Doorstep, Cybersecurity for Execs"	\$	750.00
Half Day - "The Threat at your Doorstep, Cybersecurity for Execs"	\$	375.00
K-12 Cyber Awareness Training	\$	1,750.00

#### Courses (Bootcamp or Semester/Qtr Academy)

#### National Guard Rate

Hacking Essentials (two day course, Merit provided Instructor)	\$	1,500.00
Defending Essentials (two day course, Merit provided Instructor)	\$	1,500.00
In-person Class: C(ISSO)	\$	2,250.00
In-person Class: C(PTE)	\$	2,250.00
In-person Class: C(PEH)	\$	2,250.00
In-person Class: C(IHE)	\$	2,250.00
In-person Class: C(NFE)	\$	2,250.00
In-person Class: C(DFE)	\$	2,250.00
In-person Class: C(SWAE)	\$	2,250.00
In-person Class: C(DRE)	\$	2,250.00
In-person Class: C(WSE)	\$	2,250.00
In-person Class: C(SLO)	\$	2,250.00
In-person Class: IS20 Security Controls	\$	2,250.00
In-person Class: C(PTC)	\$	2,250.00
In-person Class: CISSP **	\$	2,995.00
In-person Class: CCSP **	\$	3,145.50
In-person Class: CSSLP**	\$	3,145.50
In-person Class: HCISSP**	\$	2,695.50

In-person Class: CAP**	\$	3,145.50
In-person Class: C HFI**	\$	3,145.50
In-person Class: ECSA**	\$	3,145.50
In-person Class: L PT**	\$	3,145.50
In-person Class: CEH**	\$	3,145.50
In-person Class: C CISO**	\$	3,145.50
In-person Class: S+**	\$	2,425.50
In-person Class: A+**	\$	2,695.50
In-person Class: N+**	\$	2,245.50
In-person Class: CCNA**	\$	3,145.50
In-person Class: CSNAX**	\$	5,355.00
In-person Class: CSA+ Cybersecurity Analyst	\$	2,695.50
In-person Class: CASP: Advanced Security Practitioner	\$	2,875.50
In-person Class: CTT+ Certified Technical Trainer	\$	2,335.50

**Special Events/Annual Licenses (Can be sold Monthly/Quarterly)**

**National Guard Rate**

License of CTF instance <5 users, 12 mths	\$	20,000.00
Additional User(s): CTF	\$	250.00

**Sandboxes (Can be sold Monthly/Quarterly)**

**National Guard Rate**

RAM (Annual Price per Gigabyte)	\$62.40
CPU Core (Annual Price per Core @ ~2.4 Ghz)	\$86.40
Storage (Annual Price per Gigabyte)	\$1.20

**(All prices are subject to change)**

## Appendix C

### Cyber Team Sandbox Requirements

Owned Cyber hosts are allowed to connect via VPN to MERIT range via MOA w/Merit

Training Requirement 1:	Training Requirement 2:	Training Requirement 3:
<p><b>Hunt:</b> Identify, enumerate, and characterize the area of operations to identify the battlespace, Identify cyber related risks to the supported mission, Identify malicious activity based on reporting to determine response actions, Identify scope of adversary access to determine extent of intrusion</p>	<p><b>Reconnaissance:</b> Identify, enumerate, and characterize the area of operations to identify the battlespace, Target selection</p>	<p><b>Prepare:</b> Develop checklist of required tools, Prepare Incident Triage Plan, Develop Internal workflow and communication plan, Update defensive &amp; analysis script repository</p>
<p><b>Harden:</b> Develop and initiate sensor employment plan to identify adversary presence, Analyze attack surface of C-KT to enable hardening actions Conduct operational, reporting to reduce future risk, Recommend threat mitigation actions</p>	<p><b>Exploit:</b> Develop and initiate sensor employment plan to identify adversary presence, Analyze attack surface of C-KT to enable hardening actions, Conduct operational reporting to reduce future risk, Recommend threat mitigation actions</p>	<p><b>Detect:</b> Identify, enumerate, and characterize the area of operations to identify the battlespace</p>
<p><b>Clear:</b> Contain malicious activity to prevent adversary freedom of action, Contain malicious access to inhibit adversary entry into specified key terrain, Conduct operational reporting to support HHQ decision making, Perform basic malware triage to advise response and hardening actions</p>	<p><b>Delivery:</b> Plant exploit on target destination</p>	<p><b>Respond:</b> Develop and initiate sensor employment plan to identify adversary presence, Analyze attack surface of C-KT to enable hardening actions, Conduct operational reporting to reduce future risk, Recommend threat mitigation actions</p>
<p><b>Assess:</b> Identify cyber related risks to the supported mission, Conduct operational reporting to support HHQ decision making</p>	<p><b>Assess:</b> Emulate threats to determine if technical mitigations are effective, Emulate threats to determine if procedural mitigations are effective Emulate</p>	<p><b>Recover:</b> Emulate threats to determine if technical mitigations are effective, Emulate threats to determine if procedural mitigations are effective</p>



**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 12  
 to  
 Contract Number 071B5500025

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive , Suite 200
	Ann Arbor, MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	Program Manager	Ashley Adrian	DTMB
		(517) 284-7454	
		AdrianA1@michigan.gov	
	Contract Administrator	Jordan Sherlock	DTMB
		517-243-5556	
		sherlockj@michigan.gov	

**CONTRACT SUMMARY**

<b>INTERNET SERVICE PROVIDER</b>			
<b>INITIAL EFFECTIVE DATE</b>	<b>INITIAL EXPIRATION DATE</b>	<b>INITIAL AVAILABLE OPTIONS</b>	<b>EXPIRATION DATE BEFORE</b>
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2022
<b>PAYMENT TERMS</b>		<b>DELIVERY TIMEFRAME</b>	
NET45			
<b>ALTERNATE PAYMENT OPTIONS</b>			<b>EXTENDED PURCHASING</b>
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

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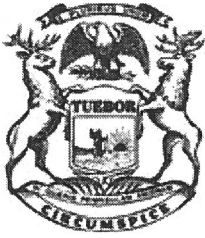
**DESCRIPTION OF CHANGE NOTICE**

<b>OPTION</b>	<b>LENGTH OF OPTION</b>	<b>EXTENSION</b>	<b>LENGTH OF EXTENSION</b>	<b>REVISED EXP. DATE</b>
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2022
<b>CURRENT VALUE</b>	<b>VALUE OF CHANGE NOTICE</b>	<b>ESTIMATED AGGREGATE CONTRACT VALUE</b>		
\$4,250,467.50	\$5,000,000.00	\$9,250,467.50		

**DESCRIPTION**

Effective 10/1/2019 this contract is increased by \$5,000,000 for Wide Area Connectivity (WAN) purchases. All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Procurement approval, and State Administrative Board approval on 9/26/2019.

**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 **11**  
to  
Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive, Suite 200
	Ann Arbor, MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	Program Manager	Ashley Adrian	DTMB
		(517) 284-7454	
		AdrianA1@michigan.gov	
	Contract Administrator	Jordan Sherlock	DTMB
		517-243-5556	
		sherlockj@michigan.gov	

**CONTRACT SUMMARY**

**ENTERPRISE INTERNET SERVICE PROVIDER**

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2019

PAYMENT TERMS	DELIVERY TIMEFRAME
NET45	N/A

ALTERNATE PAYMENT OPTIONS	EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

N/A

**DESCRIPTION OF CHANGE NOTICE**

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	36 months	<input type="checkbox"/>	N/A	October 31, 2022

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
\$3,775,887.50	\$474,580.00	\$4,250,467.50

**DESCRIPTION**

Effective May 6, 2018, this contract is increased by 474,580.00 for the Michigan Cyber Security's High School Cyber Challenge.

Effective 11/1/2019 the state is will also be excercing 3 option years with a revised expiration date of 10/31/2022.

Please also note the following:

The Contract Administrator is hereby changed to Jordan Sherlock (Article 2 - Terms and Conditions, Section 2.021 Issuing Office)

All other terms, conditions, specifications and pricing remain the same. Per Contractor and Agency agreement, DTMB Procurement approval, and State Administrative Board approval on 4/30/2019.



**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 **10**

to

Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive, Suite 200
	Ann Arbor, MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>Program Manager</b>	Ashley Adrian	DTMB
	(517) 284-7454	
	AdrianA1@michigan.gov	
<b>Contract Administrator</b>	Jordan Sherlock	DTMB
	517-243-5556	
	sherlockj@michigan.gov	

**CONTRACT SUMMARY**

**ENTERPRISE INTERNET SERVICE PROVIDER**

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2019
PAYMENT TERMS		DELIVERY TIMEFRAME	
NET45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

N/A

**DESCRIPTION OF CHANGE NOTICE**

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	36 Months	<input type="checkbox"/>	N/A	N/A
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$3,775,887.50	\$0.00	\$3,775,887.50		

**DESCRIPTION**

Effective March 6, 2018, this Contract is hereby amended incorporating the attached Change Notice No. 10 Statement of Work utilizing existing funding in the amount of \$474,580.00 for the Michigan Cyber Security's High School Cyber Challenge.

Please also note the following:

The Contract Administrator is hereby changed to Jordan Sherlock (Article 2 - Terms and Conditions, Section 2.021 Issuing Office)

All other terms, conditions, specifications and pricing remain the same per Contractor and Agency agreement, and per DTMB Procurement approval.

**MICHIGAN DEPARTMENT OF TECHNOLOGY,  
MANAGEMENT AND BUDGET  
IT SERVICES  
STATEMENT OF WORK FOR IT CHANGE NOTICES**

<b>Project Title:</b> Governor's High School Cyber Challenge	<b>Period of Coverage:</b> 03/01/2019 – 10/31/2022
<b>Requesting Department:</b> Michigan Cyber Security	<b>Date:</b> January 22, 2019
<b>Agency Project Manager:</b> Malathi Natarajan	<b>Phone:</b> 517-241-6777
<b>DTMB Project Manager:</b> Chris DeRusha	<b>Phone:</b> 517-241-1907



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**Brief Description of Services to be provided:**

**BACKGROUND:**

Michigan is facing drastic shortages in cybersecurity professionals. It is critical to generate students' interest in security and technology careers to address the widening gap in our talent pool between qualified individuals and the demand for those skills.

The Governor's High School Cyber Challenge aims to build a workforce to meet this demand. At the same time, we will prepare key industries, such as automotive, defense, law enforcement, education and agriculture to adapt to the evolving challenges in cybersecurity. These goals will support economic development and the protection of our businesses and private citizens in Michigan now and into the future.

The Governor's High School Cyber Challenge is a multi-round competition that tests students' skills in networking, programming and operating system security.

This competition is developed by Merit Network and the Michigan Cyber Range, in partnership with the State of Michigan. Every round of the competition is offered at no cost to schools or students and has been taking place since 2016.

In 2016, 94 teams and 282 students participated in the challenge. In 2017, the response was overwhelming with 188 teams and 564 students competing in the event. It is our hope to continue efforts like the Governor's High School Cyber Challenge in order to create a state that is cyber-ready and secure.

To produce the challenge, the MCS team has partnered with Merit Network, an Ann Arbor based non-profit company which provides high-performance services to the educational communities in Michigan and beyond.

**Key Action Steps**

The High School Cyber Challenge will challenge high school students' skills in computer science, information technology, and cybersecurity in a two round, statewide competition. The HSCC will consist of three rounds. Round 0 consists of online monthly challenge questions and begin upon receipt of a MOU. Round 1 will be held online in early October. Round 2 will take place at the North American International Cyber Summit. Should the State determine not to continue the North American International Cyber Summit, Round 2 can take place at another venue, if additional costs are paid.

The Michigan Cyber Range, powered by Merit Network, will provide and score the online challenges. The high school teams, each comprised of three students, will be asked to complete challenges designed to test their knowledge of information technology and cybersecurity. All high schools in Michigan are eligible to participate, and schools may enter more than one team.

**Round One** will be conducted online in order to encourage and enable participation from all parts of the state. Challenges will be released each day during the Round 1 week. The daily challenges will focus on networks, programming, operating systems and hacking skills. The top ten teams will be selected to advance to the second round. The top teams will be announced on Friday of that week.

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**Round Two** will take place from 8 a.m.- 12 p.m. during the North American International Cyber Summit, held at Cobo Center in Detroit in October. During the second round, teams will compete in a virtual exercise designed to test their skills with an intensive, timed series of cybersecurity challenges. This round will consist of 10 teams (three students and a chaperone) participating in a head to head set of challenges.

The top three teams from Round Two will receive awards directly from the Governor during lunch at North American International Cyber Summit. In the event that the State of Michigan would like to provide a certification bootcamp course and an exam voucher to the top 30 students, Merit can facilitate for an additional fee.

### **Justification**

Merit Network is the only organization in Michigan with the ability to develop and execute this competition. Merit owns and operates more than 4,000 miles of fiber optic infrastructure in the State, and connects 98% of all Michigan K12 institutions via the MISEN network. This provides unique leverage and outreach abilities via an already established relationship within the educational community.

In addition, Merit operates the Michigan Cyber Range, the nation's largest, and Michigan's only, unclassified private training cloud. The Cyber Range is a network accessible platform that allows individuals, schools and organizations a secure environment to conduct teaching exercises, complete product testing and facilitate cyber education and training courses. Because the Cyber Range is network accessible, the Governor's High School Cyber Challenge can be accessed by anyone, anywhere, through a simple internet connection.

The Michigan Cyber Range has also developed a proprietary virtual city in which it hosts the Capture The Flag competition for Round 2. Alphaville is a gamified training environment that resides in a high capacity network. Each location within Alphaville features different operating systems, security priorities and challenges.

These locations include a City Hall, Public Library, Public School, Alphaville Power and Electric Company, and Zenda, a small engineering and manufacturing business. This environment features platforms such as SCADA, security appliances, email, file sharing, active directory and DNS.

### **PROJECT OBJECTIVE:**

The MCS team is tasking Merit Network to design and plan all aspects of the cyber challenge over the next four years.

### **SCOPE OF WORK:**

For this project, the MCS team is asking Merit Network to provide the following on an annual basis:

- Collaborate with the MCS team to design and plan all aspects of the cyber challenge.
- Organize and conduct the challenge at the HSCC event over the next four years.
- Credential students who participate. This also entails:
  - Providing vouchers to top 30 students to attend Merit Network Cyber Security courses that are approved by the State of Michigan.
  - Providing help to students who enroll in the course, take the test, and if the

- 
- students pass, provide them with a certificate issued from the certifying entity.
  - Manage and maintain a system that tracks which courses that students take; this system must prevent students who participated in a previous class from repeating the course.

#### **TASKS:**

- Meet with Merit Network to review the current year's cyber challenge.
- Organize and conduct the challenge at the HSCC event over the next four years.
- Establish/learn how Merit Network will both credential students who participate and provide a voucher system for students who make the top 30.
- Establish/learn how Merit Network will track student progress and prevent returning students from repeating courses.
- Determine at what point the Merit Network team is reimbursed: when students receive the voucher or when they attend the course.

#### **DELIVERABLES:**

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them. Deliverables for this project include:

- Merit will manage the Security + (or equivalent) On Demand Certification and Training Program.
- Merit will use a third party vendor to support the certification program.
- Each year, the top thirty students who win the yearly High School Capture the Flag challenge will win:
  - Security +, or equivalent course and an official Security + exam.
  - Merit will issue each student a Security + program voucher that will include: Security +, or equivalent digital books, instructional videos; one practice exam; an online user / study group; Security + , or equivalent prep guide; one exam simulator; final Security + certification exam.
- Merit Network will communicate to all winners at time of High School challenge event and for the duration of the 6 month program.
- Merit Network will track all participants throughout the program.
- Merit tracking will consist of obtaining and inputting the following:
  - Student registration
  - Work with administrator/coach to track student progress
  - Program vouchers issued
  - Online user / study group forum;
  - Practice exam pass rate;
  - Final certification exam pass rate;
- Close student registration 45 days after HS competition event.
- Invoicing of vouchers issued to DTMB after registration deadline is closed.
- Program deadline - 6 months
- Reporting of all students
  
- **Notes:**
  - All studying will be via "on-demand" or self paced.
  - All study material is non-transferable.
  - Security+ exam vouchers cannot be returned after purchase.

- 
- Official Security+ exams must be taken at a Pearson Vue testing center. Testing centers can be located here: <https://home.pearsonvue.com/test-taker.aspx>
  - Each student agrees to all of the program rules by accepting into the Security + Certification Program through Merit Network.
  - Merit will track all names in internal system so no repeat students win.
  - Students who qualify for the 30 certification courses and exams will work with their coach or instructor to request voucher codes from Merit to take the courses. Merit will invoice DTMB for the redeemed vouchers 45 days after the event.

**ACCEPTANCE CRITERIA:**

- Cyber Challenge activities need to be approved by the MCS team and are subject to revision.
- Process for tracking student progress and preventing returning students from repeating courses.

**PROJECT CONTROL AND REPORTS:**

A post-event report must be submitted to the Agency and DTMB Project Managers. This report may be submitted with the billing invoice.

This report will contain:

- Number of students who participated in each round of the event and their schools
- Schools of qualifying students
- Number of students participating in certification course
- Number of students participating in certification exam and pass/fail rate

**PAYMENT SCHEDULE:**

Payment will be made on a Satisfactory acceptance of completion of the event. DTMB will pay CONTRACTOR upon receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order on a semi-yearly basis, in November and February, following the event.

Merit will invoice DTMB yearly at the end of the event in the amount of \$89,875. Costs that can vary from year to year, which are out of Merit's control, include the costs of certifications, exams and the technology charges from the Governor's Summit event organizers. Drastic changes in this pricing are not expected, however, Merit intends to invoice for the actual amount spent on these items in the semi-yearly invoices.

Payment shall be considered timely if made by DTMB within forty-five (45) days after receipt of properly completed invoices.

Payment will be made for the certification and exam vouchers (approximately \$28,770) which are used/redeemed by February of the following year. An invoice for redeemed vouchers will be submitted 45 days after the event.

DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date, and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall

describe and document to the State's satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

**MILESTONES:**

- Annual execution of the Cyber Challenge
- Annual execution of process for student credentialing to include issuance of credentials and tracking use of credentials

**EXPENSES:**

SINGLE - YEAR COSTS FOR GHSCC PROGRAM EXECUTION							
Description	FTE / Hours (h)	Hourly Rates	Purchased Services	Supplies &	Capital Outlay	Other Expenses	Totals
Certification Bootcamp Course Awards for 30 students			\$ 21,000.00				\$ 21,000.00
Certification Exam Awards for 30 students			\$ 7,770.00				\$ 7,770.00
Merit Certification Administration Fees	35	\$ 125.00					\$ 6,250.00
Governor's HSCC Event Execution Staffing:							
Development Round 0	20	\$ 175.00					\$ 3,500.00
Development Round 1	176	\$ 175.00					\$ 30,800.00
Development Round 2	11	\$ 175.00					\$ 1,925.00
Infrastructure Maintenance	8	\$ 175.00					\$ 1,400.00
Marketing and Event Staff	80	\$ 125.00					\$ 10,000.00
Administrative	80	\$ 125.00					\$ 10,000.00
Infrastructure						\$ 3,000.00	\$ 3,000.00
Tech Fee from Cobo Center						\$ 18,000.00	\$ 18,000.00
Prizes/Swag				\$ 5,000.00			\$ 5,000.00
<b>TOTAL</b>							<b>\$118,645.00</b>

This program will cost approximately \$118,645 **per year** to execute.

- Certifications and Bootcamp Courses will total approximately \$28,770
- Administration fees will total approximately \$6,250
- Staffing will total approximately \$57,630
- Hard costs will total approximately \$26,000

**PROJECT CONTACTS:**

The designated Agency Project Manager is:

Malu Natarajan  
 Chief of Staff, Cybersecurity & Infrastructure Protection  
 Michigan State Police Headquarters Building  
 7150 Harris Dr  
 Dimondale, MI 48821  
 Office: 517-241-6777  
 Cell: 517-243-9575  
 NatarajanM@michigan.gov

The designated DTMB Project Manager is:

Chris DeRusha  
 Chief Security Officer (Acting), Cybersecurity and Infrastructure Protection  
 Michigan State Police Headquarters Building  
 7150 Harris Dr

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Dimondale, MI 48821  
Office: 517-241-1907  
Cell: 517-582-8739  
DeRushaC@michigan.gov

**LOCATION OF WHERE THE WORK IS TO BE PERFORMED:**

Consultants will work at Merit offices in Ann Arbor, MI, with the exception of Round 2, which will be located at the North American International Cyber Summit.

**EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:**

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.





**STATE OF MICHIGAN**  
**ENTERPRISE PROCUREMENT**  
 Department of Technology, Management, and Budget  
 525 W. ALLEGAN ST., LANSING, MICHIGAN 48913  
 P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **9**

to

Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive, Suite 200
	Ann Arbor, MI 48104
	Jameka Williams
	(734) 527-5761
	jamekaw@merit.edu
	CV0025865

<b>STATE</b>	<b>Program Manager</b>	Ashley Adrian	DTMB
		(517) 284-7454	
		AdrianA1@michigan.gov	
	<b>Contract Administrator</b>	Joshua Wilson	DTMB
		(517) 249-0444	
		wilsonj31@michigan.gov	

**CONTRACT SUMMARY**

<b>ENTERPRISE INTERNET SERVICE PROVIDER</b>			
<b>INITIAL EFFECTIVE DATE</b>	<b>INITIAL EXPIRATION DATE</b>	<b>INITIAL AVAILABLE OPTIONS</b>	<b>EXPIRATION DATE BEFORE</b>
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2019
<b>PAYMENT TERMS</b>		<b>DELIVERY TIMEFRAME</b>	
NET45		N/A	
<b>ALTERNATE PAYMENT OPTIONS</b>			<b>EXTENDED PURCHASING</b>
<input type="checkbox"/> P-Card	<input type="checkbox"/> Direct Voucher (DV)	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**  
 N/A

<b>DESCRIPTION OF CHANGE NOTICE</b>				
<b>OPTION</b>	<b>LENGTH OF OPTION</b>	<b>EXTENSION</b>	<b>LENGTH OF EXTENSION</b>	<b>REVISED EXP. DATE</b>
<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A	
<b>CURRENT VALUE</b>	<b>VALUE OF CHANGE NOTICE</b>	<b>ESTIMATED AGGREGATE CONTRACT VALUE</b>		
\$3,775,887.50	\$450,000.00	\$4,225,887.50		

**DESCRIPTION**

Effective August 10, 2018, this Contract is hereby amended incorporating the attached Change Notice No. 9 Statement of Work and increased by \$450,000.00 for the Michigan Cyber Security Homeland Security Initiative.

- Please also note the following:
- The Contractor's Single Point of Contact is hereby changed to Jameka Williams (Article 1 - Statement of Work, Section 1.021 Contractor Staff, Roles, and Responsibilities).
  - The Contract Administrator is hereby changed to Joshua Wilson (Article 2 - Terms and Conditions, Section 2.021 Issuing Office); and
  - The Program Manager is hereby changed to Ashley Adrian (Article 2 - Terms and Conditions, Section 2.022 Contract Compliance Inspector).

All other terms, conditions, specifications and pricing remain the same per Contractor and Agency agreement, and per DTMB Procurement approval.



# STATE OF MICHIGAN

**Contract No. 071B5500025**  
**Change Notice No. 9**  
Enterprise Internet Service Provider

## **ARTICLE 1** **STATEMENT OF WORK (SOW)**

Below is detail to support the fifth year of service, covering October 1, 2018 through September 30, 2019 to **Contract No. 071B5500025** as **Contract Change Notice 9** to Merit's existing contract with the State of Michigan. This request identifies the components totaling **\$450,000.00** in Year 5 of these services.

### **1. Cyber Range exercise support = \$144,800**

DMVA, MSP, and DTMB have asked for ongoing technical and developmental support. Technical and developmental support will provide, but not limited to:

- Development of cyber exercises and training programs
- Development of demonstrations of cyber security techniques for department leadership
- Development of seminars and classes on cyber security
- Participation in meetings, conferences, and interviews as subject matter experts in cyber security
- Development of graphical representations and training aides

### **2. Annual Summit & Conferences = \$90,000**

This task supports the annual North American International Cyber event, sponsored by the Governor's office, to include demonstrations, speaker and cyber exercise for 15 participants. It also includes other events throughout the year involving Cyber Range participation as speakers, demonstrators, or facilitators.

### **3. Exercises & training classes = \$100,000**

Merit will provide the cyber exercises and training classes on an as-needed basis at the Merit member rate. The may select from the options listed on the Merit website or through direct coordination with the Michigan Cyber Range, up to a maximum of the funded total listed above.

### **4. Cyber Physical Training Environment Development = \$100,000**

The Cyber Physical Training Environment, called Griffinville, combines a 3D virtual reality environment with physical devices and infrastructure to construct a proof of concept cyber aspect for the Combined Arms Combat Training Center at Camp Grayling, MI. This project requires expertise in the security of Internet of Things devices and experience with creating training scenarios that will utilize Griffinville in conjunction with physical participants and actions.

### **5. Sandbox w/Training – Fort Custer Training Center, Battle Creek Air National Guard = \$9,000 per year**

Merit will provide two Secure Sandboxes; one each for Fort Custer and Battle Creek. Each Sandbox provides a flexible, secure environment that can be used for cyber security education, training exercises and software testing. Located in a virtual cloud, the Merit Secure Sandbox simulates a real-world networked environment with traffic generation with virtual machines that act as web servers, mail servers, and other types of machines. Users can add preconfigured virtual machines or build their own virtual machines. Access to the Sandbox is provided through a web browser through VMware's view client from any location.

### **6. Internet connectivity for Battle Creek Air National Guard 110<sup>th</sup> = \$1,200**

Ongoing cost of \$1,200 for 100 Mbps of bandwidth for one year from 1 October 2018 to 30 September 2019.



**STATE OF MICHIGAN  
ENTERPRISE PROCUREMENT**

Department of Technology, Management, and Budget  
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913  
P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **8**

to

Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive
	Ann Arbor, MI 48104
	Jason Russell
	(734) 527-5761
	russell@merit.edu
	*****0903

<b>STATE</b>	<b>Program Manager</b>	Scott Hall	DTMB-IT
		517-241-4255	
		Halls9@michigan.gov	
	<b>Contract Administrator</b>	Mike Breen	DTMB
		(517) 284-7002	
		breenm@michigan.gov	

**CONTRACT SUMMARY**

<b>ENTERPRISE INTERNET SERVICE PROVIDER</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2019
PAYMENT TERMS		DELIVERY TIMEFRAME	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>MINIMUM DELIVERY REQUIREMENTS</b>			

**DESCRIPTION OF CHANGE NOTICE**

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2019
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$3,325,887.50	\$450,000.00	\$3,775,887.50		

**DESCRIPTION**

Effective with the State Administrative Board approval of 6/28/2017 and mutual authorization the contract is amended to add \$450,000 for the DMVA Cyber Defense Center of Excellence. All other terms and conditions remain the same.

April 4, 2017

Mike Breen  
State of Michigan, DTMB Procurement  
525 West Allegan  
Lansing, MI 48933

Re: Detail for Change Notice No. 8 to Contract No. 071B5500025

Mike,

Below is detail to support the fourth year of service, covering October 1, 2017 through September 30, 2018, to **Contract No. 071B5500025** as **Contract Change Notice 8** to Merit's existing contract with the State of Michigan. This request identifies the components totaling **\$450,000.00** in Year 4 of these services.

**1. Cyber Range exercise support = \$264,370**

DMVA and DTMB have asked for ongoing technical and developmental support. Technical and developmental support will provide, but not limited to:

- Development of cyber exercises and training programs
- Development of demonstrations of cyber security techniques for executives
- Development of seminars and classes on cyber security
- Participation in meetings, conferences, and interviews as subject matter experts in cyber security
- Development of graphical representations and training aides

This one year support will be offered by Merit as the following:

- One (1) full-time Senior Exercise Developer/Programming Specialist for virtual infrastructure and software development support at a salary rate of \$100,425 per year, for a minimum effort of 2080 hours annually.
- One (1) part-time Security Analyst for Cyber Range development at a salary rate of \$50,212 per year, for a minimum effort of 1040 hours annually.
- One (1) part-time Network Engineer for infrastructure support at a salary rate of \$33,732 per year, for a minimum effort of 832 hours annually.
- One (1) full-time Software Development for 3D visualization support at a salary rate not to exceed \$80,000 per year, for a minimum effort of 2080 hours annually.

## 2. **Cyber Summit = \$45,000**

This Cyber Summit supports an annual event, sponsored by the Governor's office, to include demonstrations, speaker and cyber exercise for 15 participants. This task is met by Merit providing the State with a demonstration at the Summit's reception and a Red on Red exercise for three (3) five-person teams for the entire day. This event is a flat cost for 15 participants. The development for this event will be completed by 30 September 2017. Depending on the State's scheduling, this event will take place no later than 31 December 2017.

## 3. **National Guard cyber exercises & training classes = \$87,580**

Merit will provide the National Guard cyber exercises and training classes on an as-needed basis at the Merit member rate. The National Guard may select from the options listed below, up to a maximum of the funded total listed above.

- **Executive IT Seminars (Half Day @ \$375 per person, Full Day @ \$750/person)**  
Executive IT Seminars are both full day and half day workshops on Cybersecurity. The workshops will be designed for General Managers and Business Relationship Managers for the State of Michigan and will be comprised of the following topics: Threat Landscape, Social Engineering, Critical Controls for IT Managers, Cyber Security from a Hacker's Vantage Point, Top Critical Controls for IT Managers, OWASP 10 & SANS top 20 Controls, and Securing Endpoints & Applications.
- **Tabletop Exercise (Half Day @ \$1,000 per person - 10 person minimum, \$750 per person after 10, maximum of 30 participants)**  
Typically conducted over the course of a day, these Tabletop Exercises (TTX) test and validate an organization's ability to handle cyber incidents at an organizational level. Participants include team members within several areas of the organization from the executive level, finance, human resources, IT, legal and more. This exercise is designed to facilitate discussion around policies and procedures.
- **Incident Response Workshop (Half Day @ \$350 per person)**  
Attendees will gain an understanding of the format of an incident response plan, and learn how to determine a reportable incident, articulate the roles of a response team and much more. By the end of the workshop, attendees will have crafted the first-draft of an incident response plan. The workshop will greatly benefit companies that are beginning to establish an incident response plan and develop disaster recovery and business continuity policies.
- **Capture the Flag (CTF) exercise (6 hours @ \$500 per person)**  
CTF is a self-paced exercise, the CTF is a means to assess individual skills across a broad range of systems and challenges. Individuals or small groups pursue threads of artifacts in a timed, scored environment. Each thread is built around a specific security skills set, such as web, SQL, and password security. Recovering artifacts gets harder as the player progresses along the thread, providing an active, adaptable challenge. This type of game is currently available and is typically played by one to three people working together to solve the challenges.

- **Support for State Cyber Tabletop Exercise (@ \$31,000 per year)**  
Provide participatory and subject matter expert support to the State's Cyber Tabletop Exercise. This support includes participating in planning meetings, assisting in scenario and inject development, and helping with exercise execution.
- **Red vs. Blue exercise for 20 participants (\$18,000 @ \$4,500 per team of 5 players)**  
Red vs Blue pits one IT team against another. Both teams are given set objectives; critical elements that they must achieve to be evaluated as successful in the exercise. The Blue team defends information systems against the Red Team of attackers. The Blue Team is graded on system and service availability, based on time. Both teams are assessed on the exercise's objectives in a facilitated after action review. This type of game typically has five to ten players on each team.
- **Cyber Training Classes (Priced individually @ \$2,995 each, on average, cost of certification exam not included)**  
These courses offer DoD Directive 8570.1 designated certification in many cybersecurity disciplines. Each course prepares personnel for real-life situations and for the related certification test. A list of the current courses can be found at:  
<http://www.merit.edu/cyberange/courses.php>.
- **Northern Exposure @ \$50,000**  
Northern Exposure 2017 is a multi-day exercise that uses a cyber incident as an instigating event. A cyber-related thread of injects runs throughout the exercise, but the scenario contains physical events in terms of second and third order effects that must be addressed and mitigated. The Michigan Cyber Range will participate in planning conferences, and two tabletop exercises as the SoM prepares for the eight-day exercise in June 2017. Written products will include, but not be limited to, exercise documents and presentations. Training materials, such as lab exercises, incident response exercises, and capture the flag competitions, will be used by participants during the exercise June 11 – 18, 2017.

#### 4. **Cyber Network Defense Workshop = \$42,500**

- 2 Day Workshop Hacking Essentials – **\$15,000** (@ \$1500 per person, 10 person minimum)
- 2 Day Workshop Defending Essentials – **\$15,000** (@ \$1500 per person, 10 person minimum)
- 1 Day Capture the Flag Exercise – **\$2,500** (@ \$250 per person, per day, 10 person minimum)
- TTX – **\$10,000** (@ \$1000, per person, 10 person minimum, and \$750, per person after 10, with maximum of 30 participants)

The Cyber Network Defense Workshop cyber exercises are incorporated into a larger statewide exercise conducted at the state government level involving National Guard, EMA, Government IT first responders, state police dedicated to cyber investigations, and other state or civilian organizations the state deems appropriate. The Michigan Cyber Range, powered by Merit, has created a week-long series of progressive hands on, experiential training modules and exercises to incorporate into the larger statewide exercise. The hands on exercises will be conducted over several days and will involve multiple sectors within the State Government such as National Guard, SLTT, and others and culminates in a tabletop exercise (TTX) involving individuals from the various participating entities. Dr. Joe Adams, VP of Research and Director of the Michigan Cyber Range will be among the Merit team on site to facilitate the exercises and tabletop discussion.

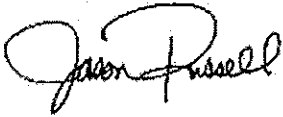
**5. Sandbox w/Training – Fort Custer Training Center, Battle Creek Air National Guard = \$9,000 per year**

Merit Secure Sandbox provides you with a flexible, secure environment that can be used for cybersecurity education, training exercises and software testing. Located in a virtual cloud, the Merit Secure Sandbox simulates a real-world networked environment with traffic generation with virtual machines that act as web servers, mail servers, and other types of machines. You can add preconfigured virtual machines or build your own virtual machines. Provides 24/7 access to the Alphaville environment for up to 7 users at a time with monitoring capability for National Guard training supervisors (white cell). Access to the Sandbox is provided through a web browser through VMware's view client from any location.

**6. Internet connectivity for Battle Creek Air National Guard 110<sup>th</sup> = \$1,550 (1st year)**

One-time cost of \$350 and ongoing cost of \$1,200 for 100 Mbps of bandwidth for one year from date of connectivity.

Sincerely,



Jason Russell  
Director of Member Engagement Support  
Merit Network  
734-527-5761  
jrussell@merit.edu



**STATE OF MICHIGAN**  
**ENTERPRISE PROCUREMENT**  
 Department of Technology, Management, and Budget  
 525 W. ALLEGAN ST., LANSING, MICHIGAN 48913  
 P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number 7

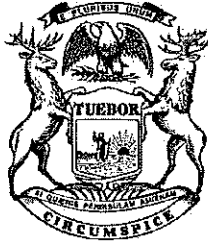
to

Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive
	Ann Arbor, MI 48104
	Jason Russell
	(734) 527-5761
	russell@merit.edu
	*****0903

<b>STATE</b>	<b>Program Manager</b>	Scott Hall	DTMB-IT
		517-241-4255	
		Halls9@michigan.gov	
	<b>Contract Administrator</b>	Mike Breen	DTMB
		(517) 284-7002	
		breenm@michigan.gov	

CONTRACT SUMMARY				
ENTERPRISE INTERNET SERVICE PROVIDER				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2019	
PAYMENT TERMS		DELIVERY TIMEFRAME		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
MINIMUM DELIVERY REQUIREMENTS				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2019
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,925,887.50	\$1,400,000.00	\$3,325,887.50		
DESCRIPTION				
Effective with State Administrative Board approval (6/13/2017) and mutual authorization the contract value at the request of DTMB Telecommunication Services is increased by \$1,400,000.00. All other terms and conditions remain the same.				



**STATE OF MICHIGAN  
ENTERPRISE PROCUREMENT**

Department of Technology, Management, and Budget  
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913  
P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **006**  
to  
Contract Number **071B550025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive
	Ann Arbor, MI 48104
	Jason Russell
	(734) 527-5761
	russell@merit.edu
	*****0903

<b>STATE</b>	Scott Hall	DTMB
	517-241-4255	
	Halls9@michigan.gov	
	Mike Breen	DTMB
	(517) 284-7002	
	breenm@michigan.gov	

CONTRACT SUMMARY				
DESCRIPTION: Enterprise Internet Service Provider				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2019	
PAYMENT TERMS		DELIVERY TIMEFRAME		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		Click here to enter a date.
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$1,575,887.50		\$ 350,000.00	\$1,925,887.50	

**DESCRIPTION:** DMVA has requested funds to support Cyber Defense Center of Excellence per attached statement of work for a number of services for exercise support, Cyber Summit, training classes, seminars tabletop exercise, workshop, cyber training, network defense Sandbox training and several other identified exercises. All other terms and conditions remain the same.





Connecting Organizations, Building Community

September 6, 2016

Mike Breen  
State of Michigan, DTMB Procurement  
525 West Allegan  
Lansing, MI 48933

Re: Detail for Change Notice No. 6 to Contract No. 071B5500025;

Mike,

Below is detail to support the 3<sup>rd</sup> year of service, covering October 1, 2016 through September 30, 2017, to Contract No. 071B5500025 as Contract Change Notice 6 to Merit's existing contract with the State of Michigan. This request identifies the components totaling \$350,000.00 in Year 3 of these services.

**1. Cyber Range exercise support = \$184,000**

This task is met by two complementary components.

First, DMVA and DTMB have asked for ongoing technical and developmental support. Technical and developmental support will provide, but not limited to, the following:

- Development of cyber exercises and training programs
- Development of demonstrations of cyber security techniques for executives
- Development of seminars and classes on cyber security
- Participation in meetings, conferences, and interviews as subject matter experts in cyber security

This one year support will be offered by Merit as the following:

- One (1) full-time Senior Exercise Developer/Programming Specialist for virtual infrastructure and software development support at a salary rate of \$97,500.00/yr. for a minimum effort of 2080 hours annually.
- One (1) part-time Security Analyst for Cyber Range development at a salary rate of \$48,750.00/yr. for a minimum effort of 1040 hours annually.
- One (1) part-time Network Engineer for infrastructure support at a salary rate of \$32,750.00/yr. for a minimum effort of 832 hours annually.

Second, Merit will provide infrastructure equipment to enable use by the National Guard bases for continued support of classroom/training events. The cost of this equipment is not to exceed \$5,000 and will include the following:

- 1 Cisco 2921 Router w/3 GE,4 EHWIC,3  
with Enhanced EtherSwitch and Power Supply .....\$5,000

NOTE: The equipment is owned and maintained by Merit Network and leased to the State of Michigan through September 30, 2018.

**2. Cyber Summit = \$25,000**

This Cyber Summit supports an annual event, sponsored by the Governor's office, to include demonstrations, speaker and cyber exercise for 15 participants. This task is met by Merit providing the State with a demonstration at the Summit's reception and a Red on Red exercise for three (3) five-person teams for the entire day. This event is a flat cost for 15 participants. The development for this event will be completed by 30 September 2017. Depending on the State's scheduling, this event will take place no later than 31 December 2017.

**3. National Guard cyber exercises & training classes = \$90,000**

Merit will provide the National Guard cyber exercises and training classes of the National Guard's choosing on an as-needed basis at the Merit member rate.

**\* Executive IT Seminars (Half Day @ \$375/person, Full Day @ \$750/person)**

Executive IT Seminars are both full day and half day workshops on Cybersecurity. The workshops will be designed for General Managers and Business Relationship Managers for the State of Michigan and will be comprised of the following topics: Threat Landscape, Social Engineering, Critical Controls for IT Managers, Cyber Security from a Hacker's Vantage Point, Top Critical Controls for IT Managers, OWASP 10 & SANS top 20 Controls, and Securing Endpoints & Applications.

**\* Tabletop Exercise (Half Day @ \$1,000/person - 10 person minimum, \$750/person after 10, maximum of 30 participants).**

Typically conducted over the course of a day, these Tabletop Exercises (TTX) test and validate an organization's ability to handle cyber incidents at an organizational level. Participants include team members within several areas of the organization from the executive level, finance, human resources, IT, legal and more. This exercise is designed to facilitate discussion around policies and procedures.

**\* IR Workshop (Half Day @ \$375/person).**

Attendees will gain an understanding of the format of an incident response plan, and learn how to determine a reportable incident, articulate the roles of a response team and much more. By the end of the workshop, attendees will have crafted the first draft of an incident response plan. The workshop will greatly benefit companies that are beginning to establish an incident response plan and develop disaster recovery and business continuity policies.

**\* Capture the Flag (CTF) exercise for 13 people (@ \$500 ea.)**

CTF is a self-paced exercise, the CTF is a means to assess individual skills across a broad range of systems and challenges. Individuals or small groups pursue threads of artifacts in a timed, scored environment. Each thread is built around a specific security skills set, such as web, SQL, and password security. Recovering artifacts gets harder as the player progresses along the thread, providing an active, adaptable challenge. This type of game is currently available and is typically played by one to three people working together to solve the challenges.

**\* Red vs. Blue exercise for 20 National Guardsmen (@ \$4,500)**

Red vs Blue pits one IT team against another. Both teams are given set objectives; critical elements that they must achieve to be evaluated as successful in the exercise. The Blue team defends information systems against the Red Team of attackers. The Blue Team is graded on system and service availability, based on time. Both teams are assessed on the exercise's objectives in a facilitated after action review. This type of game typically has five to ten players on each team.

**\* Cyber Training Classes (Priced individually @ \$2,250 ea. on average)**

These courses offer certification on many cybersecurity disciplines. Each course prepares personnel for real-life situations and for the related certification test. A list of the current classes can be found at: <http://www.merit.edu/cyberrange/courses.php>.

**\* Northern Exposure = \$50,000**

Northern Exposure 2017 is a multi-day exercise that uses a cyber incident as an instigating event. A cyber-related thread of injects runs throughout the exercise, but the scenario contains physical events in terms of second and third order effects that must be addressed and mitigated. The Michigan Cyber Range will participate in planning conferences, and two tabletop exercises as the SoM prepares for the eight-day exercise in June 2017. Written products will include, but not be limited to, exercise documents and presentations. Training materials, such as lab exercises, incident response exercises, and capture the flag competitions, will be used by participants during the exercise from 11 to 18 June 2017.

**4. Cyber Network Defense Workshop = \$42,000**

- **4 Day Network Reconnaissance & Forensics Lab \$8500 @ \$850/person – 10 person minimum**
- **2 day Incident Response Exercise @\$20,000 – \$1,000/person/day – 10 person minimum**
- **TTX - \$10,000 @ \$1000/person – 10 person minimum, \$750/person after 10, maximum of 30 participants**

The Cyber Network Defense Workshop cyber exercises are incorporated into a larger statewide exercise conducted at the state government level involving National Guard, EMA, Government IT first responders, state police dedicated to cyber investigations, and other state or civilian organizations the state deems

appropriate. The Michigan Cyber Range, powered by Merit, has created a weeklong series of progressive hands on, experiential training modules & exercises to incorporate into the larger statewide exercise. The hands on exercises will be conducted over several days and will involve multiple sectors within the State Government such as National Guard, SLTT, and others and culminates in a tabletop exercise (TTX) involving individuals from the various participating entities. Dr. Joe Adams, VP of Research and Director of the Michigan Cyber Range will be among the Merit team on site to facilitate the exercises and tabletop discussion.

**5. Sandbox w/Training – Fort Custer Training Center, Battle Creek Air National Guard (\$9,000/year)**

Merit Secure Sandbox provides you with a flexible, secure environment that can be used for cybersecurity education, training exercises and software testing. Located in a virtual cloud, the Merit Secure Sandbox simulates a real-world networked environment with virtual machines that act as web servers, mail servers, and other types of machines. You can add preconfigured virtual machines or build your own virtual machines. Access to the Sandbox is provided through a web browser through VMware's view client from any location.

Sincerely,

Jason Russell  
Director of Member Engagement Support  
Merit Network  
734-527-5761  
jrussell@merit.edu



**STATE OF MICHIGAN  
ENTERPRISE PROCUREMENT**

Department of Technology, Management, and Budget  
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913  
P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **005**  
to  
Contract Number **071B550025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive
	Ann Arbor, MI 48104
	Jason Russell
	(734) 527-5761
	russell@merit.edu
	*****0903

<b>STATE</b>	Scott Hall	DTMB
	517-241-4255	
	Halls9@michigan.gov	
	Mike Breen	DTMB
	(517) 284-7002	
	breenm@michigan.gov	

CONTRACT SUMMARY				
<b>DESCRIPTION:</b> Enterprise Internet Service Provider				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2019	
PAYMENT TERMS		DELIVERY TIMEFRAME		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		Click here to enter a date.
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$1,575,887.50		\$ 0.00	\$1,575,887.50	
<b>DESCRIPTION:</b> adding colocation server pricing for MiDeal participants only. All other terms and conditions remain the same.				

August 9, 2016

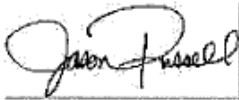
Scott Hall  
Division Support Services Manager  
Network & Telecommunications Services Division  
State of Michigan, DTMB  
525 West Allegan  
Lansing, MI 48933

Re: Change Notice No. 5 to Contract No. 071B5500025;

Scott,

Merit Network respectfully requests the opportunity to add the attached Server Colocation pricing to Merit's existing MiDEAL listing with the State of Michigan. Please let me know if you need any additional documentation or justification to accept and complete this request.

Sincerely,



Jason Russell  
Director of Member Engagement Support  
Merit Network  
734-527-5761  
jrussell@merit.edu



Merit Network, Inc.  
 1000 Oakbrook Drive, Suite 200  
 Ann Arbor, MI 48104  
 1.734-527-5700 1.734-527-4125  
 www.merit.edu

**Merit Network Service Agreement Schedule**  
 Service Agreement Number: 20160418-colo-483-jbm-01  
 April 18, 2016  
**Colocation Service for State of Michigan - DTMB**

Prepared For:  
 Steve McMahon  
 State of Michigan - DTMB  
 320 S. Walnut, 2nd Floor  
 Lansing, MI 48913

Prepared By:  
 Jim Moran  
 734-527-5785  
 sales@merit.edu

description	One-time Cost	Monthly Recurring Cost
one (1) cabinet with 20 amps@120V	\$500	\$800
one (1) cabinet with 30 amps@120V	\$500	\$950
one (1) cabinet with 40 amps@120V	\$500	\$1,100
one (1) cabinet with 50 amps@120V	\$500	\$1,250
one (1) cabinet with 60 amps@120V	\$500	\$1,400
one (1) cabinet with 70 amps@120V	\$500	\$1,550
one (1) cabinet with 80 amps@120V	\$500	\$1,700
one (1) cabinet with 90 amps@120V	\$500	\$1,850
one (1) cabinet with 100 amps@120V	\$500	\$2,000
one (1) cabinet with 120 amps@120V	\$500	\$2,300
one (1) cabinet with 20 amps@208V or 240V	\$500	\$1,100
one (1) cabinet with 30 amps@208V or 240V	\$500	\$1,400
one (1) cabinet with 40 amps@208V or 240V	\$500	\$1,700
one (1) cabinet with 50 amps@208V or 240V	\$500	\$2,000
one (1) cabinet with 60 amps@208V or 240V	\$500	\$2,300
one (1) cabinet with 70 amps@208V or 240V	\$500	\$2,600
one (1) cabinet with 80 amps@208V or 240V	\$500	\$2,900
one (1) cabinet with 90 amps@208V or 240V	\$500	\$3,200
one (1) cabinet with 100 amps@208V or 240V	\$500	\$3,500
one (1) cabinet with 120 amps@208V or 240V	\$500	\$4,100
Fiber switchport	\$300	\$0
Additional switchport	\$300	\$0
OOB/Terminal Server Access	\$100	\$100
1M bps Contracted Bandwidth	\$0	\$6.40

Member rates require an active Merit Membership, and are subject to the terms and conditions of the Merit Membership Service Agreement

\*Non-member bandwidth is charged at the rate of \$6.40 per Mbps per month, with a minimum monthly utilization of 1 Mbps.

Bandwidth is measured by the average peak bandwidth usage, defined as the maximum bandwidth used in successive traffic samples taken over 30 minutes on two consecutive days in a month. Affiliate pays for the minimum bandwidth specified by the Contracted Bandwidth Fee, plus any additional charge for actual peak bandwidth used each month. The additional charge is calculated as the difference between the specified bandwidth fee and the fee for the peak bandwidth used that month. If Affiliate uses more than the base amount in three consecutive months, the highest amount used in each of those months would become the new base.

Accepted:

\_\_\_\_\_ signature

\_\_\_\_\_ date

\_\_\_\_\_ print name

**Merit Network Service Agreement Schedule cont'd**  
**Service Agreement Number: 20160418-colo-483-jbm-01**

**Features**

Fully managed, secure site connected via Merit's 10G fiber connection at our colocation facilities;  
Monitored 24x7 by Merit Network Operations Center (NOC);  
Flat rate provided above includes power up to the capacity specified; no charges based on power-metering;  
Hands-on service from IT professional available 24x7, \$175 hourly (optional);  
Connectivity to multiple global transit carriers, (optional).

**Merit Responsibilities**

Merit will provide one TX network access port, standard data cabinet with adjustable racks and up to five (5) access keycards.

**Member Responsibilities**

Member is responsible for providing & maintaining equipment to be located in rack.

**Service Terms**

**I. SLA.**

- a. Merit shall use commercially reasonable efforts to assure that the Merit Colocation Services are available at all times other than scheduled or excused down time and that the Services shall perform at commercially typical levels.
- b. Down Time for Merit Colocation maintenance or upgrades will be scheduled by Merit staff in consultation with the Member to ensure to the maximum degree feasible that the Merit Colocation space is not unavailable when the Member's customers require access to it.
- c. **Unscheduled Down Time** shall be any time during which a) greater than 10% of the Member's users are unable to access collocated resources due to reasons within Merit's reasonable control and b) during which scheduled or excused down time does not occur. Unavailability or interruptions in network service which impair colocation services are not considered within Merit's control. Scheduled Down Time for routine maintenance or other reasons shall not be included in the amount of **Unscheduled Down Time**. **Unscheduled Down Time** shall exclude any down time due to a failure or delay due to circumstances beyond Merit's reasonable control, including, without limitation, acts of any governmental body, war, insurrection, sabotage, embargo, fire, flood, strike or other labor disturbance, interruption of or delay in transportation, or inability to obtain raw materials, supplies, or power used in or equipment needed for provision of the Services.
- d. Merit will provide 99.99% uptime for the service measured on a per month basis. **Unscheduled Down Time**, as defined in c) above, shall not exceed the **Maximum Unscheduled Down Time (MUDT)** which is defined as 0.01% of the total available service time in any one month. The **MUDT** is, on average, approximately 4.5 minutes per month.
- e. Exceeding the **MUDT** in any month will trigger a reduction in that month's fees which will be credited to the Member on the next regularly scheduled invoice. The fee reduction schedule is as follows:
  1. Greater than the **MUDT** and Less than 15 minutes, 5% reduction
  2. Greater or equal to 15 and less than 30 minutes, 10% reduction
  3. Greater or equal to 30 minutes, 15% reduction
- f. A **Sustained Service Problem** shall be deemed to have occurred if Merit exceeds the **MUDTL**, or if other service problems that materially affect the usability of the Merit Colocation service occur, for six or more consecutive months. In the event of a **Sustained Service Problem**, Member may cancel the service with 60 days advance notice.



**Merit Network Service Agreement Schedule cont'd**

**20150418-colo-483-jbm-01**

2. **Post-Termination Equipment Retrieval.** During the period beginning on the termination date of this Agreement and ending forty-five (45) days thereafter (the "Equipment Retrieval Period"), and irrespective of any dispute between Merit and Member, Merit shall comply with any request for access to Member equipment.
  
3. **Term.** The Initial Term of this Agreement begins on the date that this Agreement is fully executed and extends to 12 full calendar months after the Service is live and the colocation space subscribed to is made available to the Member (the Production Date).  
**Limited Warranty.** Merit warrants that the Services will be as described herein. MERIT SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES FOR BREACH OF ANY EXPRESS OR IMPLIED WARRANTY. EXCEPT TO THE EXTENT PROHIBITED BY APPLICABLE LAW, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IS LIMITED IN DURATION TO THE DURATION OF THIS LIMITED WARRANTY.
  
5. **Payment.** Member shall be billed for the Services set forth in this Service Agreement Schedule and any applicable Service Agreement annually in advance. Any requested increase in service shall be billed at the time of first use as provided in an applicable Service Agreement. All other amounts will be billed as the service is provided and/or charge is incurred. Payment is due within (30) days from the date appearing on the invoice.
  
6. **Confidentiality.** Merit shall treat all Member data as Confidential information which is the sole property of the Member and in the usual and customary manner employed by Merit for such information. Merit will only release sensitive, confidential or personally identifiable information to third parties when required by law, or when in Merit's judgment, release is required to prevent serious injury or harm that could result from violation of this policy. When a release of information is required by law or to prevent injury or harm, Merit will use its best efforts to notify the Member in advance.
  
7. **Limitation of Liability.** Except for the Limited Warranty in Section 6 and the Service Level Agreement in Section 1, the Services provided by Merit are provided on an "as is" and "as available" basis. Merit does not warrant that the Services will be uninterrupted or free of harmful components. Merit and its employees are not liable for any costs or damages arising directly or indirectly from Member's use of the Services including any direct, indirect, incidental, exemplary, multiple, special, punitive or consequential damages. Member assumes full responsibility and risk for the use of the Services, and is solely responsible for evaluating the accuracy, completeness, and usefulness of all services, products and other information. If Member is dissatisfied with the Services or with any terms, conditions, rules, policies, guidelines or practices of Merit in operating the Services, Member's sole and exclusive remedy is to terminate this Agreement in accordance with Section 1 above, and discontinue using the Services.  
**Merit's cumulative liability to Member or any third party for any and all claims relating to the use of the Services provided by Merit shall in no event exceed the amount of the Service Charges paid by Member to Merit during the six (6) month period ending on the date of the event giving rise to the claim.**
  
8. **Assignment.** This Agreement and each of the parties' respective rights and obligations under this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and each of their respective permitted successors and assigns. Merit may assign this Agreement without consent of, but with notice to, Member. Member may not assign this Agreement without the prior written consent of Merit.



**STATE OF MICHIGAN  
ENTERPRISE PROCUREMENT**

Department of Technology, Management, and Budget  
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913  
P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **004**  
to  
Contract Number **071B5500025**

<b>CONTRACTOR</b>	MERIT NETWORK INC
	1000 Oakbrook Drive
	Ann Arbor, MI 48104
	Jason Russell
	(734) 527-5761
	jrussell@merit.edu
	*****0903

<b>STATE</b>	Scott Hall	DTMB
	517-241-4255	
	Halls9@michigan.gov	
	Mike Breen	DTMB
	(517) 284-7002	
	breenm@michigan.gov	

CONTRACT SUMMARY				
DESCRIPTION: Enterprise Internet Service Provider				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
November 1, 2014	October 31, 2019	5 - 1 Year	October 31, 2019	
PAYMENT TERMS		DELIVERY TIMEFRAME		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		NA
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$1,485,887.50		\$ 80,000.00	\$1,575,887.50	
DESCRIPTION: Agency (DMVA) requesting the addition of software developer for 3D visualization support for a not to exceed \$80,000 per year plus an increased quantity of workstations, combined the line item with monitors, removed the Pelican cases and chose a different model of Cisco router. All other terms and conditions remain the same.				

May 18, 2016

Mike Breen  
State of Michigan, DTMB Procurement  
525 West Allegan  
Lansing, MI 48933

Re: Detail for Change Notice No. 3 to Contract No. 071B5500025;

Mike,

Below is detail to support the 2<sup>nd</sup> year of service to Contract No. 071B5500025 as Contract Change Notice #3 to Merit's existing contract with the State of Michigan. This request identifies the components totaling \$394,770.00 in year 2 of these services.

1. Cyber Range exercise support = **\$357,270**  
This task is met by two complementary components.

First, DMVA and DTMB have asked for ongoing technical and developmental support. Technical and developmental support will provide, but not limited to, the following:

- Development of cyber exercises and training programs
- Development of demonstrations of cyber security techniques for executives
- Development of seminars and classes on cyber security
- Oversee operations of the Detroit Regional Cyber Training Center (DRCTC)
- Participation in meetings, conferences, and interviews as subject matter experts in cyber security

This one year support will be offered by Merit as the following:

- One (1) full-time IT Specialist Technician for infrastructure support at a salary rate of \$55,000.00/yr. for a minimum effort of 2080 hours annually.
- One (1) full-time Detroit Regional Cyber Training Center operations officer at a salary rate of \$80,000.00/yr. for a minimum effort of 2080 hours annually.
- One (1) full-time Security Analyst for Cyber Range development at a salary rate of \$64,000.00/yr. for a minimum effort of 2080 hours annually.
- One (1) part-time Network Engineer for infrastructure support at a salary rate of \$40,000.00/yr. for a minimum effort of 832 hours annually.
- One (1) full-time Software Developer for 3D visualization support at a salary rate not to exceed \$80,000/yr. for a minimum effort of 2080 hours annually.

Second, Merit will provide infrastructure equipment to enable use by the National Guard at Selfridge Air National Guard Base to support classroom/training events. This equipment provides the National Guard the appropriate equipment for Cyber Range classroom exercise support. The cost for this equipment is not to exceed \$38,270 and will include the following:

28 HP workstations w/ 2 24" monitors @ \$1,260 each	\$35,280
1 Cisco 2921 Router w/ 2 NM-ESW-16 modules @ \$2,990 each	\$ 2,990

NOTE: The equipment is owned and maintained by Merit Network and leased to State of Michigan through September 30, 2018.

2. **Cyber Summit = \$25,000**

This Cyber Summit supports an annual event, sponsored by the Governor's office, to include demonstrations, speaker and cyber exercise for 15 participants. This task is met by Merit providing the State with a demonstration at the Summit's reception and a Red on Red exercise for three (3) five-person teams for the entire day. This event is a flat cost for 15 participants. The development for this event will be completed by 30 September 2016. Depending on the State's scheduling, this event will take place no later than 31 December 2016.

3. **National Guard cyber exercises & training classes = \$12,500**

Merit will provide the National Guard cyber exercises and training classes of the National Guard's choosing on an as-needed basis at the Merit member rate.

**Executive IT Seminars (Half Day @ \$375/person, Full Day @ \$750/person)**

Executive IT Seminars are both full day and half day workshops on Cybersecurity. The workshops will be designed for General Managers and Business Relationship Managers for the State of Michigan and will be comprised of the following topics: Threat Landscape, Social Engineering, Critical Controls for IT Managers, Cyber Security from a Hacker's Vantage Point, Top Critical Controls for IT Managers, OWASP 10 & SANS top 20 Controls, and Securing Endpoints & Applications.

**Capture the Flag (CTF) exercise for 13 people (@ \$500 ea.)**

CTF is a self-paced exercise, the CTF is a means to assess individual skills across a broad range of systems and challenges. Individuals or small groups pursue threads of artifacts in a timed, scored environment. Each thread is built around a specific security skills set, such as web, SQL, and password security. Recovering artifacts gets harder as the player progresses along the thread, providing an active, adaptable challenge. This type of game is currently available and is typically played by one to three people working together to solve the challenges.

**Red vs. Blue exercise for 20 National Guardsmen (@ \$4,500)**

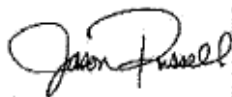
Red vs Blue pits one IT team against another. Both teams are given set objectives; critical elements that they must achieve to be evaluated as successful in the exercise. The Blue team defends information systems against the Red Team of attackers. The Blue Team is graded on system and service availability, based on time. Both teams are assessed on the exercise's objectives in a

facilitated after action review. This type of game typically has five to ten players on each team.

**Cyber Training Classes (Priced individually @ \$2,250 ea. on average)**

These courses offer certification on many cybersecurity disciplines. Each course prepares personnel for real-life situations and for the related certification test. A list of the current classes can be found at: <http://www.merit.edu/cyberrange/courses.php>.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Russell", enclosed within a thin black rectangular border.

Jason Russell  
Director of Member Engagement Support  
Merit Network  
734-527-5761  
[jrussell@merit.edu](mailto:jrussell@merit.edu)

AUTHORITY: Act 431 of 1984  
 COMPLETION: Required  
 PENALTY: Contract change will not be executed unless form is filed

**STATE OF MICHIGAN**  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET  
 PROCUREMENT

525 W. ALLEGAN STREET  
 LANSING, MI 48933

P.O. BOX 30026  
 LANSING, MI 48909

**CHANGE NOTICE NO. 3**  
 to  
**CONTRACT NO. 071B5500025**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Merit Network 1000 Oakbrook Drive, Suite 200 Ann Arbor, MI 48104	Jason Russell	jrussell@merit.edu
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	(734) 527-5761	0903

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Scott Hall	517-241-4255	Halls9@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Mike Breen	517-284-7002	breenm@michigan.gov

CONTRACT SUMMARY				
<b>DESCRIPTION: Enterprise Internet Service Provider</b>				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
November 1, 2014	October 31, 2019	5, one year	October 31, 2019	
PAYMENT TERMS		DELIVERY TIMEFRAME		
N/A		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,135,887.50	\$314,770.00	\$1,485,887.50		
<b>DESCRIPTION: Per Department of Military &amp; Veteran Affairs (DMVA) request and DTMB Procurement approval, this contract is amended by adding \$314,770.00 to the existing contract to expand Michigan Cyber Range and provide for additional operations and support. State Administrative Board approved December 15, 2015. All other terms, conditions, pricing and specifications remain the same.</b>				

November 19, 2015

Mike Breen  
State of Michigan, DTMB Procurement  
525 West Allegan  
Lansing, MI 48933

Re: Detail for Change Notice No. 3 to Contract No. 071B5500025;

Mike,

Below is detail to support the 2<sup>nd</sup> year of service to Contract No. 071B5500025 as Contract Change Notice #3 to Merit's existing contract with the State of Michigan. This request identifies the components totaling \$314,770.00 in year 2 of these services.

1. Cyber Range exercise support = **\$277,270**  
This task is met by two complementary components.

First, DMVA and DTMB have asked for ongoing technical and developmental support. Technical and developmental support will provide, but not limited to, the following:

- Development of cyber exercises and training programs
- Development of demonstrations of cyber security techniques for executives
- Development of seminars and classes on cyber security
- Oversee operations of the Detroit Regional Cyber Training Center (DRCTC)
- Participation in meetings, conferences, and interviews as subject matter experts in cyber security

This one year support will be offered by Merit as the following:

- One (1) full-time IT Specialist Technician for infrastructure support at a salary rate of \$55,000.00/yr. for a minimum effort of 2080 hours annually.
- One (1) full-time Detroit Regional Cyber Training Center operations officer at a salary rate of \$80,000.00/yr. for a minimum effort of 2080 hours annually.
- One (1) full-time Security Analyst for Cyber Range development at a salary rate of \$64,000.00/yr. for a minimum effort of 2080 hours annually.
- One (1) part-time Network Engineer for infrastructure support at a salary rate of \$40,000.00/yr. for a minimum effort of 832 hours annually.

Second, Merit will provide infrastructure equipment to enable use by the National Guard at Selfridge Air National Guard Base to support classroom/training events. This equipment provides the National Guard the appropriate equipment for Cyber Range classroom exercise support. The cost for this equipment is not to exceed \$38,270 and will include the following:

20 p45 client stations @ \$800 each	\$16,000
40 HP 24" monitors @ \$228 each	\$ 9,120
7 Pelican 0550 Transport Cases @ \$900 each	\$ 6,300
7 Pelican Caster Wheel kits @ \$100 each	\$ 700
1 Pelican 1690 Transport case @ \$360 each	\$ 360
1 Current Cisco Router w/SM ES2 module @ \$5,790 each	\$ 5,790

NOTE: The equipment is owned and maintained by Merit Network and leased to State of Michigan through September 30, 2018.

2. **Cyber Summit = \$25,000**

This Cyber Summit supports an annual event, sponsored by the Governor's office, to include demonstrations, speaker and cyber exercise for 15 participants. This task is met by Merit providing the State with a demonstration at the Summit's reception and a Red on Red exercise for three (3) five-person teams for the entire day. This event is a flat cost for 15 participants. The development for this event will be completed by 30 September 2016. Depending on the State's scheduling, this event will take place no later than 31 December 2016.

3. **National Guard cyber exercises & training classes = \$12,500**

Merit will provide the National Guard cyber exercises and training classes of the National Guard's choosing on an as-needed basis at the Merit member rate.

**Executive IT Seminars (Half Day @ \$375/person, Full Day @ \$750/person)**

Executive IT Seminars are both full day and half day workshops on Cybersecurity. The workshops will be designed for General Managers and Business Relationship Managers for the State of Michigan and will be comprised of the following topics: Threat Landscape, Social Engineering, Critical Controls for IT Managers, Cyber Security from a Hacker's Vantage Point, Top Critical Controls for IT Managers, OWASP 10 & SANS top 20 Controls, and Securing Endpoints & Applications.

**Capture the Flag (CTF) exercise for 13 people (@ \$500 ea.)**

CTF is a self-paced exercise, the CTF is a means to assess individual skills across a broad range of systems and challenges. Individuals or small groups pursue threads of artifacts in a timed, scored environment. Each thread is built around a specific security skills set, such as web, SQL, and password security. Recovering artifacts gets harder as the player progresses along the thread, providing an active, adaptable challenge. This type of game is currently available and is typically played by one to three people working together to solve the challenges.



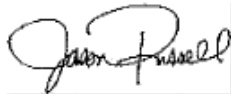
**Red vs. Blue exercise for 20 National Guardsmen (@ \$4,500)**

Red vs Blue pits one IT team against another. Both teams are given set objectives; critical elements that they must achieve to be evaluated as successful in the exercise. The Blue team defends information systems against the Red Team of attackers. The Blue Team is graded on system and service availability, based on time. Both teams are assessed on the exercise's objectives in a facilitated after action review. This type of game typically has five to ten players on each team.

**Cyber Training Classes (Priced individually @ \$2,250 ea. on average)**

These courses offer certification on many cybersecurity disciplines. Each course prepares personnel for real-life situations and for the related certification test. A list of the current classes can be found at:  
<http://www.merit.edu/cyberrange/courses.php>.

Sincerely,



Jason Russell  
Director, Member Relations  
Merit Network  
734-527-5761  
jrussell@merit.edu

**FOR THE CONTRACTOR:**

\_\_\_\_\_  
**Company Name**

\_\_\_\_\_  
**Authorized Agent Signature**

\_\_\_\_\_  
**Authorized Agent (Print or Type)**

\_\_\_\_\_  
**Date**

**FOR THE STATE:**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Name & Title**

\_\_\_\_\_  
**Agency**

\_\_\_\_\_  
**Date**

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

**CHANGE NOTICE NO. 2**  
 to  
**CONTRACT NO. 071B5500025**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Merit Network 1000 Oakbrook Drive, Suite 200 Ann Arbor, MI 48104	Jason Russell	jrusell@merit.edu
	PHONE	VENDOR TAX ID # (LAST FOUR DIGITS ONLY)
	(734) 527-5761	0903

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Scott Hall	517-241-4255	Halls9@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Mike Breen	517-284-7002	breenm@michigan.gov

CONTRACT SUMMARY			
<b>DESCRIPTION: Enterprise Internet Service Provider</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 1, 2014	October 31, 2019	5, one year	October 31, 2019
PAYMENT TERMS	F.O.B.	SHIPPED TO	
N/A	N/A	N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF EXTENSION/OPTION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
CURRENT VALUE	VALUE/COST OF CHANGE NOTICE	ESTIMATED REVISED AGGREGATE CONTRACT VALUE		
\$685,887.50	\$450,000.00	\$1,135,887.50		

**DESCRIPTION:**  
 Effective August 18, 2015, this contract is amended to add \$450,000.00 per the request of Telecom, DMVA and DTMB Procurement agreement. All subsequent activity will be generated from statements of work (attached pricing table. All other terms, conditions, pricing and specifications remain the same. Per agency request (DMVA), DTMB Procurement approval and the approval of the State Administrative Board on August 18, 2015.

July 23, 2015

Mike Breen  
State of Michigan, DTMB  
Procurement  
525 West Allegan  
Lansing, MI 48933

Re: Additional Detail for Change Notice No. 2 to Contract No. 071B5500025;

Mike,

Below is additional detail to support the State SOW that was incorporated in Contract Change Notice #2 to Merit's existing contract with the State of Michigan. Since this request is to provide further details to such services and to increase the Contract Value by \$450,000.00, it is our understanding that a separate Contract Change request is how that addition is made.

1. Cyber Range exercise support = **\$346,000**  
This task is met by two complementary components.

First, Merit will provide classroom equipment for use by the National Guard at any of their sites to support up-to four (4) classroom/training events. This equipment provides the National Guard the appropriate equipment for Cyber Range classroom exercise support.

Each classroom will consist of a 24 port switch, 20 HP P45 workstations w/ 2 24" monitors and 8 Pelican cases for storage. One-time costs to accommodate 4 classrooms is \$33,456 or \$8,364 for each classroom.

Breakdown of each cost is:

- 24 port switch – \$2,500
- 20 HP P45 workstations w/ 2 24" monitors each (\$1,220 ea.) - \$24,380
- 8 Pelican cases for storage (@\$822 ea.) – \$6,576

NOTE: This equipment is owned and maintained by Merit Network and leased to State of Michigan through September 30, 2018.

Second, DMVA and DTMB have asked for technical and developmental support. Technical and developmental support will provide, but not limited to, the following:

- Development of cyber exercises and training programs
- Development of demonstrations of cyber security techniques for executives
- Development of seminars and classes on cyber security
- Participation in meetings, conferences, and interviews as subject matter experts in

## cyber security

This one year of support will be offered by Merit as the following:

- One (1) full-time IT Specialist Technician at a salary rate of \$55,000.00
- Two (2) full-time Security Analysts
  - One at a salary rate of \$80,000.00
  - One at a salary rate of \$64,000.00
- One (1) part-time Network Engineer at a salary rate of \$40,000.00

Cyber Range Development = \$73,544

Merit will provide, own, and maintain the equipment (comprised of 8 servers) required to support the development and execution of classes, exercises, and infrastructure.

### 2. Cyber Summit = \$25,000

This Cyber Summit supports an annual event, sponsored by the Governor's office, to include demonstrations, speaker and cyber exercise for 15 participants. This task is met by Merit providing the State with a demonstration at the Summit's reception and a Red on Red exercise for three (3) five-person teams for the entire day. This event is a flat cost for 15 participants.

### 3. National Guard cyber exercises & training classes = \$13,250

Merit will provide the National Guard cyber exercises and training classes of the National Guard's choosing on an as-needed basis at the Merit member rate.

#### **Capture the Flag (CTF) exercise for 13 people (@\$500 ea.),**

CTF is a self-paced exercise, the CTF is a means to assess individual skills across a broad range of systems and challenges. Individuals or small groups pursue threads of artifacts in a timed, scored environment. Each thread is built around a specific security skills set, such as web, SQL, and password security. Recovering artifacts gets harder as the player progresses along the thread, providing an active, adaptable challenge. This type of game is currently available and is typically played by one to three people working together to solve the challenges.

#### **Red vs. Blue exercise for 20 National Guardsmen (@ \$4,500),**

Red vs Blue pits one IT team against another. Both teams are given set objectives; critical elements that they must achieve to be evaluated as successful in the exercise. The Blue team defends information systems against the Red Team of attackers. The Blue Team is graded on system and service availability, based on time. Both teams are assessed on the exercise's objectives in a facilitated after action review. This type of game typically has five to ten players on each team.

#### **Cyber Training Classes (Priced individually @ \$2,250 ea. on average).**

These courses offer certification on many cybersecurity disciplines. Each course prepares personnel for real-life situations and for the related certification test. A list of the current classes can be found at:

<http://www.merit.edu/cyberange/courses.php>.

Cyber Training Classes will be offered for one (1) National Guard personnel. In addition, Merit will provide one (1) additional Cyber Training course to one (1) National Guard personnel at no additional cost.

4. Michigan Civilian Cyber Corps (MIC3) = \$65,750  
Merit will provide 12 team MIC3 members cyber exercises and training classes of the MIC3's choosing on an as-needed basis as specified in the MEDC contract at the Merit member rate. Originally, that contract had called for 10 teams to be formed, but the Governor increased this to 12 teams. That increase resulted in this Change order to cover the gap in funding between the MEDC contract and this new one.

Sincerely,



Jason Russell  
Director, Member Relations  
Merit Network  
734-527-5761  
jrussell@merit.edu

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

**CHANGE NOTICE NO. 1**  
 to  
**CONTRACT NO. 071B5500025**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Merit Network 1000 Oakbrook Drive, Suite 200 Ann Arbor, MI 48104	Jason Russell	jrussell@merit.edu
	PHONE	VENDOR TAX ID # (LAST FOUR DIGITS ONLY)
	(734) 527-5761	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Scott Hall	517-241-4255	Halls9@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Mike Breen	517-284-7002	breenm@michigan.gov

CONTRACT SUMMARY			
<b>DESCRIPTION: Enterprise Internet Service Provider</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 1, 2014	October 31, 2019	5, one year	October 31, 2019
PAYMENT TERMS	F.O.B.	SHIPPED TO	
N/A	N/A	N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF EXTENSION/OPTION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
CURRENT VALUE		VALUE/COST OF CHANGE NOTICE	ESTIMATED REVISED AGGREGATE CONTRACT VALUE	
\$395,887.50		\$290,000.00	\$685,887.50	

**DESCRIPTION:**  
 Effective June 16, 2015, this contract is amended to add \$290,000.00 for identified statements of work that allow preparation of security professionals for detecting, preventing and thwarting cyber-attacks in a hive setting for the Cyber Defense Center of Excellence. All other terms, conditions, pricing and specifications remain the same. Per agency request (DMVA), DTMB Procurement approval and the approval of the State Administrative Board on June 16, 2015.





Connecting Organizations, Building Community

June 4, 2015

Mike Breen  
State of Michigan, DTMB  
Procurement  
525 West Allegan  
Lansing, MI 48933

Re: Additional Detail for Change Notice No. 1 to Contract No. 071B5500025

Mike,

Below is additional detail for connecting the Contract Change request submitted to you by Merit last week to Merit's existing contract with the State of Michigan. Since this request is for additional services that are being requested to be added to the existing contract, it is our understanding that a Contract Change request is how that addition is made.

**Quote #2 for \$290,000**

1. 1 Gbps Connection for Alpena CRTC = **\$65,167**  
Merit will construct fiber from Merit's backbone network to the Alpena CRTC, then configure and install equipment to establish a 1 Gbps connection to the location. Recurring costs cover the ongoing support, maintenance, and service to that location for the period of October 1, 2015 through September 30, 2018.

*\$9,090/year for Internet Service x 3 years = \$27,270 + \$37,897 one-time*

The Internet Service being proposed for the Alpena CRTC location is the same Internet Service being provided to the State under the existing contract, just at a smaller scale. The one-time fees for Equipment and Setup Allowance, are Merit's standard fees for a 1 Gbps connection to Merit's network via fiber. They differ from the fees quoted in the existing contract (Attachment 8, section E) due to the State selecting a 10 Gbps connection to Merit, and the Alpena location only selecting a 1 Gbps connection. The Merit Installation fee matches the fee quoted in the existing contract. The Fiber Lateral Construction Fee differs from the fees quoted in the existing contract due to the State already having a connection to Merit, and the Alpena location requiring case-by-case-priced fiber construction to complete the connection. The Annual Contracted Bandwidth fee represents our reduced standard bandwidth fees effective January 1, 2015 for Internet Service at 100 Mbps, a much lower bandwidth level request than what the State selected. The Annual Access Fee includes standard network connectivity fees and standard fiber maintenance fees that are not incurred by the existing connection to the State in Lansing and do not appear on the existing State contract. The Annual Access Fee also includes the \$300 fee that is included in the existing State contract.

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[www.merit.edu](http://www.merit.edu)

p 734.527.5700 | f 734.527.5790



2. Quote for Internet Access via 100Mb Circuit – Selfridge = **\$60,138**  
Merit will lease a 100Mbps circuit from Merit's backbone network to the Selfridge Air Base, then configure and install equipment to establish a 100Mbps connection to the location. Recurring costs cover the ongoing support, maintenance, and service to that location for the period of October 1, 2015 through September 30, 2018.

*\$19,596/year for Internet Service x 3 years = \$58,788 + \$1,350 one-time*

The Internet Service being proposed for the Selfridge location is the same Internet Service being provided to the State under the existing contract, just at a smaller scale. The one-time fees for Equipment and Setup Allowance, are Merit's standard fees for a 100 Mbps connection to Merit's network via leased circuit. They differ from the fees quoted in the existing contract (Attachment 8, section E) due to the State wanting a 10 Gbps connection to Merit, and the Selfridge location only wanting a 100 Mbps connection. The Merit Installation fee matches the fee quoted in the existing contract. The Annual Contracted Bandwidth fee represents our reduced standard bandwidth fees effective January 1, 2015 for Internet Service at 100 Mbps, a much lower bandwidth level request than what the State selected. The Annual Access Fee includes standard network connectivity fees that are not incurred by the existing fiber connection to the State in Lansing and do not appear on the existing State contract. The Annual Access Fee includes the pass-through cost of the leased circuit from AT&T at their standard rates to Merit. The Annual Access Fee also includes the \$300 fee that is included in the existing State contract.

3. Existing National Guard Base Connectivity = **\$102,618**  
Recurring costs for existing connectivity from Merit's backbone network to Battle Creek Air National Guard 110<sup>th</sup>, Camp Grayling Joint Maneuvering Training Center, and Fort Custer National Guard Base. Recurring costs cover the ongoing support, maintenance, and service to the three locations for the period of October 1, 2015 through September 30, 2018.

*(\$29,856 [110<sup>th</sup>] + \$3,150 [CGJMTC] + \$1,200 [FCNGB]) per year for Internet Service x 3 years*

The Internet Service being provided to the existing National Guard Base locations is the same Internet Service being provided to the State under the existing contract, just at a smaller scale. The Annual Contracted Bandwidth fee for Battle Creek Air National Guard 110<sup>th</sup> represents Merit's standard bandwidth fees that are currently under contract with National Guard for Internet Service to the three locations at an aggregate total of 50 Mbps, a much lower bandwidth level request than what the State selected. They differ from the existing State contract due to their status as an existing contract that began before the start of the existing State contract. The Annual Access Fee includes the pass-through cost of the leased circuit from AT&T at their standard rates to Merit. The Annual Access Fee also includes the \$300 fee that is included in the existing State contract.

The Dedicated Additional Attachment fee for Camp Grayling Joint Maneuvering Training Center represents Merit's standard fees for monitoring and managing additional location connections to

Merit for a lead organization. This is the same fee that Merit current charges for State locations at Hillsdale County Friend of Court and State of Michigan DHS Abbey Road connections to Merit's network. The Annual Access Fee includes standard network connectivity fees and standard fiber maintenance fees that are not incurred by the existing connection to the State in Lansing and do not appear on the existing State contract.

The Dedicated Additional Attachment fee for Camp Grayling Joint Maneuvering Training Center represents Merit's standard fees for monitoring and managing additional location connections to Merit for a lead organization.

4. Cyber Range Infrastructure Upgrades at EMU Site Eagle = **\$62,077**

One-time costs for the purchase of switching, computing, and storage infrastructure to accommodate the increased demand placed on the Cyber Range by the addition of the National Guard sites.

This equipment amounted to:

- 1 extra Cyber Range rack = \$9,600
- 1 switch and a blade server for computer = \$21,408
- Nimble for storage = \$24,069
- Installation and Setup, including software license for Windows Server License = \$7,000

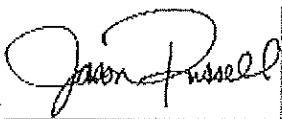
***Note: This equipment is leased to State of Michigan and owned and maintained by Merit Network through 30 September 2018.***

Delivery of Service will be in compliance with Attachment 6, Section Item 195 of the Contract.

It is our understanding that the inclusion of these services in Merit's existing contract with the State of Michigan has been escalated to General Stone of the National Guard and David Behen. Merit's contract does have an option for the State of Michigan to select Professional Services from Merit, which were listed as "Packaging and pricing available upon request."

Please don't hesitate to contact me if the above information does not provide enough additional information to add these two quote requests to Merit's existing contract with the State of Michigan.

Sincerely,



Jason Russell  
Director, Member Relations  
Merit Network  
734-527-5761  
jrussell@merit.edu



MICHIGAN DEPARTMENT OF TECHNOLOGY,  
MANAGEMENT AND BUDGET  
IT SERVICES  
STATEMENT OF WORK

Project Title: DMVA Cyber Range Support, Maintenance & Exercise Facilitation	Period of Coverage: 6/1/2015-9/30/2018
Requesting Department: Department of Military & Veterans Affairs	Date: 5/5/2015
Agency Project Manager: BG Michael Stone	Phone: 517-481-8001
DTMB Project Manager: David Roach	Phone: 241-2220

Brief Description of Services to be provided:

**BACKGROUND:**

The State of Michigan is a leader in providing Information and Training in the Cyber Security Area for the past 5 years. To maintain this competitive edge it is necessary to continue to provide on going maintenance and support for the five cyber ranges hosted at DMVA Training Sites. Setup, support and execution for Cyber Exercises is included to maintain the competitive edge that has been established.

**PROJECT OBJECTIVE:**

Work with Merit Network, INC. to setup and execute Enterprise Internet Services for the DMVA Alpena CRTC and Selfridge Air National Guard Base (ANGB) in Mt Clemons. It will also require extending the support for the current Cyber Ranges at the 100<sup>th</sup> Air Wing in Battle Creek, Fort Custer in Battle Creek and Camp Grayling through FY 2018.

**SCOPE OF WORK:**

Merit Network, INC, will:

- 1 – Cyber Range Exercise Support
- 2 – Cyber Summit Support
- 3 – National Guard Cyber Exercises and Training Support.
- 4 – Michigan Civilian Cyber Corps Support
- 5 – State of Michigan Cyber Exercises and Training Support

**TASKS:**

Technical support is required to assist with the following tasks:

**1 - Cyber exercise support:**

Cyber Range professional support

-- Provides planning, development, and execution of cyber exercises and training classes in support of DTMB and Michigan National Guard.

**2 - Cyber Summit**

-- Supports an annual event, sponsored by the Governor's office, to include demonstrations, speakers, and cyber exercises.

**3 - National Guard cyber exercises & training classes**

-- Provides classes and exercises for National Guard personnel at Merit's Member rate

#### **4 - Michigan Civilian Cyber Corps**

--Provides management, classes and exercises for Michigan's Cyber Civilian Corps (MiC3). Funding is included for 10 teams in FY 2015 and FY 2016, increasing to 12 teams in FY-2017 and FY 2018.

#### **5 - Michigan Cyber Corps Increase**

-- Provides funding in FY 2015 and FY 2016 to increase the number of Cyber Corps teams from 10 to 12, as directed by the Governor at the North American International Cyber Summit (17 Nov 14)

#### **6 - State of Michigan cyber exercises & training classes**

-- Provides \$75,000 for classes and exercises for DTMB personnel at Merit's Member Rate.

#### **DELIVERABLES:**

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them. Deliverables for this project include:

- 1 – Cyber Range Exercise Support
- 2 – Cyber Summit Support
- 3 – National Guard Cyber Exercises and Training Support.
- 4 – Michigan Civilian Cyber Corps Support
- 5 – State of Michigan Cyber Exercises and Training Support.

#### **ACCEPTANCE CRITERIA:**

**Acceptance will be a successful Cyber Exercise with approval of the Project Manager.**

#### **PROJECT CONTROL AND REPORTS:**

A quarterly progress report must be submitted to the Agency and DTMB Project Managers throughout the life of this project. This report will be submitted with the billing invoice. Each progress report must contain the following:

1. **Hours:** Indicate the number of hours expended during the past quarter, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.
2. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
3. **Funds:** Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

#### **SPECIFIC DEPARTMENT STANDARDS:**

Agency standards, if any, in addition to DTMB standards.

#### **PAYMENT SCHEDULE:**

DTMB will pay CONTRACTOR upon receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order not more often than quarterly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date, and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State's satisfaction a description of the

work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

**EXPENSES:**

The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

**PROJECT CONTACTS:**

The designated Agency Project Manager is:

Name BG Michael Stone  
Department Military & Veterans Affairs  
Area Deputy Director, Army National Guard  
Building/Floor JFHQ, 2<sup>nd</sup> floor  
Address 3411 N Martin Luther King Jr. Blvd  
City/State/Zip Lansing, Mi 48906  
Phone Number 517-481-8001  
Fax Number  
Email Address Michael.a.stone36.mil@mail.mil

The designated DTMB Project Manager is:

Name David Roach  
Department DTMB-CS  
Area MSP/DMVA  
Building/Floor 4<sup>th</sup> Floor, MSP HQ's  
Address 333 S Grand Ave  
City/State/Zip Lansing, MI 48933  
Phone Number 517-241-22220  
Fax Number  
Email Address roachd2@michigan.gov

**AGENCY RESPONSIBILITIES:**

**LOCATION OF WHERE THE WORK IS TO BE PERFORMED:**

Consultants will work at Cobo Hall in Detroit, Michigan.

**EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:**

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

**This purchase order is a release from Contract Number \_\_\_\_\_. This purchase order, statement of work, and the terms and conditions of Contract Number \_\_\_\_\_ constitute the entire agreement between the State and the Contractor.**

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

**NOTICE  
 OF  
 CONTRACT NO. 071B5500025  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Merit Network 1000 Oakbrook Drive, Suite 200 Ann Arbor, MI 48104	Jason Russell	<a href="mailto:jrussell@merit.edu">jrussell@merit.edu</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(734) 527-5761	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Scott Hall	517-241-4255	<a href="mailto:Halls9@michigan.gov">Halls9@michigan.gov</a>
BUYER:	DTMB	Mike Breen	517-284-7002	<a href="mailto:breenm@michigan.gov">breenm@michigan.gov</a>

CONTRACT SUMMARY:			
<b>DESCRIPTION:</b>			
<b>Enterprise Internet Service Provider</b>			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
5 years	November 1, 2014	October 31, 2019	5, one year
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
<b>ALTERNATE PAYMENT OPTIONS:</b>			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
<b>MINIMUM DELIVERY REQUIREMENTS:</b>			
N/A			
<b>MISCELLANEOUS INFORMATION:</b>			
N/A			
<b>ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:</b>		\$395,887.50	

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

**CONTRACT NO. 071B5500025**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Merit Network 1000 Oakbrook Drive, Suite 200 Ann Arbor, MI 48104	Jason Russell	<a href="mailto:jrussell@merit.edu">jrussell@merit.edu</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(734) 527-5761	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Scott Hall	517-241-4255	<a href="mailto:Halls9@michigan.gov">Halls9@michigan.gov</a>
BUYER:	DTMB	Mike Breen	517-284-7002	<a href="mailto:breenm@michigan.gov">breenm@michigan.gov</a>

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<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
<b>MINIMUM DELIVERY REQUIREMENTS:</b>			
N/A			
<b>MISCELLANEOUS INFORMATION:</b>			
N/A			
<b>ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:</b>			\$395,887.50

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation #084R4300003. Orders for delivery will be issued directly by the Department of Technology, Management & Budget through the issuance of a Purchase Order Form.

**Notice of Contract #: 071B5500025**

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**FOR THE CONTRACTOR:**

Merit Network

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

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**FOR THE STATE:**

Signature

Bill Pemble, IT Division Director

Name/Title

DTMB Procurement

Enter Name of Agency

Date



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***Attachments:***

- Attachment 6 - WAN Services Requirements Worksheet
- Attachment 8 - WAN Services Pricing Tables

## **Article 1 – Statement of Work (SOW)**

### **1.000 Project Identification**

#### **1.001 PROJECT REQUEST**

This contract will have a base term of five (5) years with five (5), one (1) year option. Renewal of the contract(s) must be at the sole discretion of the State of Michigan and must be based upon the acceptable performance of the selected Contractor as determined by the SOM. New Work and Additional Services will be added to the SOW, subject to the Contract Change Management process.

#### **1.002 BACKGROUND**

The objective of this Contract is to provide increased bandwidth, provide network diversity to State Remote Sites, transition to current transport service technologies, reduce recurring costs, and increase agility in providing network services to the State in accordance with this SOW and the Enterprise ISP Design.

### **1.100 Scope of Work and Deliverables**

#### **1.101 IN SCOPE**

This Contract is for the provision of all deliverables, services, resources and feature(s) that will be utilized to comprise the SOM Enterprise ISP and any optimization of the Enterprise ISP in accordance with this SOW, the Enterprise ISP Design. Subject to Contract Change Management, the SOM reserves the right to select and approve any Equipment, which will be used to at the SOM Remote Sites (at the SOM LAN Demarcation Point) in support of the Enterprise ISP.

- The Enterprise ISP will support bandwidth in increments from 1.544 Mb (Megabits) to 40 Gb (Gigabits) to the Equipment at the State Remote Sites. The key elements of the Enterprise ISP capability will be defined by the SOM.

This Contract consists of the following scope:

1. Enterprise Internet Service Providers
  - A. Procurement of Services
  - B. Invoicing
  - C. Enterprise Internet Service Provider Services
  - D. Service Level Agreements
  - E. Reports
  - F. Continuity of Service/Disaster Recovery
  - G. Optional Services

This contract includes Enterprise Internet Service Provider (ISP) Services

A more detailed description of the Equipment, telecommunication Services and Deliverables required in the contract are provided in Article 1, Section 1.104, Work and Deliverables.

#### **1.102 OUT OF SCOPE**

The following topics are out of scope:

- Management of State's metropolitan area networks
- Management of State's hosting center network
- Management of State's local area networks

#### **1.103 ENVIRONMENT**

The links below provide information on the SOM's Enterprise IT policies, standards and procedures which include security policy and procedures, eMichigan web development, and the State Unified Information Technology Environment (SUITE).

#### **Enterprise IT Policies, Standards and Procedures:**

<http://www.michigan.gov/dmb/0,1607,7-150-56355---,00.html> and <http://www.michigan.gov/dmb/0,1607,7-150-56355-107739--,00.html>

All Equipment at the Demarcation Point provided by Contractor will be owned and managed by the Contractor, and will be compatible with the Design. The State's Contract Administrator and DTMB must approve any tools, in writing, before use on any information technology project for New Work.

It is recognized that technology changes rapidly. Either party may, subject to Contract Change Management request, in writing, a change in the standard environment Equipment or Transport Services, providing justification for the requested change and all costs associated with any change. The SOM Contract Compliance Inspector must approve any changes, in writing, before work may proceed based on the changed environment.

**The State's security environment includes:**

DTMB Single Login

DTMB provided SQL security database

Secured Socket Layers

SecurID (State Security Standard for external network access and high risk Web systems)

#### **1.104 WORK AND DELIVERABLES – ENTERPRISE INTERNET SERVICE PROVIDER(S)**

The Enterprise Internet Service Provider(s) shall provide the Services required for the State of Michigan, in accordance with the requirements as set forth below and in **Attachment 6 – WAN Services Requirements Worksheet**.

For a complete list of Enterprise ISP requirements please see **Attachment 6 – WAN Services Requirements Worksheet**.

#### **I. Services (work) To Be Provided and Deliverables**

##### **Acceptance Criteria**

High-level acceptance criteria for Document Deliverables are listed in Section 1.501. Any additional or more specific criteria are identified here.

##### **A. Procurement of Services**

The Contractor will provide a complete list of all services offered that may be utilized as part of the Enterprise Internet Services. The SOM reserves the right to procure services, products and software necessary for Enterprise Internet Services through other SOM contracts. The SOM requires any Enterprise ISP to coordinate services through a single Service Integrator.

- Consulting in regards to the Contractor's Enterprise Internet Services will be available at no additional charge. The Contractor will provide an on-line secure portal or electronic method for tracking order status.
- The State or SI will provide accurate and complete order documentation. The State will provide an LOA for SI to place orders. The State will arrange and provide accurate local contact (LCON) information and site access. The State will provide adequate space and power to install circuit demarcation and associated circuit termination equipment. The State will obtain any approval necessary for ISP Circuit installation from property owners.

##### **B. Invoicing**

The Contractor will invoice the State directly. The Contractor will submit properly itemized invoices to "Bill To" Address on Purchase Order. Invoices must provide and itemize, as applicable:

- Contract number.
- Purchase Order number.
- Contractor name, address, phone number
- Description of any commodities/hardware, including quantity ordered.
- Date(s) of delivery and/or date(s) of installation and set-up.
- Price for each item, or Service Integrator's list price for each item and applicable discounts.
- Net invoice price for each item.
- Shipping costs.
- Other applicable charges.
- Total invoice price.
- Payment terms, including any available prompt payment discount.

Billing for service components or features begins on the day the service component or feature is made available for use by SOM (which shall be considered the Service Activation Date). Billing shall commence at a Site as of the Service Activation Date regardless of the function of the Site in a SOM network (e.g., remote, spoke, hub, or head-end sites) or the provisioning status of other Sites in the SOM network.

Payment of maintenance service/support of less than one (1) month's duration shall be prorated at 1/30th of the basic monthly maintenance charges for each calendar day.

The Contractor invoices will be paid via Electronic Funds Transfer (EFT).

The SOM has the right to withhold payment of a disputed amount on an invoice until the dispute is settled or resolved. If the investigation of the disputed amount is found to be settled in the SOM's favor, this disputed amount will appear as an adjustment credit on the next billing invoice, following dispute resolution.

If the disputed amount is determined to be billed correctly, the disputed amount will carry forward to the next billing invoice, following dispute resolution, as a pending balance due.

Billing will commence at a Site as of the Service Activation Date regardless of the function of the Site in a SOM network (e.g., remote, spoke, hub, or head-end sites) or the provisioning status of other Sites in the SOM network. Billing for service components or features begins on the day the service component or feature is made available for use by SOM

Contractor must submit properly itemized invoices to:

DTMB – Financial Services  
Accounts Payable  
P.O. Box 30026  
Lansing, MI 48909

Or

[DTMB-Accounts-Payable@michigan.gov](mailto:DTMB-Accounts-Payable@michigan.gov)

The Contractor invoices will be paid via Electronic Funds Transfer (EFT). Contractor will accept ACH transactions from the State or Service Integrator in either CCD+ or CTX format. These formats include both remittance information and addenda records.

For EFT payments, the NACHA standard file will be received by Contractor's bank. Any errors will be corrected the next business day. If the error cannot be corrected, Contractor will contact the State/Service Integrator for verification of the payment.

## **C. Enterprise Internet Service Provider Services**

### **1. Service Features**

The service features below are requirements for the Contractor's Services to the SOM. The preferred method of connection between the Contractor and the SOM is Ethernet.

- a. The Contractor will use standards-based routing protocol(s) to announce routes from the SOM site router.
- b. The Contractor dedicated ISP connection service must provide IPv4 and IPv6 support.
- c. The Contractor dedicated ISP connection service must provide near real-time online network utilization statistics.
- d. Dedicated Internet connections must be available from speeds of 1.5 Mbps and above for transmit and receive.
- e. The Contractor will provide a Network Operations Center that is available 24x7x365
- f. The Contractor will provide contact information for its Network Operations Center (NOC)
- g. The Network Operations Center provided by The Contractor will be able to accept trouble tickets electronically or via phone.
- h. The Contractor will describe the architecture, features and capabilities of its enterprise Internet access service offering, to include:
  - i. Ability to provide dedicated Internet access at all access speeds.
  - ii. Primary and Secondary DNS services.
  - iii. Border Gateway Protocol (BGP) routing services.
  - iv. The Service Integrator's capability to route the SOM's IP addresses, the capability to provide IP addresses, and the smallest address space the Vendor shall route on its backbone.
  - v. Web caching service (New Work)
  - vi. Content Distribution Network services (New Work)
  - vii. Network time protocol (NTP) (New Work) –
  - viii. Security services available to mitigate interruptions and mechanisms for detecting and eliminating fraudulent and/or unauthorized use of the services provided to the SOM. Examples of known, unauthorized activity include, but are not limited to, Distributed Denial of Service (DDoS) and DNS spoofing (New Work).
  - ix. Ability to provide Internet2 access (New Work)

### **a. Service Management**



All Service work will be scheduled by the Contractor when least disruptive to the SOM. The Contractor will have documented permission from the State for any service order. The Contractor will submit to the State for approval the procedures that the Contractor will use for the dispatch of a technician during and outside of SOM business hours, which may require on-site SOM staff for building entry.

If the State believes that any installation work or repair work performed by Contractor does not meet the State's standards, Contractor will work with the State to understand what was not performed adequately and work to resolve the issue. If Contractor is in agreement that the work was not performed adequately, Contractor will correct the issue at no additional cost to the State.

The State will provide adequate space and power to install circuit demarcation and associated circuit termination equipment. The State will obtain any approval necessary for ISP circuit installation from property owners.

#### b. Problem Management

Problem Management includes activities related to restoring Services after an outage and reporting the cause of failure. The Contractor will collaborate and coordinate Fault Management Services with the SOM/SI, including remote alarm monitoring, problem report receipt, problem identification and isolation, remote and on-site resolution, and dispatch management.

Upon receipt of a problem or alarm notification, the Contractor will initiate problem resolution efforts in coordination with the SOM/SI. The Contractor will prioritize the support ticket in accordance with mutually agreed-upon metrics, as provided by the SOM.

The Contractor will coordinate with the SOM/SI to troubleshoot, isolate and resolve problem conditions related to the Services. Upon determining the source of the fault, the Contractor will perform the following activities:

- Resolve the problem remotely, where possible
- Change the software feature, reroute past or replace the defective equipment, hardware component, and/or
- Dispatch technicians for on-site repair or replacement

The Contractor will escalate issues per the mutually agreed-upon escalation procedures and provide the SOM/SI with status at escalation thresholds throughout trouble resolution efforts.

The Contractor will provide appropriate technical support (e.g., manufacturer technical support) to resolve SOM outage conditions and performance issues in accordance with performance standards detailed in the **Section D. Service Level Agreements**

The State will provide adequate space and power to install circuit demarcation and associated circuit termination equipment. The State will obtain any approval necessary for Internet circuit installation from property owners.

#### c. Monitoring and Management

The Contractor will proactively manage, maintain and operate the Contractor network used by the SOM on a 24x7x365 basis and will discover any Incidents that are outside the metrics performance standards detailed in the **Section D. Service Level Agreements**.

### D. Service Level Agreements (SLA)

The following is the Service Group Description and the applicable availability % targeted by the State for Enterprise Internet Service Provider Services.

Service Group #	Service Group Description
Group 4 (99%)	A SOM Remote Site connected to a commercial Internet Service Provider (ISP) or any downstream edge/shared services-connected sites.

1. **Monthly Enterprise ISP Service Group Availability (SGA).** Site availability must enable the State to determine where outages occur and allow the State to better provide for greater stability of the State of Michigan's Internet Services. This SLA measures unscheduled outage(s) or service interruption(s) affecting Internet services availability at State site(s) by service Group.

- a. The Formula used to measure performance must be as follows:  
Service Group Downtime (SGD) = the total number of out-of-service hours for a given Service Group divided by the total number of site service hours, within service Group multiplied by 100. Agreed-upon, pre-scheduled maintenance windows are excluded from out-of-service hours. The Service Integrator must report the percentage (%) of time the network was down and the percentage (%) of time the network was available in total Per Site/Service Group. This data may be audited by the State or a designated third-party. The Performance Objective is for the Enterprise ISP to provide the following Service Group Availability to the State as a percentage of time by Service Group as stated below:

**SGA by Service Group Table**

Service Group #	Performance Objective
Group 4	99.00%

2. Monthly Enterprise ISP Time to Repair (TTR) metric. The time must be measured from the time a trouble ticket is established at the Enterprise ISP's NOC through any means until the Enterprise ISP's trouble ticket is changed to resolved status after approval by the SOM site contact.

Service Integrator must not exceed the objective as stated by Group as stated below.

**TTR by Service Group Table**

Service Group #	Performance Objective
Group 4	8.0 hours

3. Monthly Enterprise ISP Software MAC (Move/Add/Change) Request metric. Each Software MAC request must meet a mutually agreed-upon due date between the Enterprise ISP and the SOM.

- a. The Formula used to measure MAC requests on a per-site basis must be as follows:
  - A. Number of MAC requests completed on, or prior to, the due date during the reporting period.
  - B. Total number of MAC requests completed during the reporting period.

Compliance =  $A/B * 100$  (The result is a percentage)

Performance Objective = 100%

The Enterprise ISP must include the number of tickets closed during the reporting period, the average successful MAC Request completion time, the number of tickets whose resolution time was greater than the average and the number of tickets whose resolution time was less than the average. This data may be audited by the SOM or a designated third-party.

4. Monthly Enterprise ISP Hardware MAC (Move/Add/Change) Request metric. Each Hardware MAC request must meet a mutually agreed upon due date between the Enterprise ISP and the SOM.
  - b. The Formula used to MAC requests on a per-site basis must be as follows:
    - C. Number of MAC requests completed on or prior to the due date during the reporting period.
    - D. Total number of MAC requests completed during the reporting period.

$$\text{Compliance} = A/B*100 \text{ (The result is a percentage)}$$
$$\text{Performance Objective} = 100\%$$

Enterprise ISP must include the number of tickets closed during the reporting period, the average successful MAC Request completion time, the number of tickets whose resolution time was greater than the average and the number of tickets whose resolution time was less than the average. This data may be audited by the SOM or a designated third-party.

## **E. Reports**

The Enterprise ISP must provide the following SLA reports on a monthly basis per site:

- Enterprise ISP Service Group Availability (SGA).
- Enterprise ISP Time to Repair (TTR) metric.
- Enterprise ISP Software MAC (Move/Add/Change) Request metric.
- Enterprise ISP Hardware MAC (Move/Add/Change) Request metric.

The Enterprise ISP must provide near real-time online network statistics for utilization. Dedicated Internet connections must be available from speeds of 1.5 Mbps and above for transmit and receive.

## **F. Continuity of Service/Disaster Recovery**

The Contractor will adhere to the Telecommunications Service Priority (TSP) program and provide for the rapid provisioning and restoration of services to SOMs having a national security and emergency preparedness function. SOM will provide Contractor with updated TSP list. Reference the requirements set forth in Telecommunication Service Priority (TSP) Service Exhibit – Title 47 Part 64. Specifically, Contractor will work with the State to prioritize circuits with TSP markings.

## **G. Optional Services**

The Contractor has provided its list of Optional Services to be considered in scope. Any Optional Services that the SOM requires will be considered New Work..

## II. Overall Service Requirements

### A. Detailed Requirements

The detailed Service requirements for the Contract are listed in this SOW and **Attachment 6 – WAN Services Requirements Worksheet**.

#### 1.200 Roles and Responsibilities

### 1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

#### A. Staff

The Contractor must provide, and update when changed, an organizational chart indicating lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management and indicate who within the firm must have primary responsibility and final authority for the work.

#### 1. Key Personnel

All Key Personnel may be subject to the States' interview and approval process. Any Key Personnel staff substitution must have the prior approval of the State in accordance with the Contract. The State has identified the following as Key Personnel for this SOW:

- **Account Manager/Single Point of Contact (SPOC )**

Contractor must provide an **Account Manager/SPOC** to interact with the designated personnel from the State to ensure a smooth transition to the new contract. The Account Manager must coordinate all of the activities of the Contractor personnel assigned to the project and create all reports required by the SOM. The Account Manager responsibilities must include, at a minimum:

- The Account Manager must act as the Single Point of Contact (SPOC) for any issue related to the issued contract.
- Escalation point for contract issues, risks, and other concerns.
- Utilize Contract Change Management

Communicate on order and delivery status and issues.

Route calls or requests to the appropriate resource.

Manage resolution of order and delivery issues.

Provide information on business processes for using the contract.

Manage all defined Contractor responsibilities in this Scope of Services.

Manage and report on the project's budget.

- Process all submitted SOW and SI (via an LOA) requests and deliver detailed service and price proposals.
  - Deliver all contract required reports on product and service delivery, and SLA compliance.
- Facilitate dispute resolution.

Advise the State of performance under the terms and conditions of the Contract.

#### B. On Site Work Requirements

##### 1. Location of Work

For work that must be executed on-Site, it must be performed, completed and managed at State-owned or leased facilities.

##### 2. Hours of Operation

a. Normal State working hours, depending on the site, are 8:00 a.m. to 5:00 p.m. EST, Monday through Friday, with work performed as necessary after those hours to meet project deadlines.

b The State holidays and the days they are observed are:

- New Year's Day, January 1, or closest weekday.
- Martin Luther King, Jr. Day, Third Monday in January.
- Presidents Day, Third Monday in February.

- Memorial Day, Last Monday in May.
- Independence Day, July 4, or closest weekday.
- Labor Day, First Monday in September.
- General Election Day, First Tuesday in November, even numbered years.
- Veterans Day, November 11.
- Thanksgiving Day and the day after, the fourth Thursday and Friday in November.
- New Year's Eve, December 31.
- Christmas Day December 25 and the day before/after depending on how the holiday falls

## 1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The State project team will consist of Executive Sponsors, project support, and a DTMB project manager.

### Executive Sponsors

The Executive Sponsors represent the DTMB executive team by providing the vision for the contract, securing departmental support for the contract, and providing high level direction to the team.

The State's Executive Sponsors will provide the following services:

- Act as a vocal and visible champion within the State.
- Provide high level direction to the team.
- Keep abreast of major contract activities and performance.
- Make important decisions related to scope and direction.
- Solicit the State resources necessary for the contract.

Name	Agency/Division	Title	Phone/e-mail
Greg Faremouth	DTMB Network and Telecommunications Services	Director	(517) 241-1646 <a href="mailto:faremouthg@michigan.gov">faremouthg@michigan.gov</a>

### Contract Compliance Inspector

DTMB will assign a Contract Compliance Manager who will be responsible for the State's infrastructure and coordinate with the Service Integrator in determining the system configuration.

The State's Contract Compliance Manager will provide the following services:

- Collect information necessary to monitor each Contractor's performance against SLA requirements.
- Attend periodic meetings to review each Contractor's deliverables and metrics.
- Facilitate communication between each Contractor and State departments/divisions.
- Conduct regular and ongoing reviews of each Contractor's performance.
- Make key implementation decisions, as identified by each Contractor's Bills of Materials and Project Plans.

Name	Agency/Division	Title	Phone/e-mail
Scott Hall	DTMB Network and Telecommunications Services	Contract Compliance Manager	(517) 241-4255 <a href="mailto:Halls9@michigan.gov">Halls9@michigan.gov</a>

### State Project Manager – for the Transition and other projects, as needed

The State's Project Manager must provide the following services:

- Coordinate the State resources necessary for the project.
- Provide acceptance and sign-off of deliverable/milestone and invoices.
- Collect information necessary to monitor the Service Integrator's performance against SLA requirements.
- Attend periodic meetings to review the Contractors' deliverables and metrics.
- Escalate outstanding/high priority issues.
- Utilize Contract Change Management procedures and resolve Transition project-related issues.
- Conduct regular and ongoing reviews of the transition project.
- Document and archive all important project decisions.

- Provide status updates to compliance manager and executive sponsors.

Name	Agency/Division	Title	Phone/e-mail
TBD	DTMB	State Project Manager	TBD

#### **DTMB Contract Administrator**

DTMB will assign a Contract Administrator who will manage post contractual activities which include but are not limited to:

- Negotiating or clarifying contractual provisions.
- Approving amendments to or extensions of the Contract.
- Participating in scheduled reviews of Contract milestones and deliverables.
- Resolving Contract issues between the State and the Service Integrator, WAN Service Providers and Enterprise ISPs.
- Verifying that all contractual activities are complete prior to contract close out.
- Document and archive all important contract decisions.

Name	Agency/Division	Title	Phone/e-mail
Michael Breen	DTMB Purchasing	State Buyer	517-241-7720 <a href="mailto:BreenM@michigan.gov">BreenM@michigan.gov</a>

### **1.203 OTHER ROLES AND RESPONSIBILITIES**

#### **1.300 Contract Management**

#### **1.301 CONTRACT MANAGEMENT**

##### **A. Orientation Meeting**

Within 10 business days after contract signing, each Contractor may be required to attend an orientation meeting to discuss the content and procedures of the Contract. The meeting must be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

##### **B. Performance Review Meetings**

The State requires the Service Integrator, WAN Service Providers and Enterprise ISPs to attend monthly meetings, at a minimum, to review performance under the Contract and monthly monitoring reports. The meetings must be held in Lansing, Michigan, or by teleconference, as mutually agreed by the State and the Contractors.

### **C. Contract Control**

1. The Contractor must carry out this project under the direction and control of the DTMB **Network and Telecommunications Services** Division.
2. Within 20 business days of Contract execution, the Contractor must submit the project plan to the State project manager(s) for final approval. This project plan must be in agreement with Article 1, Section 1.104 Work and Deliverables.

The State is responsible for providing a point-of-contact who will assume responsibility for managing the rollout of the transition/transformation project. The State is also responsible for cooperating in the completion of all activities related to this project.

### **1.302 REPORTS**

Reports (formats to be created by the State) must be submitted to the State's Contract Compliance Manager for approval within 45 business days after the execution of the Contract. Once both parties have agreed to the format of the reports, it shall become the standard to follow for the duration of the Contract.

- Enterprise ISP – Section 1.104

### **1.400 Project Management**

In the event the State desires Contractor to provide support for a Service requiring project management and/or project engineering beyond those called out in the definitions of a Soft MACD or a Hard MACD ("**Project**"), the Contractor must assign a Project Manager to oversee major Project implementations. The Project Manager's contact information must be provided to the State when any Project is initiated.

The Contractor's Project Statement of Work must include:

- Project Objective
- Scope of Work
- Design, if required by the State
- Deliverables
- Acceptance Criteria
- Payment by accepted milestone
- Agency Responsibilities and Assumptions
- Escalation Plan
- Work Breakdown Structure

*Note:* Before a Project can commence, the State must approve the Project Plan, which must include the Contractor's project SOW, to-be built design and a price quote based on deliverables.

### **1.401 RESERVED**

### **1.402 RESERVED**

### **1.500 Acceptance**

### **1.501 CRITERIA**

The following is standard acceptance criteria for Document Deliverables. Any other specific criteria are identified in Section 1.104 Work and Deliverables.

### **Document Deliverables Process**

1. Documents are dated and in electronic format.
2. Draft documents are not accepted as final Document Deliverables.
3. The Document Deliverables must be reviewed and accepted in accordance with the requirements of the Contract and Appendices.
4. DTMB must review Document Deliverables within a mutually agreed upon timeframe.
  - a. Approvals must be written and signed by DTMB Project Manager.

- b. Issues must be documented and submitted to the Contractor.
- c. After issues are resolved or waived, the Contractor must resubmit documents for approval within 30 days of receipt.

### **1.502 FINAL ACCEPTANCE**

Final acceptance is expressly conditioned upon completion of ALL deliverables/milestones, completion of ALL tasks in the project plan as approved, completion of ALL applicable inspection and/or testing procedures, and the certification by the State that the Contractor has met the defined requirements.

### **1.600 Compensation and Payment**

#### **1.601 COMPENSATION AND PAYMENT**

1. Firm, fixed price.
  - Contractor will submit monthly invoices for Services delivered with sufficient documentation to explain the billing.
2. Time and Materials (T&M)
  - Contractor will provide a process for acquiring New Work on a time and materials basis.
  - Firm, fixed unit rates for T&M work to be provided with Project proposal.
  - Contractor will submit monthly invoices for time and material services.
3. The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to the Contract (and any future amendments of it) must be defined and described in detail in an Attachment or Purchase Orders (PO) executed under the Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against the Contract. Contractor shall perform in accordance with the Contract, including the Statements of Work/Purchase Orders executed under it.
4. Payment Terms: As per the Contract.

#### **Method of Payment**

The Contractors will be paid by the methods listed in the SOW.

#### **Travel**

The State will not pay for any travel expenses, including hotel, mileage, meals, parking, etc. Travel time must not be reimbursed.

#### **1.602 RESERVED**





## Article 2 - Terms and Conditions

### 2.000 Contract Structure and Term

Contractor shall check only 1 box below, and identify exception(s) in regard to Article 2	
	I have reviewed Article 2 and agree to the State's terms with no exceptions.
	I have reviewed Article 2 and have identified all exceptions per the instructions below.  I have identified <b>all</b> exceptions and revisions to Article 2 as tracked changes. I understand this <b>could impact the State's ability to award a contract to my firm by considering my proposal, and furthermore the State reserves the right to deduct as much as five (5) points from my technical score for any exception or revision to Article 2. Furthermore, I understand that, if the State awards to my firm, and if the State and my firm cannot reach agreement on all excepted or revised Article 2 Terms and Conditions within fifteen (15) business days of Notice of Recommendation, then the State reserves the right, at its sole discretion, to rescind the Award and to re-award to the next-most qualified Contractor.</b>

Contractor shall provide a statement that a Certificate of Insurance will be provided as a condition of award has been included (referenced in Section 2.133).	
Contractor Response:	

### **2.001 CONTRACT TERM**

This Contract is for a period of 5 years beginning upon mutually signed contract through 5 additional years from mutually signed contract. All outstanding Purchase Orders must also expire upon the termination for any of the reasons listed in **Section 2.150** of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, shall remain in effect for the balance of the fiscal year for which they were issued.

### **2.002 OPTIONS TO RENEW**

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to 5 additional 1 year periods.

### **2.003 LEGAL EFFECT**

Contractor accepts this Contract by signing two copies of the Contract and returning them to the DTMB-Procurement. The Contractor shall not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State shall not be liable for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract or Change Order has been approved by the State Administrative Board (if required), signed by all the parties and a Purchase Order against the Contract has been issued.

### **2.004 ATTACHMENTS & EXHIBITS**

All Attachments and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing this Contract, are incorporated in their entirety and form part of this Contract.

### **2.005 ORDERING**

The State must issue an approved written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order to order any Services/Deliverables under this Contract. All orders are subject to the terms and conditions of this Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are specifically contained in that Purchase Order or Blanket

Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown; however, the Contractor will be required to furnish all such materials and services as may be ordered during the Contract period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

#### **2.006 ORDER OF PRECEDENCE**

The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005**.

In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work shall take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of the Contract. The Contract may be modified or amended only by a formal Contract amendment.

#### **2.007 HEADINGS**

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of the Contract.

#### **2.008 FORM, FUNCTION & UTILITY**

If the Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

#### **2.009 REFORMATION AND SEVERABILITY**

Each provision of the Contract is severable from all other provisions of the Contract and, if one or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.

#### **2.010 Consents and Approvals**

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

#### **2.011 NO WAIVER OF DEFAULT**

If a party fails to insist upon strict adherence to any term of the Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of the Contract.

#### **2.012 SURVIVAL**

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section

#### **2.020 Contract Administration**

#### **2.021 ISSUING OFFICE**

This Contract is issued by the Department of Technology, Management and Budget, Procurement and Telecommunications (collectively, including all other relevant State of Michigan departments and agencies, the "State"). DTMB-Procurement is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. The DTMB-Procurement Contract Administrator for this Contract is:

Michael Breen  
Buyer  
Procurement  
Department of Technology, Management and Budget  
Mason Bldg, 2nd Floor  
PO Box 30026  
Lansing, MI 48909  
Email: breenm@michigan.gov  
Phone: 517-241-7720

#### **2.022 CONTRACT COMPLIANCE INSPECTOR**

The Director of DTMB-Procurement directs the person named below, or his or her designee, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. **Monitoring Contract activities does not imply the authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract. DTMB-Procurement is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contract Compliance Inspector for this Contract is:

CCI Steve McMahon  
Manager of Core Network Services  
Department of Technology, Management, and Budget-Telecommunications  
Hannah Building, Lansing Michigan 48909  
Email: McMahonsS@michigan.gov  
Phone 517-373-6353

#### **2.023 PROJECT MANAGER**

The following individual will oversee the project:

Project Manager **TBD**  
Department  
(Address)  
Email  
Phone  
Fax

#### **2.024 CHANGE REQUESTS**

The State reserves the right to request from time to time any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, Contractor shall provide a detailed outline of all work to be done, including tasks necessary to accomplish the Additional Services/Deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the State requests or directs the Contractor to perform any Services/Deliverables that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly before commencing performance of the requested activities it believes are New Work. If the Contractor fails to notify the State before commencing performance of the requested activities, any such activities performed before the Contractor gives notice shall be conclusively considered to be in-scope Services/Deliverables and not New Work.

If the State requests or directs the Contractor to perform any services or provide deliverables that are consistent with and similar to the Services/Deliverables being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the Statements of Work, then before performing such Services or providing such Deliverables, the Contractor shall notify the State in writing that it considers the Services or Deliverables to be an Additional Service/Deliverable for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the

Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing that Service or providing that Deliverable. If the Contractor does so notify the State, then such a Service or Deliverable shall be governed by the Change Request procedure in this Section.

In the event prices or service levels are not acceptable to the State, the Additional Services or New Work shall be subject to competitive bidding based upon the specifications.

- (1) Change Request at State Request  
If the State requires Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").
- (2) Contractor Recommendation for Change Requests:  
Contractor shall be entitled to propose a Change to the State, on its own initiative, should Contractor believe the proposed Change would benefit the Contract.
- (3) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal shall include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.
- (4) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").
- (5) No proposed Change shall be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Technology, Management and Budget, Procurement.
- (6) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

## **2.025 NOTICES**

Any notice given to a party under the Contract must be deemed effective, if addressed to the party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

State:

State of Michigan  
Procurement  
Attention:  
PO Box 30026  
530 West Allegan  
Lansing, Michigan 48909

Contractor:

Name:  
Address:

Either party may change its address where notices are to be sent by giving notice according to this Section.

## **2.026 BINDING COMMITMENTS**

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in the Contract. Contractor may change the representatives from time to time upon giving written notice.

## **2.027 RELATIONSHIP OF THE PARTIES**

The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors shall be deemed to be an employee, agent or servant of the State for any reason. Contractor shall be solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

## **2.028 COVENANT OF GOOD FAITH**

Each party shall act reasonably and in good faith. Unless stated otherwise in the Contract, the parties shall not unreasonably delay, condition or withhold the giving of any consent, decision or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

## **2.029 ASSIGNMENTS**

Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties and the requirement under the Contract that all payments must be made to one entity continues.

If the Contractor intends to assign the contract or any of the Contractor's rights or duties under the Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

## **2.030 General Provisions**

### **2.031 ADMINISTRATIVE FEE AND REPORTING**

The Contractor must remit an administrative fee of     1    % on all payments remitted 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). 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.

Itemized purchasing activity reports should be mailed to DTMB-Procurement and the administrative fee payments shall be made by check payable to the State of Michigan and mailed to:

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

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

#### **2.032 MEDIA RELEASES**

News releases (including promotional literature and commercial advertisements) pertaining to the Contract and Contract or project to which it relates shall not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the Contract are to be released without prior written approval of the State and then only to persons designated.

#### **2.033 CONTRACT DISTRIBUTION**

DTMB-Procurement retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by DTMB-Procurement.

#### **2.034 PERMITS**

Contractor must obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State shall pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

#### **2.035 WEBSITE INCORPORATION**

The State is not bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

#### **2.036 FUTURE BIDDING PRECLUSION**

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP; it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any Bidder if the State determines that the Bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a competitive advantage on the RFP

#### **2.037 FREEDOM OF INFORMATION**

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

#### **2.038 DISASTER RECOVERY**

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under this Contract shall provide the State with priority service for repair and work around in the event of a natural or man-made disaster.

#### **2.040 Financial Provisions**

#### **2.041 FIXED PRICES FOR SERVICES/DELIVERABLES**

Each Statement of Work or Purchase Order issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor shall show verification of measurable progress at the time of requesting progress payments.

#### **2.042 ADJUSTMENTS FOR REDUCTIONS IN SCOPE OF SERVICES/DELIVERABLES**

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

#### **2.043 SERVICES/DELIVERABLES COVERED**

The State shall not be obligated to pay any amounts in addition to the charges specified in this Contract for all Services/Deliverables to be provided by Contractor and its Subcontractors, if any, under this Contract,.

#### **2.044 INVOICING AND PAYMENT – IN GENERAL**

- (a) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.
- (b) Each Contractor invoice shall show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis shall show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.600**.
- (c) Correct invoices shall be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.
- (d1) All invoices should reflect actual work done. Specific details of invoices and payments shall be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Procurement, Department of Management & Budget. This activity shall occur only upon the specific written direction from DTMB-Procurement.

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) shall mutually agree upon. The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 15th day of the following month.

The Government may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

#### **2.045 PRO-RATION**

To the extent there are Services that are to be paid for on a monthly basis, the cost of such Services shall be pro-rated for any partial month.

#### **2.046 ANTITRUST ASSIGNMENT**

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

#### **2.047 FINAL PAYMENT**

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor shall it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract shall constitute 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 unsettled.

#### **2.048 ELECTRONIC PAYMENT REQUIREMENT**

Electronic transfer of funds is required for payments on State Contracts. Contractors are required to register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in Public Act 431 of 1984, all contracts that the State enters into for the purchase of goods and services shall provide that payment shall be made by electronic fund transfer (EFT).



## **2.050 Taxes**

### **2.051 EMPLOYMENT TAXES**

Contractor shall collect and pay all applicable federal, state, and local employment taxes, including the taxes.

### **2.052 SALES AND USE TAXES**

Contractor shall register and remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two or more trades or businesses under common control" the term "organization" means sole proprietorship, a partnership (as defined in § 701(a) (2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

## **2.060 Contract Management**

### **2.061 CONTRACTOR PERSONNEL QUALIFICATIONS**

All persons assigned by Contractor to the performance of Services under this Contract must be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and must be fully qualified to perform the work assigned to them. Contractor must include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of this Contract, independent contractors engaged by Contractor solely in a staff augmentation role must be treated by the State as if they were employees of Contractor for this Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

### **2.062 CONTRACTOR KEY PERSONNEL**

- (a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (c) The State shall have 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 shall notify the State of the proposed assignment, shall introduce the individual to the appropriate State representatives, and shall 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 shall provide a written explanation including reasonable detail outlining the reasons for the rejection.
- (d) Contractor must not remove any Key Personnel from their assigned roles on the 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"). Unauthorized Removals 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. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.
- (e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to

other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

#### **2.063 RE-ASSIGNMENT OF PERSONNEL AT THE STATE'S REQUEST**

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service shall not be counted for a time as agreed to by the parties.

#### **2.064 CONTRACTOR PERSONNEL LOCATION**

All staff assigned by Contractor to work on the Contract shall perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel shall, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

#### **2.065 CONTRACTOR IDENTIFICATION**

Contractor employees must be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

#### **2.066 COOPERATION WITH THIRD PARTIES**

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor shall provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with this Contract and shall not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with the requests for access.

#### **2.067 CONTRACT MANAGEMENT RESPONSIBILITIES**

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services. Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties shall include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with the Project Plan is likely to delay the timely achievement of any Contract tasks.

The Contractor shall provide the Services/Deliverables directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor shall act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

#### **2.068 CONTRACTOR RETURN OF STATE EQUIPMENT/RESOURCES**

The Contractor shall return to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

#### **2.070 Subcontracting by Contractor**

#### **2.071 CONTRACTOR FULL RESPONSIBILITY**

Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State shall consider Contractor to be the sole point of contact with regard to all contractual matters under this Contract, including payment of any and all charges for Services and Deliverables.

#### **2.072 STATE CONSENT TO DELEGATION**

Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Technology, Management and Budget, Procurement has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State shall agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work shall not be counted for a time agreed upon by the parties.

#### **2.073 SUBCONTRACTOR BOUND TO CONTRACT**

In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor shall be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State shall not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. A list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract is attached.

#### **2.074 FLOW DOWN**

Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, and 2.200** in all of its agreements with any Subcontractors.

#### **2.075 COMPETITIVE SELECTION**

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

#### **2.080 State Responsibilities**

#### **2.081 EQUIPMENT**

The State shall provide only the equipment and resources identified in the Statement of Work and other Contract Exhibits.

#### **2.082 FACILITIES**

The State must designate space as long as it is available and as provided in the Statement of Work, to house the Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). The Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing must observe and comply with all rules and regulations relating to each of the State Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor agrees that it shall not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise

gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

## **2.090 Security**

### **2.091 BACKGROUND CHECKS**

On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results shall be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations shall include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Fingerprint Check. Any request for background checks shall be initiated by the State and shall be reasonably related to the type of work requested.

## **2.100 Confidentiality**

### **2.101 CONFIDENTIALITY**

Contractor and the State each acknowledge that the other possesses and shall continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below), which is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State must mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. "Confidential Information" excludes any information (including this Contract) that is publicly available under the Michigan FOIA.

### **2.102 PROTECTION AND DESTRUCTION OF CONFIDENTIAL INFORMATION**

The State and Contractor shall each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State shall (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party shall limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of this Contract. Disclosure to, and use by, 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 scope of responsibility, 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 and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

Promptly upon termination or cancellation of the Contract for any reason, Contractor must certify to the State that Contractor has destroyed all State Confidential Information.

### **2.103 PCI DATA SECURITY STANDARD**

(a) Contractors that process, transmit or store credit/debit cardholder data, must adhere to the Payment Card Industry (PCI) Data Security Standards. The Contractor is responsible for the security of cardholder data in its possession. The data may only be used to assist the State or for other uses specifically authorized by law.

(b) The Contractor must notify the CCI (within 72 hours of discovery) of any breaches in security where cardholder data has been compromised. In that event, the Contractor must provide full cooperation to the Visa, MasterCard, Discover and state Acquirer representative(s), and/or a PCI approved third party to conduct a thorough security review. The Contractor must make the forensic report available within two weeks of completion. The review must validate compliance with the current PCI Data Security Standards for protecting cardholder data.

(c) The Contractor must properly dispose of cardholder data, in compliance with DTMB policy, when it is no longer needed. The Contractor must continue to treat cardholder data as confidential upon contract termination.

(d) The Contractor must provide the CCI with an annual Attestation of Compliance (AOC) or a Report on Compliance (ROC) showing the contractor is in compliance with the PCI Data Security Standards. The Contractor must notify the CCI of all failures to comply with the PCI Data Security Standard.

#### **2.104 EXCLUSIONS**

Notwithstanding the foregoing, the provisions in this Section shall not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of this Section shall not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

#### **2.105 NO IMPLIED RIGHTS**

Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

#### **2.106 SECURITY BREACH NOTIFICATION**

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State shall cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 72 hours of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

#### **2.107 RESPECTIVE OBLIGATIONS**

The parties' respective obligations under this Section must survive the termination or expiration of this Contract for any reason.

#### **2.110 Records and Inspections**

#### **2.111 INSPECTION OF WORK PERFORMED**

The State's authorized representatives, at reasonable times and with 10 days prior notice, have the right to enter the Contractor's premises or any other places where work is being performed in relation to this Contract. The representatives may inspect, monitor, or evaluate the work being performed, to the extent the access will not reasonably interfere with or jeopardize the safety or operation of Contractor's systems or facilities. The Contractor must provide reasonable assistance for the State's representatives during inspections.

#### **2.112 RETENTION OF RECORDS**

(a) The Contractor must retain all financial and accounting records related to this Contract for a period of 7 years after the Contractor performs any work under this Contract (Audit Period).

(b) If an audit, litigation, or other action involving the Contractor's records is initiated before the end of the Audit Period, the Contractor must retain the records until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

### **2.113 EXAMINATION OF RECORDS**

(a) The State, upon 10 days' notice to the Contractor, may examine and copy any of the Contractor's records that relate to this Contract any time during the Audit Period. The State does not have the right to review any information deemed confidential by the Contractor if access would require the information to become publicly available. This requirement also applies to the records of any parent, affiliate, or subsidiary organization of the Contractor, or any Subcontractor that performs services in connection with this Contract.

(b) In addition to the rights conferred upon the State in paragraph (a) of this section and in accordance with MCL 18.1470, DTMB or its designee may audit the Contractor to verify compliance with the Contract. The financial and accounting records associated with the Contract shall be made available to DTMB or its designee and the auditor general, upon request, during the term of the Contract and any extension of the Contract and for 3 years after the later of the expiration date or final payment under the Contract.

### **2.114 AUDIT RESOLUTION**

If necessary, the Contractor and the State will meet to review any audit report promptly after its issuance. The Contractor must respond to each report in writing within 30 days after receiving the report, unless the report specifies a shorter response time. The Contractor and the State must develop, agree upon, and monitor an action plan to promptly address and resolve any deficiencies, concerns, or recommendations in the report.

### **2.115 ERRORS**

(a) If an audit reveals any financial errors in the records provided to the State, the amount in error must be reflected as a credit or debit on the next invoice and subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried forward for more than four invoices or beyond the termination of the Contract. If a balance remains after four invoices, the remaining amount will be due as a payment or refund within 45 days of the last invoice on which the balance appeared or upon termination of the Contract, whichever is earlier.

(b) In addition to other available remedies, if the difference between the State's actual payment and the correct invoice amount, as determined by an audit, is greater than 10%, the Contractor must pay all reasonable audit costs.

## **2.120 Warranties**

### **2.121 WARRANTIES AND REPRESENTATIONS**

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.
- (b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.
- (c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under neither this Contract, nor their use by the State shall infringe the patent, copyright, trade secret, or other proprietary rights of any third party.
- (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to

- the items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
  - (f) It is qualified and registered to transact business in all locations where required.
  - (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.
  - (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.
  - (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
  - (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other Bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other Bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
  - (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor.
  - (l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.
  - (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.
  - (n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Technology, Management and Budget, Procurement.

#### **2.122 WARRANTY OF MERCHANTABILITY**

Goods provided by Contractor under this agreement shall be merchantable. All goods provided under this Contract shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the Contractor or on the container or label.

#### **2.123 WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE**

When the Contractor has reason to know or knows any particular purpose for which the goods are required, and the State is relying on the Contractor's skill or judgment to select or furnish suitable goods, there is a warranty that the goods are fit for such purpose.

#### **2.124 WARRANTY OF TITLE**

Contractor shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by Contractor shall be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by Contractor, under this Contract, shall be delivered free of any rightful claim of any third person by of infringement or the like.

#### **2.125 EQUIPMENT WARRANTY**

To the extent Contractor is responsible under this Contract for maintaining equipment/system(s), Contractor represents and warrants that it shall maintain the equipment/system(s) in good operating condition and shall undertake all repairs and preventive maintenance according to the applicable manufacturer's recommendations for the period specified in this Contract.

The Contractor represents and warrants that the equipment/system(s) are in good operating condition and operates and performs to the requirements and other standards of performance contained in this Contract, when installed, at the time of Final Acceptance by the State, and for a period of (1) one year commencing upon the first day following Final Acceptance.

Within 30 business days of notification from the State, the Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor must assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

The Contractor must provide a toll-free telephone number to allow the State to report equipment failures and problems to be remedied by the Contractor.

The Contractor agrees that all warranty service it provides under this Contract must be performed by Original Equipment Manufacturer (OEM) trained, certified and authorized technicians.

The Contractor is the sole point of contact for warranty service. The Contractor warrants that it shall pass through to the State any warranties obtained or available from the original equipment manufacturer, including any replacement, upgraded, or additional equipment warranties.

#### **2.126 EQUIPMENT TO BE NEW**

If applicable, all equipment provided under this Contract by Contractor shall be new where Contractor has knowledge regarding whether the equipment is new or assembled from new or serviceable used parts that are like new in performance or has the option of selecting one or the other. Equipment that is assembled from new or serviceable used parts that are like new in performance is acceptable where Contractor does not have knowledge or the ability to select one or other, unless specifically agreed otherwise in writing by the State.

#### **2.127 PROHIBITED PRODUCTS**

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless DTMB-Procurement has approved a change order pursuant to **Section 2.024**.

#### **2.128 CONSEQUENCES FOR BREACH**

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, the breach may be considered as a default in the performance of a material obligation of this Contract.

#### **2.130 Insurance**

##### **2.131 LIABILITY INSURANCE**

For the purpose of this Section, "State" includes its departments, divisions, agencies, offices, commissions, officers, employees, and agents.

(a) The Contractor must provide proof that it has obtained the minimum levels of insurance coverage indicated or required by law, whichever is greater. The insurance must protect the State from claims that may arise out of, or result from, or are alleged to arise out of, or result from, the Contractor's or a Subcontractor's performance, including any person directly or indirectly employed by the Contractor or a Subcontractor, or any person for whose acts the Contractor or a Subcontractor may be liable.

(b) The Contractor waives all rights against the State for the recovery of damages that are covered by the insurance policies the Contractor is required to maintain under this Section. The Contractor's failure to obtain and maintain the required insurance will not limit this waiver.

(c) All insurance coverage provided relative to this Contract is primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State.

(d) The State, in its sole discretion, may approve the use of a fully-funded self-insurance program in place of any specified insurance identified in this Section.

(e) Unless the State approves otherwise, any insurer must have an A.M. Best rating of "A" or better and a financial size of VII or better, or if those ratings are not available, a comparable rating from an insurance



rating agency approved by the State. All policies of insurance must be issued by companies that have been approved to do business in the State.

(f) Where specific coverage limits are listed in this Section, they represent the minimum acceptable limits. If the Contractor's policy contains higher limits, the State is entitled to coverage to the extent of the higher limits.

(g) The Contractor must maintain all required insurance coverage throughout the term of this Contract and any extensions. However, in the case of claims-made Commercial General Liability policies, the Contractor must secure tail coverage for at least three (3) years following the termination of this Contract.

(h) The Contractor must provide, within five (5) business days, written notice to the Director of DTMB-Procurement if any policy required under this section is cancelled. The notice must include the applicable Contract or Purchase Order number.

(i) The minimum limits of coverage specified are not intended, and may not be construed, to limit any liability or indemnity of the Contractor to any indemnified party or other persons.

(j) The Contractor is responsible for the payment of all deductibles.

(k) If the Contractor fails to pay any premium for a required insurance policy, or if any insurer cancels or significantly reduces any required insurance without the State's approval, the State may, after giving the Contractor at least 30 days' notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or require the Contractor to pay that cost upon demand.

(l) In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Michigan Attorney General.

(m) The Contractor is required to pay for and provide the type and amount of insurance checked  below:

**(i) Commercial General Liability**

Minimal Limits:

\$2,000,000 General Aggregate Limit other than Products/Completed Operations;  
\$2,000,000 Products/Completed Operations Aggregate Limit;  
\$1,000,000 Personal & Advertising Injury Limit; and  
\$1,000,000 Each Occurrence Limit.

Deductible maximum:

\$50,000 Each Occurrence

Additional Requirements:

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that the insurance policy contains a waiver of subrogation by the insurance company.

The Products/Completed Operations sublimit requirement may be satisfied by evidence of the manufacturer's Commercial General Liability Insurance. The manufacturer must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the Commercial General Liability certificate and must provide evidence that the policy contains a waiver of subrogation by the insurance company.

**(ii) Umbrella or Excess Liability**

Minimal Limits:

\$10,000,000.00 General Aggregate

Additional Requirements:

Umbrella or Excess Liability limits must at least apply to the insurance required in (i), General Commercial Liability. The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

**(iii) Motor Vehicle**

Minimal Limits:

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.

**(iv) Hired and Non-Owned Motor Vehicle Coverage**

Minimal Limits:

\$1,000,000 Per Incident

Additional Requirements:

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

**(v) Workers' Compensation**

Minimal Limits:

The Contractor must provide Workers' Compensation coverage according to applicable laws governing work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, the Contractor must provide proof of an approved self-insured authority by the jurisdiction of domicile.

For employees working outside of the state of the Contractor's domicile, the Contractor must provide certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Additional Requirements:

The Contractor must provide the applicable certificates of insurance and a list of states where the coverage is applicable. Contractor must provide proof that the Workers' Compensation insurance policies contain a waiver of subrogation by the insurance company, except where such a provision is prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

**(vi) Employers Liability**

Minimal Limits:

\$100,000 Each Incident;  
\$100,000 Each Employee by Disease  
\$500,000 Aggregate Disease

Additional Requirements:

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the certificate.

**(vii) Employee Fidelity (Crime)**

Minimal Limits:

\$1,000,000 Employee Theft Per Loss

Deductible Maximum:

\$50,000 Per Loss

Additional Requirements:

Insurance must cover Forgery and Alteration, Theft of Money and Securities, Robbery and Safe Burglary, Computer Fraud, Funds Transfer Fraud, Money Order and Counterfeit Currency.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as Loss Payees on the certificate.

**(viii) Professional Liability (Errors and Omissions)**

Minimal Limits:

\$3,000,000 Each Occurrence  
\$3,000,000 Annual Aggregate

Deductible Maximum:

\$50,000 Per Loss

**(ix) Cyber Liability**

Minimal Limits:

\$1,000,000 Each Occurrence  
\$1,000,000 Annual Aggregate

Additional Requirements:

Insurance should cover (a) unauthorized acquisition, access, use, physical taking, identity theft, mysterious disappearance, release, distribution or disclosures of personal and corporate information; (b) Transmitting or receiving malicious code via the insured's computer system; (c) Denial of service attacks or the inability to access websites or computer systems.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the certificate.

**(x) Property Insurance**

Property Insurance covering any loss or damage to the State-owned office space used by Contractor for any reason under this Contract, and the State-owned equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The State must be endorsed on the policy as a loss payee as its interests appear.

**2.132 SUBCONTRACTOR INSURANCE COVERAGE**

Except where the State has approved a subcontract with other insurance provisions, the Contractor must require any Subcontractor to purchase and maintain the insurance coverage required in Section 2.13.1, Liability Insurance. Alternatively, the Contractor may include a Subcontractor under the Contractor's insurance on the coverage required in that Section. The failure of a Subcontractor to comply with insurance requirements does not limit the Contractor's liability or responsibility.

**2.133 CERTIFICATES OF INSURANCE**

Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents are listed as additional insureds as required. The Contractor must provide DTMB-Procurement with all applicable certificates of insurance verifying insurance coverage or providing, if approved, satisfactory evidence of self-insurance as required in Section 2.13.1, Liability Insurance. Each certificate must be on the standard "Accord" form or equivalent and **MUST IDENTIFY THE APPLICABLE CONTRACT OR PURCHASE ORDER NUMBER.**

**2.140 Indemnification**

**2.141 GENERAL INDEMNIFICATION**

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its subcontractors, or by anyone else for whose acts any of them may be liable.

**2.142 CODE INDEMNIFICATION**

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

**2.143 EMPLOYEE INDEMNIFICATION**

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

#### **2.144 PATENT/COPYRIGHT INFRINGEMENT INDEMNIFICATION**

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if the option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the 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.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

#### **2.145 CONTINUATION OF INDEMNIFICATION OBLIGATIONS**

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

#### **2.146 INDEMNIFICATION PROCEDURES**

The procedures set forth below must apply to all indemnity obligations under this Contract.

- (a) After the State receives notice of the action or proceeding involving a claim for which it shall seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against

the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. 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. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

## **2.150 Termination/Cancellation**

### **2.151 NOTICE AND RIGHT TO CURE**

If the Contractor breaches the contract, and the State in its sole discretion determines that the breach is curable, then the State shall provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

### **2.152 TERMINATION FOR CAUSE**

- (a) The State may terminate this contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State
- (b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.
- (c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract shall be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.
- (d) If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in this Contract for a termination for convenience.

### **2.153 TERMINATION FOR CONVENIENCE**

The State may terminate this Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to any Contract issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of

termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for convenience must cease on the effective date of the termination.

#### **2.154 TERMINATION FOR NON-APPROPRIATION**

- (a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).
- (b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract shall be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.
- (c) If the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section shall not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

#### **2.155 TERMINATION FOR CRIMINAL CONVICTION**

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

#### **2.156 TERMINATION FOR APPROVALS RESCINDED**

The State may terminate this Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State shall pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

#### **2.157 RIGHTS AND OBLIGATIONS UPON TERMINATION**

- (a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost

expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

- (c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

#### **2.158 RESERVATION OF RIGHTS**

Any termination of this Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

#### **2.160 Termination by Contractor**

##### **2.161 TERMINATION BY CONTRACTOR**

If the State breaches the Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.

The Contractor may terminate this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.160** before it terminates the Contract.

#### **2.170 Transition Responsibilities**

##### **2.171 CONTRACTOR TRANSITION RESPONSIBILITIES**

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor shall comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 365 days. These efforts must include, but are not limited to, those listed in **Section 2.150**.

##### **2.172 CONTRACTOR PERSONNEL TRANSITION**

The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.

##### **2.173 CONTRACTOR INFORMATION TRANSITION**

The Contractor shall provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

##### **2.174 CONTRACTOR SOFTWARE TRANSITION**

The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This must include any documentation being

used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

#### **2.175 TRANSITION PAYMENTS**

If the transition results from a termination for any reason, the termination provisions of this Contract must govern reimbursement. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

#### **2.176 STATE TRANSITION RESPONSIBILITIES**

In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to reconcile all accounts between the State and the Contractor, complete any pending post-project reviews and perform any others obligations upon which the State and the Contractor agree.

- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

#### **2.180 Stop Work**

##### **2.181 STOP WORK ORDERS**

The State may, at any time, by written Stop Work Order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the Stop Work Order is delivered to Contractor, and for any further period to which the parties may agree. The Stop Work Order must be identified as a Stop Work Order and must indicate that it is issued under this **Section**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the Stop Work Order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the Stop Work Order as provided in **Section 2.180**.

##### **2.182 CANCELLATION OR EXPIRATION OF STOP WORK ORDER**

The Contractor shall resume work if the State cancels a Stop Work Order or if it expires. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if: (a) the Stop Work Order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.024**.

##### **2.183 ALLOWANCE OF CONTRACTOR COSTS**

If the Stop Work Order is not canceled and the work covered by the Stop Work Order is terminated for reasons other than material breach, the termination shall be deemed to be a termination for convenience under **Section 2.153**, and the State shall pay reasonable costs resulting from the Stop Work Order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a Stop Work Order issued under this Section.

#### **2.190 Dispute Resolution**

##### **2.191 IN GENERAL**

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or



the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

#### **2.192 INFORMAL DISPUTE RESOLUTION**

(a) All disputes between the parties shall be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any dispute after compliance with the processes, the parties must meet with the Director of Procurement, DTMB, or designee, to resolve the dispute without the need for formal legal proceedings, as follows:

(1) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter at issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.

(2) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract shall be honored in order that each of the parties may be fully advised of the other's position.

(3) The specific format for the discussions shall be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.

(4) Following the completion of this process within 60 calendar days, the Director of Procurement, DTMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

(b) This Section shall not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under Section 2.193.

(c) The State shall not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

#### **2.193 INJUNCTIVE RELIEF**

A claim between the State and the Contractor is not subject to the provisions of Section 2.192, Informal Dispute Resolution, where a party makes a good faith determination that a breach of the Contract by the other party will result in damages so immediate, so large or severe, and so incapable of adequate redress that a temporary restraining order or other injunctive relief is the only adequate remedy.

#### **2.194 CONTINUED PERFORMANCE**

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.

### **2.200 Federal and State Contract Requirements**

#### **2.201 NONDISCRIMINATION**

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, and marital status, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

#### **2.202 UNFAIR LABOR PRACTICES**

Under 1980 PA 278, MCL 423.321, et seq., the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, shall not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

### **2.203 WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT**

In performing Services for the State, the Contractor shall comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

### **2.204 PREVAILING WAGE**

Wages rates and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this Contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Licensing and Regulatory Affairs, Wage and Hour Division, schedule of occupational classification and wage rates and fringe benefits for the locality where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the Contract. Contractor shall also post, in a conspicuous place, the address and telephone number of the Michigan Department of Licensing and Regulatory Affairs, the agency responsible for enforcement of the wage rates and fringe benefits. Contractor shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the locality where the work is to be performed.

### **2.210 Governing Law**

#### **2.211 GOVERNING LAW**

The Contract shall in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

#### **2.212 COMPLIANCE WITH LAWS**

Contractor shall comply with all applicable state, federal and local laws and ordinances in providing the Services/Deliverables.

#### **2.213 JURISDICTION**

Any dispute arising from the Contract shall be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

## **2.220 Limitation of Liability**

### **2.221 LIMITATION OF LIABILITY**

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages.

The Contractor's liability for damages to the State is limited to two times the value of the Contract or \$500,000, whichever is higher. The foregoing limitation of liability does not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorneys' fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor is limited to the value of the Contract.

## **2.230 Disclosure Responsibilities**

### **2.231 DISCLOSURE OF LITIGATION**

Contractor shall disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) shall notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor shall disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements that are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation shall be deemed to satisfy the requirements of this Section.

If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:

- (a) the ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or
- (b) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
  - (1) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and
  - (2) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.
- (c) Contractor shall make the following notifications in writing:
  - (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DTMB-Procurement.
  - (2) Contractor shall also notify DTMB Procurement within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
  - (3) Contractor shall also notify DTMB-Procurement within 30 days whenever changes to company affiliations occur.

### **2.232 CALL CENTER DISCLOSURE**

Contractor and/or all subcontractors involved in the performance of this Contract providing call or contact center services to the State shall disclose the location of its call or contact center services to inbound callers. Failure to disclose this information is a material breach of this Contract.

### **2.233 BANKRUPTCY**

The State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:

- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

### **2.240 Performance**

#### **2.241 TIME OF PERFORMANCE**

- (a) Contractor shall use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.
- (b) Without limiting the generality of **Section 2.241**, Contractor shall notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.
- (c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to the Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

#### **2.242 SERVICE LEVEL AGREEMENT (SLA)**

- (a) SLAs will be completed with the following operational considerations:
  - (1) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.
  - (2) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.
  - (3) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.
  - (4) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:
    - (i) Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
    - (ii) Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.
- (b) Chronic Failure for any Service(s) will be defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the

chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service will not affect any tiered pricing levels.

- (c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.
- (d) All decimals must be rounded to two decimal places with five and greater rounding up and four and less rounding down unless otherwise specified.

### **2.243 LIQUIDATED DAMAGES**

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work and the State does not elect to exercise its rights under **Section 2.152**, the State is entitled to collect liquidated damages in the amount of \$5,000.00 and an additional \$100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.

#### **Unauthorized Removal of any Key Personnel**

It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the 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 **Section 2.152**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is \$25,000.00 per individual if the Contractor identifies a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.

If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 days, in addition to the \$25,000.00 liquidated damages for an Unauthorized Removal, Contractor must pay the amount of \$833.33 per day for each day of the 30 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 liquidated damages that may be assessed per Unauthorized Removal and failure to provide 30 days of shadowing must not exceed \$50,000.00 per individual.

### **2.244 EXCUSABLE FAILURE**

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. But the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b)

the State may terminate any portion of the Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

### **2.250 Approval of Deliverables**

**2.251 RESERVED**

**2.252 RESERVED**

**2.253 RESERVED**

### **2.254 PROCESS FOR APPROVAL OF WRITTEN DELIVERABLES**

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Written Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days for Written Deliverables of more than one hundred (100) pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Written Deliverable is approved in the form delivered by Contractor or describing any deficiencies that shall be corrected prior to approval of the Written Deliverable (or at the State's election, subsequent to approval of the Written Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within five (5) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Written Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Written Deliverable to confirm that the identified deficiencies have been corrected.

**2.255 RESERVED**

**2.256 RESERVED**

### **2.260 Ownership**

#### **2.261 OWNERSHIP OF WORK PRODUCT BY STATE**

The State owns all Deliverables, as they are work made for hire by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

#### **2.262 VESTING OF RIGHTS**

With the sole exception of any preexisting licensed works identified in the SOW, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon the State's request, the Contractor

must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

#### **2.263 RIGHTS IN DATA**

The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of the Contractor. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

The State is the owner of all State-specific data under the Contract. The State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

#### **2.264 OWNERSHIP OF MATERIALS**

The State and the Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

#### **2.270 State Standards**

##### **2.271 EXISTING TECHNOLOGY STANDARDS**

The Contractor must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://www.michigan.gov/dmb/0,4568,7-150-56355-108233--,00.html>;

##### **2.272 ACCEPTABLE USE POLICY**

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see [http://michigan.gov/cybersecurity/0,1607,7-217-34395\\_34476---,00.html](http://michigan.gov/cybersecurity/0,1607,7-217-34395_34476---,00.html). All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

##### **2.273 SYSTEMS CHANGES**

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the Project Manager. Any changes Contractor makes to State systems with the State's approval must be done according to applicable State procedures, including security, access and configuration management procedures.

##### **2.274 ELECTRONIC RECEIPT PROCESSING STANDARD**

All electronic commerce applications that allow for electronic receipt of credit/debit card and electronic check (ACH) transactions must be processed via the Centralized Electronic Payment Authorization System (CEPAS).

## **2.280 Extended Purchasing Program**

### **2.281 EXTENDED PURCHASING PROGRAM**

The Contract will be 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](http://www.michigan.gov/mideal). Upon mutual written agreement between the State of Michigan and the Contractor, this Contract may be extended to (a) State of Michigan employees, or (b) other states (including governmental subdivisions and authorized entities). If extended, the Contractor must supply all goods and services at the established Agreement prices and terms. The State reserves the right to negotiate additional discounts based on any increased volume generated by such extensions.

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

## **2.290 Environmental Provision**

### **2.291 ENVIRONMENTAL PROVISION**

**Energy Efficiency Purchasing Policy:** The State seeks wherever possible to purchase energy efficient products. This includes giving preference to U.S. Environmental Protection Agency (EPA) certified 'Energy Star' products for any category of products for which EPA has established Energy Star certification. For other purchases, the State may include energy efficiency as one of the priority factors to consider when choosing among comparable products.

**Environmental Purchasing Policy:** The State of Michigan is committed to encouraging the use of products and services that impact the environment less than competing products. The State is accomplishing this by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution. Environmental components that are to be considered include: recycled content and recyclables; energy efficiency; and the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bioaccumulative. The Contractor should be able to supply products containing recycled and environmentally preferable materials that meet performance requirements and is encouraged to offer such products throughout the duration of this Contract. Information on any relevant third party certification (such as Green Seal, Energy Star, etc.) should also be provided.

**Hazardous Materials:** For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, construction materials including paint thinners, solvents, gasoline, oil, and any other material the manufacture, use, treatment, storage, transportation or disposal of which is regulated by the federal, state or local laws governing the protection of the public health, natural resources or the environment. This includes, but is not limited to, materials the as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act.

- (a) The Contractor shall use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The State shall provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State shall advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor shall immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.
- (b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous



Materials, the State shall order a suspension of Work in writing. The State shall proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State shall terminate the affected Work for the State's convenience.

- (c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor shall resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in a time as mutually agreed by the parties.
- (d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

**Labeling:** Michigan has a Consumer Products Rule pertaining to labeling of certain products containing volatile organic compounds. For specific details visit [http://www.michigan.gov/deq/0,1607,7-135-3310\\_4108-173523--,00.html](http://www.michigan.gov/deq/0,1607,7-135-3310_4108-173523--,00.html)

**Refrigeration and Air Conditioning:** The Contractor shall comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this contract.

**Environmental Performance:** Waste Reduction Program - Contractor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by this contract. The Contractor's programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).

### **2.300 Deliverables**

**2.301 RESERVED**

**2.302 RESERVED**

### **2.310 Software Warranties**

**2.311 RESERVED**

**2.312 RESERVED**

**2.313 RESERVED**

**2.314 RESERVED**

**2.315 RESERVED**

### **2.320 Software Licensing**

**2.321 RESERVED**

**2.322 RESERVED**

**2.323 RESERVED**

2.324 RESERVED

2.325 RESERVED

**2.330 Source Code Escrow**

2.331 RESERVED

2.332 RESERVED

2.333 RESERVED

2.334 RESERVED

2.335 RESERVED

2.336 RESERVED

2.337 RESERVED

2.338 RESERVED

2.339 RESERVED

**Glossary**

24x7x365	24 hours per day, seven days per week, and 365 days per year (including the 366th day in a leap year).
Additional Service	Any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added must result in the need to provide the Contractor with additional consideration.
Affiliate	“Affiliate” of a party means any entity that controls, is controlled by or is under common control with such party
Audit Period	See Section 2.112
Blanket Purchase Order	An alternate term for Contract as used in the State’s computer system.
Business Critical	Any function identified in any Statement of Work as Business Critical.
Contract Change Management	Means the written procedures to effect any changes to the Contract, including, but not limited to, adding any Additional Services, New Work or pricing as set forth in Section 2.004 of Article 2.
Chronic Failure	Defined in Section 2.242(b)
Days	Calendar days unless otherwise specified.
Deleted – Not Applicable	Section is not applicable or included in this contract. This is used as a placeholder to maintain consistent numbering.
Deliverable	Physical goods and/or commodities as required or identified by a Statement of Work.
DTMB	Michigan Department of Technology, Management & Budget
Environmentally preferable products	A product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to, those that contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.
Equipment or CPE	Means any third party edge devices (and the associated software required to operate such edge devices) used by Contractor to provide the Services to the SOM.
Excusable Failure	See Section 2.244.
Hazardous material	Any material defined as hazardous under the latest version of federal Emergency Planning and Community Right-to-Know Act of 1986 (including revisions adopted during the term of the Contract).
Incident	Any interruption in Services.
ISP Services	Companies that provide Internet services, including personal and business access to the Internet. For a monthly fee, the service provider usually provides a software package, username, password and access phone number. For broadband access you typically receive the broadband modem hardware or pay a monthly fee for this equipment that is added to your ISP account billing. In addition to serving individuals and small businesses, ISPs also serve large companies and governments, providing a direct connection from the company's networks to the Internet. ISPs themselves are connected to one another through <i>Network Access Points (NAPs)</i> . ISPs may also be called <i>IAPs (Internet Access Providers)</i> .
ITB	A generic term used to describe an Invitation to Bid. The ITB serves as the document for transmitting the RFP to potential Contractors
Key Personnel	Any Personnel designated in Article 1 as Key Personnel.
Managed Third Party	Means a third party provider under contract to the SOM that, subject to a Letter of Agency, Contractor will manage as part of the Services.
New Work	Any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added must result in the need to provide the Contractor with additional consideration.
RFP	Request for Proposal designed to solicit proposals for services.
Services	Any function performed for the benefit of the State.
Source reduction	Any practice that reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment prior to recycling, energy recovery, treatment, or disposal.
State Location	Any physical location where the State performs work. State Location may include state-owned, leased, or rented space.

Subcontractor	A company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
Unauthorized Removal	Service Integrator's removal of Key Personnel without the prior written consent of the State.
Work in Progress	A Deliverable that has been partially prepared, but has not been presented to the State for Approval.

## **WAN PROJECT GLOSSARY AND DEFINITIONS**

Alarm	A real-time indication or a signal that indicates an error condition or predefined threshold has been exceeded. Usually includes a Priority or Severity Code.
Alert	A sound or message that indicates a predefined threshold is about to be exceeded or a selected operation is about to be performed. The terms "alert" and "alarm" are sometimes used synonymously; however, an alert is more of a warning in advance, whereas an alarm signals that the event or error has occurred.
Amendment	Means a written change to this Contract.
American National Standards Institute (ANSI)	Entity that coordinates the development and use of voluntary consensus standards in the United States and represents the needs and views of U.S. stakeholders in standardization forums around the globe.
Appendices	An appendix is attached to supplement the document, usually for reference.
Attachments	A separate document that is attached, as a standalone form added to a document.
Authorized Requestors	A designated State of Michigan contact with whom the Service Integrator must communicate as defined in the Operations Plan.
Border Gateway Protocol (BGP)	Protocol used to make core routing decisions on the Internet; it involves a table of IP networks or "prefixes" which designate network reachability among Autonomous Systems (AS).
Bridge	A packet-forwarding device used in local area networks that floods the LAN with messages until locating the destination address of an unknown device: It then examines the source addresses in the headers of received messages and stores the right address in a table for future use.
Building Industry Consulting Services, International (BICSI)	The organization responsible for publishing standards and guidelines for use in the design, installation and integration of information transportation systems (ITS). These standards address pathways, spaces, fiber- and copper-based distribution systems, wireless-based systems and the infrastructure that supports the transportation of information and signaling between communications and information gathering devices.
Group Based Weighted Fair Queuing	A network router queuing method that allows traffic to share bandwidth equally, after being grouped by groups. The groups can be based upon a variety of parameters, such as priority, interface, or originating program.
Group of Service (CoS)	A way of managing traffic in a network by grouping similar types of traffic (for example, e-mail, streaming video, voice, large document file transfer) together and treating each type as a Group with its own level of service priority. Group of Service does not guarantee a level of service in terms of bandwidth and delivery time.
Competitive Local Exchange Carrier (CLEC)	A telecommunications provider company (United States) (sometimes called a "carrier" or "Carrier") competing with other, already established carriers (generally the incumbent local exchange carrier (ILEC)).
Contiguous IP Address Allocation	To mitigate duplication or inconsistencies in the allocation of IP addresses, an independent organization takes the allocation of IP addresses. Each registry allocates addresses for a different area and makes sure it is contiguous.
Contract	Means CONTRACT NO. 071B5500011 and any Amendments or Attachments to this contract.
CPU utilization	The workload of a given physical processor for real machines or virtual processors for virtual machines. CPU utilization that passes acceptable thresholds should trigger alerts so that an administrator can solve the problem before an outage happens. CPU utilization tools automatically track CPU data and store the data in a central location.
SOM Edge/Premise Edge device	Routers, routing switches, Integrated Access Devices (IADs), multiplexers, and a variety of Metropolitan Area Network (MAN) and WAN access devices that provide entry points into the core networks of enterprise or service providers.

Cyclic redundancy Checking (CRC)	A method of checking for errors in data that has been transmitted on a communications link: CRC checking involves making a calculation based on data contents and including the answer to that calculation with the data. The receiving end makes the same calculation. If the two calculations agree, the data was received successfully. If not, the receiver notifies the sender to resend that data.
Dedicated Internet connections	High-speed connectivity and reliable Internet access that supports business-critical Internet applications with dedicated internet connections that allow a business to send and receive large amounts of data, conduct video conferences, run web-based applications, stream video, etc. Dedicated Internet connections are not shared with others so there is no competition for bandwidth when it's needed.
Demarcation Point	A demarc (an abbreviation for demarcation point) is the point where communications facilities owned by one organization interface with that of another organization. This is the interface between the Equipment and Network Service Provider Infrastructure.
Differentiated Services	Referred to as DiffServ. Offerings that can be grouped by type, or quality, of service. For example, a differentiated services network could prioritize real-time traffic for a higher fee.
Distributed Denial of Service (DDoS)	An attempt to make a machine or network resource unavailable to its intended users. It generally consists of the efforts of one or more people to temporarily or indefinitely interrupt or suspend services of a host connected to the Internet.
Distribution Layer	This layer includes LAN-based routers and layer 3 switches, and ensures that packets are properly routed between subnets and VLANs in an enterprise. This layer is also called the Workgroup layer.
DNS spoofing	DNS spoofing is a computer hacking attack, whereby data is introduced into a Domain Name System (DNS) name server's cache database, rerouting a request for a web page, causing the name server to return an incorrect IP address, diverting traffic to another computer (often the attacker's).
Dropped Packets	Dropped packets or packet loss occurs when one or more packets of data travelling across a computer network fail to reach their destination. Packet loss is distinguished as one of the three main error types encountered in digital communications; the other two being bit error and spurious packets caused due to noise.
Dynamic Routing Protocols	Dynamic routing performs the same function as static routing except it is more robust. Static routing allows routing tables in specific routers to be set up in a static manner so network routes for packets are set. Dynamic routing allows routing tables in routers to change as the possible routes change. Dynamic routing protocols do not change how routing is done.
Edge Router Latency	When data packets arrive with large and variable delays between packets, which causes degraded latency and overall throughput. Edge router latency is dominated by two factors. The length of the route that the packets have to take between sender and receiver and the interaction between the Transmission Control Protocol (TCP) reliability and congestion control protocols.
Electronic Industries Association (EIA)	The Electronic Industries Alliance (EIA, until 1997 Electronic Industries Association) was a standards and trade organization composed as an alliance of trade associations for electronics manufacturers in the United States. They developed standards to ensure the equipment of different manufacturers was compatible and interchangeable.
Encryption	Encryption is the process of transforming information (referred to as plaintext) using an algorithm (called a cipher) to make it unreadable to anyone except those possessing special knowledge, usually referred to as a key. The result of the process is encrypted information (in cryptography, referred to as ciphertext).
Enterprise Internet Service Provider (ISP)	The EISP provides centralized ISP services for State networks.
Ethernet	A physical and data link layer technology for Local Area Networks (LANs). The Ethernet standards comprise several wiring and signaling variants of the OSI physical layer in use with Ethernet. The original 10BASE5 Ethernet used coaxial cable as a shared medium. Later the coaxial cables were replaced by twisted pair and fiber optic links in conjunction with hubs or switches. Data rates were periodically increased from the original 10 megabits per second to 100 gigabits per second.

Fault Management Services	A component of network management concerned with detecting, isolating and resolving problems. Properly implemented, fault management services can keep a network running at an optimum level, provide a measure of fault tolerance and minimize downtime. A set of functions or applications designed specifically for this purpose is called a fault-management platform. Important functions of fault management include: definition of thresholds for potential failure conditions, constant monitoring of system status and usage levels, continuous scanning for threats such as viruses and Trojans, alarms that notify administrators and users of impending and actual malfunctions, automatic correction of potential problem-causing conditions, automatic resolution of actual malfunctions and detailed logging of system status and actions taken.
Fire wall	A combination of hardware and software that separates parts of a network for security purposes and requires an authentication method to gain access from one part of the network to another.
Gateway	A hardware or software set-up that translates between two dissimilar protocols.
Gigabits	Equivalent of one billion bits, or 1,000,000,000 (that is, 10 <sup>9</sup> ) bits. It's commonly used for measuring the amount of data that is transferred in a second between two telecommunication points. For example, Gigabit Ethernet is a high-speed form of Ethernet (a local area network technology) that can provide data transfer rates of about 1 gigabit per second. Gigabits per second is usually shortened to Gbps.
Guidebooks	Documents containing the descriptions, pricing and other terms and conditions for a Service that were, but no longer are, filed with regulatory authorities.
IGA	Inter-Governmental Agreement - A formal contract for services between two jurisdictions under which one government agrees to provide a service to another government for an agreed price.
Hard MAC	Means a single hardware MAC performed at a SOM Remote Site by a single Contractor Employee to Equipment except where MNOC resources are used, in which case, a Hard MAC means a single hardware MAC performed at a SOM Remote Site by MNOC personnel to the Equipment.
Incident	An unplanned interruption to the Service or a reduction in the Quality of the. Failure of a Configuration Item that has not yet impacted Service is also an Incident. For example, failure of one disk from a mirror set.
Incident Management	Includes the following steps taken to address and Incident: Incident detection and recording; Incident classification and initial support; investigations and diagnosis; resolution and recovery; Incident closure and Incident ownership, monitoring, tracking and communication
Incumbent Local Exchange Carrier (ILEC)	A local telephone company in the United States that was in existence at the time of the breakup of AT&T into the Regional Bell Operating Companies. The ILEC is the former Bell System or Independent Telephone Company responsible for providing local telephone exchange services in a specified geographic area. GTE was the second largest ILEC after the Bells, but it has since been absorbed into Verizon, an RBOC. ILECs compete with competitive local exchange carriers (CLEC). When referring to the technical communities, ILEC is often used just to mean a telephone provider.
Interconnection Security Agreement (ISA)	An agreement between parties, usually arms of government, which defines, for data moving across a connection between the networks of the two parties, how security is addressed and how data is kept confidential, unchanged, and available.
Interface	A hardware device that handles an interface to a computer network and allows a network-capable device to access that network.
Inter-Local Access and Transport Authority (LATA) Private Line services	Provides a reliable point-to-point bandwidth solution that helps you deliver important, time-sensitive content reliably and securely. Connectivity is usually supported with 24x7 network monitoring.
Internet Control Message Protocol (ICMP)	One of the core protocols of the Internet Protocol suite. It is chiefly used by the operating systems of networked computers to send error messages - indicating, for instance, that a requested service is unavailable or that a host or router could not be reached.
Internet Protocol Flow Information Expert (IPFIX)	A standard of export for Internet Protocol flow information from routers, probes, and other devices.

Internet Service Provider (ISP)	A firm that offers subscribers access to the internet. This internet service provider maintains large runs of cabling and maintains network services in order to transfer and deliver web content to those paying the subscription fee. Typically, these internet service providers focus on DSL, Cable modem, wireless, and more recently, dedicated high-speed interconnects such as fiber optic service (typically abbreviated Fios). An Internet Service Provider is a complete package of services, which should be researched and considered before an Internet Service Provider is selected. Also known as IAP.
Internet2 Access	Internet2 is an advanced not-for-profit United States networking consortium led by members from the research and education communities, industry, and government. Internet2 operates the Internet2 Network, a next-generation Internet Protocol and optical network that delivers production network services to meet the high-performance demands of research and education, and provides a secure network testing and research environment.
Inventory Template	Means the document that SOM will send to each Managed Third Party for it to complete during Transition which will be used by Contractor to assist it in the management of such third parties. A copy of the Inventory Template will be included in the Transition Plan.
IPsec	Internet Protocol Security (IPSec) is a framework of open standards for helping to ensure private, secure communications over Internet Protocol (IP) networks through the use of cryptographic security services. IPSec supports network-level data integrity, data confidentiality, data origin authentication, and replay protection. Because IPSec is integrated at the Internet layer (layer 3), it provides security for almost all protocols in the TCP/IP suite, and because IPSec is applied transparently to applications, there is no need to configure separate security for each application that uses TCP/IP. IPSec helps provide defense-in-depth against Network-based attacks from untrusted computers, attacks that can result in the denial-of-service of applications, services, or the network, data corruption and data theft.
IPv4	Internet Protocol Version 4 (IPv4) is the fourth revision of the IP and a widely used protocol in data communication over different kinds of networks. IPv4 is a connectionless protocol used in packet-switched layer networks, such as Ethernet. It provides the logical connection between network devices by providing identification for each device. There are many ways to configure IPv4 with all kinds of devices - including manual and automatic configurations - depending on the network type.
IPv6	Internet Protocol version 6 (IPv6) is the latest revision of the Internet Protocol (IP), the communications protocol that provides an identification and location system for computers on networks and routes traffic across the Internet. IPv6 was developed by the Internet Engineering Task Force (IETF) to deal with the long-anticipated problem of IPv4 address exhaustion.
Issue	An identified event that if not addressed may affect schedule, scope, quality, or budget.
Lansing Metropolitan Area Network (LMAN)	A network that interconnects users with computer resources in the Lansing area and surrounding regions larger than that covered by even a large local area network (LAN) but smaller than the area covered by a wide area network (WAN). The term is applied to the interconnection of networks in a city into a single larger network (which may then also offer efficient connection to a wide area network). It is also used to mean the interconnection of several local area networks by bridging them with backbone lines. The latter usage is also sometimes referred to as a campus network.
Latency	The amount of time it takes for the host server to receive and process a request for a page object. The amount of latency depends largely on how far away the user is from the server.
Layer 3 device	A device in the Network layer of the commonly-referenced multilayered communication model, Open Systems Interconnection (OSI). The Network layer is concerned with knowing the address of the neighboring nodes in the network, selecting routes and quality of service, and recognizing and forwarding to the Transport layer incoming messages.
Local Area Network (LAN)	A computer network limited to the immediate area, usually the same building or floor of a building.
Local Exchange Carrier (LEC)	A regulatory term in telecommunications for the local telephone company.

Local Government Network (LGNet)	An Extranet VPN with a separate head-end in Lansing, secured from the intranet by its own set of firewalls and is used to manage unsecured connections to all units of local government accessing State applications.
Local Public Entity (LPE)	A publicly funded unit of government, including counties, cities, townships, schools and others, that partner with the State to establish shared networking solutions.
Management Information Base (MIB)	Assembles monitoring data into meaningful packages to simplify its analysis. An MIB is a database containing object identifier (OID) information. Depicted as a hierarchical structure, the MIB is the "tree" and each object is a "leaf," identified by an OID. Levels within the MIB are assigned by different organizations. The top-level MIB OIDs belong to various standards organizations, while lower-level OIDs belong to various organizations such as network equipment manufacturers, who assign OIDs that extend the MIB with proprietary values.
Mbps	A measure of data transfer speed (a megabit is equal to one million bits). Network transmissions, for example, are generally measured in Mbps.
Medium alarm	One of a group of alarm conditions that are considered the third most severe of all reportable alarms. Medium alarms affect a single or small number of subscribers who connect to the reporting node.
Megabits	A million binary pulses, or 1,000,000 (that is, 10 <sup>6</sup> ) pulses (or "bits"). It's commonly used for measuring the amount of data that is transferred in a second between two telecommunication points. For example, a U.S. phone company T-carrier system line is said to sustain a data rate of 1.544 megabits per second. Megabits per second is usually shortened to Mbps.
Memorandum of Understanding (MOU)	An agreement between parties that replaces a contract, in this case between the State of Michigan and another LPE with which the State wishes to integrate networks.
Michigan Occupational Safety and Health Administration (MIOSHA)	A state government agency that regulates workplace safety and health in the U.S. state of Michigan. Michigan OSHA is an agency within the Michigan Department of Licensing and Regulatory Affairs (LARA) and operates under a formal state-plan agreement with the Occupational Safety and Health Administration (OSHA).
Move, Add, Change (MAC)	A service that provides moves, adds and changes of network hardware and software: MACs include Hard MACs and Soft MACs.
Multicast services	Provide the ability to broadcast one or more media streams to multiple users simultaneously within a geographical region.
Multiprotocol Label Switching (MPLS)	Multiprotocol Label Switching is a network mechanism for directing and carrying data between network nodes. MPLS simplifies creation of virtual links between nodes. MPLS encapsulates packets of different network protocols. MPLS assigns labels to data packets to help control packet forwarding without having to examine packet contents. This lets end-to-end circuits cross any transport medium, using any protocol, and lets networks carry different types of data. MPLS operates between layer 2 (data link layer) and layer 3 (network layer) of the OSI model.
Near Real Time Monitoring	Near real time monitoring enables a company to record network traffic, check server availability, and monitor a network's performance, customize alarms which can send out notifications of problems or a specified threshold is being crossed.
NetFlow	A network protocol developed by Cisco Systems to run on Cisco IOS-enabled equipment for collecting IP traffic information. It is proprietary but supported by platforms other than IOS, such as Juniper routers, Linux or FreeBSD, and OpenBSD.
Network Address Translation (NAT)	Network Address Translation is the process where a network device, usually a firewall, assigns a public address to a computer (or group of computers) inside a private network. The main use of NAT must limit the number of public IP addresses an organization or company must use, for both economy and security purposes.
Network Assessment	Typically, a thorough network assessment involves a combination of people performing SOM interviews, data collection, data analysis, report generation and recommendations.



Network Backbone	The network backbone is a part of computer network infrastructure that interconnects various pieces of network, providing a path for the exchange of information between different LANs or subnetworks. A backbone can tie together diverse networks in the same building, in different buildings in a campus environment, or over wide areas. Normally, the backbone's capacity is greater than the networks connected to it.
Network interface device (NID)	A device that serves as the demarcation point between the Carrier's local loop and the SOM's premises wiring.
Network Management System (NMS)	Network Management System is a combination of hardware and software used to monitor and administer a network.
Network Node	A physical network node is an active electronic device attached to a network that can send, receive, or forward information over a communications channel, such as a router, switch, workstation, or server.
Network Security Zones	The network security zones are defined to minimize network complexity, to ensure effective and efficient delivery of network services, to promote interoperability and to provide a consistent level of security for services provided within and across Zones. Zones boundaries are well-defined and respect assigned accountabilities for network security.
Network Service Provider Infrastructure	Means the Core, NOCs, NIDs, NMS's, Network Backbone and other Service Integrator, WAN Service Provider, and/or Enterprise Internet Service Provider common infrastructure used to provide the Services and any enhancements made to the same. SOM shall have no right, title or interest in the Network Service Provider Infrastructure.
Network Throughput	Network Throughput refers to the volume of data that can flow through a network. Network Throughput is constrained by factors such as the network protocols used, the capabilities of routers and switches, and the type of cabling, such as Ethernet and fiber optic, used to create a network. Network Throughput in wireless networks is constrained further by the capabilities of network adapters on client systems.
Network transport methods	Network transport methods are technologies that networks may choose to use to permit data streams to simultaneously carry different kinds of data in one stream, to raise efficiency. Different transport methods work on different layers of the OSI model.
Networking Operations Center (NOC)	Network operations center – An NOC typically oversees a network's operation, service quality, and correct data delivery.
Core	New core is the central part of a telecommunication network that provides various services to SOMs who are connected by the access network. Core/backbone network provides paths for the exchange of information between different sub-networks. For enterprise private networks serving one organization, the term backbone is more used, while for service providers, the term core network is more used.
Normal State Business Hours	Normal State working hours, depending on the State Remote Site, are 8:00 a.m. to 5:00 p.m. Daylight Saving Time, Monday through Friday.
Object Identifiers (OID)	Object identifiers uniquely identify managed objects in an MIB hierarchy.
Occupational Safety and Health Administration (OSHA)	Public Act allowing OSHA to issue workplace health and safety regulations. These regulations include limits on chemical exposure, employee access to information, requirements for the use of personal protective equipment, and requirements for safety procedures.
Outage	An occurrence within the Contractor Network, the Contractor-managed Equipment, and/or the Contractor provided access that results in the inability of the State to transmit or receive IP packets for more than one minute.
Physical LAN interface	A device that serves as a common interface for various other devices within a local area network (LAN), or as an interface to allow networked computers to connect to an outside network.

Point of Presence (POP)	An access point from one place to the rest of the Internet. A POP necessarily has a unique Internet Protocol (IP) address. The Internet service provider (ISP) or online service provider has a point-of-presence on the Internet and probably more than one. The number of POPs that an ISP or OSP has is sometimes used as a measure of its size or growth rate. A POP may actually reside in rented space owned by the telecommunications carrier (such as Sprint) to which the ISP is connected. A POP usually includes routers, digital/analog call aggregators, servers, and frequently frame relays or ATM switches.
Port	The physical location where information goes into or out of a computer, or both.
Portal	A Web site that is or is intended to be the first place people see when using the Web. Typically, a "portal site" has a catalog of web sites, a search engine, or both. Many portals let users enter and change content.
Problem	A cause of one or more Incidents. The cause is not usually known at the time a Problem Record is created, and the Problem Management Process is responsible for further investigation.
Problem Management Process	Means the process described in Section D.1.b of this SOW.
Problem Record	A record of the details and history of a Problem stored in the Contractors tools.
Purchased Equipment	Any equipment or other tangible products SOM purchases under this Agreement, including any replacements of Purchased Equipment provided to SOM. Purchased Equipment also includes any internal code required to operate such Equipment. Purchased Equipment does not include Software but does include any physical media provided to SOM on which Software is stored.
Quality	The ability of the Service to provide the intended value
Quality of Service (QoS)	Quality of Service is the idea that transmission rates, error rates, and other characteristics can be measured, improved, and, to some extent, guaranteed in advance. QoS is of particular concern for the continuous transmission of high-bandwidth video and multimedia information.
Remote Network Monitoring (RNM)	Provides standard information that a network administrator can use to monitor, analyze, and troubleshoot a group of distributed local area networks (LANs) and interconnecting lines from a central site. RMON specifically defines the information that any network monitoring system must be able to provide. It's specified as part of the Management Information Base (MIB).
Root Cause Analysis (RCA)	A method of problem solving that tries to identify the root causes of faults or problems that cause operating events.  RCA practice tries to solve problems by attempting to identify and correct the root causes of events, as opposed to simply addressing their symptoms. By focusing correction on root causes, problem recurrence can be prevented. RCFA (Root Cause Failure Analysis) recognizes that complete prevention of recurrence by one corrective action is not always possible.
Router	A special-purpose computer (or software package) that handles the connection between two or more packet-switched networks: Routers spend all their time looking at the source and destination addresses of the packets passing through them and deciding which route to send them on.
Secure Shell (SSH)	A cryptographic network protocol for secure data communication, remote shell services or command execution and other secure network services between two networked computers that connects, via a secure channel over an insecure network, a server and a client (running SSH server and SSH client programs, respectively).
Services	Shall have the meaning given to it in Section 1.104 WORK DELIVERABLES – SERVICE INTEGRATOR.
Service Activation Date	The date the Service Component or Feature is made available for use by the SOM.
Service Group Availability (SGA)	Used to measure service performance.
Service Group Down Time (SGD)	The total number of out-of-service hours for a given Service Group divided by the total number of site service hours, within service Group x 100.

Service Integrator	The Service Integrator is a single vendor responsible for the smooth provisioning and operation of a multi-sourced provider environment. The Service Integrator facilitates, coordinates, and operates a multi-sourced network on behalf of the State. The State provides governance of the operation and management of the network and the Service Integrator provides best-in-class practices, tools, and design/operation consultation.
Service Level Agreements (SLA)	Contract between a network service provider and a SOM that specifies, usually in measurable terms, what services the network service provider must furnish. Many Internet service providers (ISP)s provide their SOMs with an SLA. More recently, IS departments in major enterprises have adopted the idea of writing a service level agreement so that services for their SOMs (users in other departments within the enterprise) can be measured, justified, and perhaps compared with those of outsourcing network providers.
Service Level Objective (SLO)	Service level objective – one specific area to be measured as an indicator of performance to agreement commitments, often this is one of many in a service level agreement. SLOs do not have any financial penalties if they are not achieved.
Simple Network Management Protocol (SNMP v3)	The protocol developed to manage nodes (servers, workstations, routers, switches and hubs etc.) SNMP Version 3 (SNMPv3) adds security and remote configuration capabilities to the previous versions. The SNMPv3 architecture introduces the User-based Security Model (USM) for message security and the View-based Access Control Model (VACM) for access control. The architecture supports the concurrent use of different security, access control, and message processing models. More specifically: authentication and privacy authorization and access control administrative framework and naming of entities.
Simple Network Management Protocol (SNMP)	Simple Network Management Protocol is a UDP-based network protocol. It is used mostly in network management systems to monitor network-attached devices for conditions that warrant administrative attention.
Soft MAC	Means a single software MAC performed remotely by Contractor to Equipment.
SOM	State of Michigan
State Remote Sites	Means those State owned or occupied physical locations at which Contractor provides WAN Services in accordance with the SOW.
Sub-Interface	Logical interface that uses the "parent" physical interface for actually moving the data.
Switch	Network bridge that processes and routes data at the data link layer (layer 2) of the OSI model. Switches that additionally process data at the network layer (layer 3 and above) are often referred to as Layer 3 switches or multilayer switches. A switch is a bridge with multiple ports.
Switch Uplink Utilization	Bandwidth used between switches within a Local Area Network (LAN).
Synchronous Optical Networking (SONET)	A standard multiplexing protocol based on the ITU-T standard that enables transfer of digital data streams over optical fiber using lasers or light-emitting diodes. SONET lets the network transport many circuits of different origin together in one frame protocol. SONET operates on the physical OSI layer. It is a transport protocol, not a telecommunications protocol.
Syslog	A protocol for logging, monitoring, and security messages from network devices <input type="checkbox"/> as part of network management <input type="checkbox"/> that allows the software generating the messages and the system storing them to remain independent.
Telecommunications Industry Association (TIA)	Accredited by the American National Standards Institute (ANSI) to develop voluntary, consensus-based industry standards for a wide variety of Information and Communication Technologies (ICT) products, and currently represents nearly 400 companies.
The Latency Compliancy Rate (LCR)	Total number of edge router service hours (8,760 per year) where, on a per-site basis, average latency exceeded threshold, divided by the total number of edge router service hours.
Third Party Service	A service provided directly to SOM by a third party under a separate agreement between SOM and the third party.
Time to Repair (TTR)	Measurable time a trouble ticket is established at the Service Integrator's Network Operations Center (NOC) through any means until the Service Integrator's trouble ticket is changed to resolved status after site validation.
Transport Device	Transport devices, usually bridge, gateway, are components used in Transport Layer of a network.

Transport Mechanism	A network device that operates at the Transport Layer of TCP/IP and can be thought of as a vehicle with the responsibility to make sure that its transmitted contents reach their destination safely and soundly.
Transport Services	Means separately contracted for telecommunications interconnection services.
Underwriters Laboratories (UL)	A safety consulting and certification company. UL provides safety-related certification, validation, testing, inspection, auditing, advising and training services to a wide range of clients, including manufacturers, retailers, policymakers, regulators, service companies, and consumers.
Uninterruptible Power Supply (UPS)	An uninterruptible power supply, also uninterruptible power source, UPS or battery/flywheel backup is an electrical apparatus that provides emergency power to a load when the input power source, typically mains power, fails. A UPS differs from an auxiliary or emergency power system or standby generator in that it must provide near-instantaneous protection from input power interruptions, by supplying energy stored in batteries or a flywheel.
Urban Cooperation Act of 1967	A State of Michigan legislative act that provides for inter-local public agency agreements; to provide standards for those agreements and for the filing and status of those agreements; to permit the allocation of certain taxes or money received from tax increment financing plans as revenues; to permit tax sharing; to provide for the imposition of certain surcharges; to provide for additional approval for those agreements; and to prescribe penalties and provide remedies.
Urgent alarm	Alarm condition that may affect most or all subscribers connecting to the reporting node.
User Datagram Protocol (UDP)	One of the core members of the Internet Protocol suite, the set of network protocols used for the Internet. With UDP, computer applications can send messages to other hosts on an Internet Protocol (IP) network without requiring prior communications to set up special transmission channels or data paths.
Virtual interface	Virtual interfaces resemble tunnels for granting and restricting access into a network. They separate the data sent over shared optical and IP networks into different destinations and control access to those destinations. Examples include virtual private networks (VPNs) and virtual LANs (VLANs).
Virtual Local Area Network (VLAN)	A network of computers that behave as if they are connected to the same wire though physically located on different LAN segments. VLANs are configured through software rather than hardware, which make them very flexible.
Virtual Private Network (VPN)	A network in which some of the parts of the network, often a remote user, are connected using the public Internet, but the data sent across the Internet is encrypted, so making the entire network "virtually" private.
Virtual Routing and Forwarding (VRF)	A technology that allows multiple instances of a routing table to co-exist within the same router at the same time. Because the routing instances are independent, the same or overlapping IP addresses can be used without conflicting with each other.
WAN Jitter	A measure of the variability over time of the packet latency across a network. Packet jitter is expressed as an average of the deviation from the network mean latency. Another term is packet delay variation.
WAN Design	Means Exhibit F – Contractor Technical Solutions Document to this SOW
WAN packet loss	Packet loss occurs when one or more packets of data traveling across a computer network fail to reach their destination. Packet loss is distinguished as one of the three main error types encountered in digital communications, the other two being bit error and spurious packets caused due to noise.
Wavelength Division Multiplexing (WDM)	Wavelength-division multiplexing is a technology that multiplexes (combines several into one, for efficiency) multiple optical carrier signals on a single optical fiber by using different colors of laser light to carry different signals. This allows multiplication in capacity and enables bidirectional communications over one fiber strand.
Web caching	Web cache is a mechanism for the temporary storage (caching) of web documents, such as HTML pages and images, to reduce bandwidth usage, server load, and perceived lag. A web cache stores copies of documents passing through it; subsequent requests may be satisfied from the cache if certain conditions are met.
Wide Area Network (WAN)	Means the SOM wide area network that interconnects an area larger than a single building or campus (e.g., between State Remote Sites).

Work Product	Means data compilations, reports and other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of and in furtherance of performing the Services required by the contract that the (i) State has charged Contractor monies to develop, excluding standard license fees or standard support fees for the Service or (ii) created in accordance with specifications not provided by Contractor. Work Product shall exclude any intellectual property, including software, tools, methods, and utilities processes, specifications, designs, schematics, operating instructions, and documentation that Contractor developed prior to the Effective Date of this Agreement or independently developed outside the scope of this Agreement without the use of Confidential Information of the State.
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# Attachment 8

## WAN Pricing Tables

### **Instructions for Bidder to complete the Pricing Table template:**

Bidder must complete the Summary of the Service Costs and all associated tables identified. Identify all information related, directly or indirectly, to the Bidder's proposed charges for services and deliverables including, but not limited to, costs, fees, prices, rates, bonuses, discounts, rebates, or the identification of free services, labor or materials.

Identify any assumptions Bidder has made developing its Price Proposal in the **Pricing Additional Information** section provided at the end of the pricing table.

All sections in the pricing tables refer back to the categories listed in Article 1 - **Section 1.104 Work and Deliverables**.

## Attachment 8 WAN Pricing Tables

**Table 1: Summary of Contract Costs**

Bidder please transfer category totals Table 2 and 3.

No.	Project Cost(s)	Cost (\$)	Comments
A.	Procurement of Services	<i>Reserved</i>	
B.	Contract Plan and Administration	<i>Reserved</i>	
C.	Professional Services	\$ -	Packaging and pricing available upon request.
D.	Service Integrator	\$ -	
E.	Internet Service Providers	\$ \$130,050.00	
F.	Service Level Agreements	\$ -	
G.	Change Management	\$ -	
H.	Reports	\$ -	
I.	Business Continuity	\$ -	
J.	Optional Services	\$ -	
K.	WAN Service Provider(s)	\$ -	
Pricing Proposal Supplemental Work Labor Rates		\$ -	
<b>Total Contract Costs</b>		<b>\$ \$130,050.00</b>	

## Attachment 8 WAN Pricing Tables

**Table 2: WAN Service Costs**

No.	Category	Resources Required	Total # of hours  (Bidder to identify # of hours per resource)	Total cost Per Site (\$)  (Bidder must transfer category totals to Table 1)	Comments (Bidder must explain how they arrived at the costs identified)
A.	<b>Procurement of Services</b>				
	Pre-Sales Consulting			Reserved	
	Design Services			Reserved	
	<b>Total</b>			<b>Reserved</b>	
B.	<b>Contract Plan and Administration</b>				
	Transaction Plan			Reserved	
	Operations Plan			Reserved	
	Escalation Plan Procedures			\$ -	
				\$	
C.	<b>Professional Services</b>				
	Support Service Desk			\$ -	
	CPE Management and NOC Services			\$ -	
	Problem and Incident Management			\$ -	
	Service Desk - Request and Change Management			\$ -	
	Management and Monitoring			\$ -	
	Network Assessments			\$ -	



No.	Category	Resources Required	Total # of hours  (Bidder to identify # of hours per resource)	Total cost Per Site (\$)  (Bidder must transfer category totals to Table 1)	Comments  (Bidder must explain how they arrived at the costs identified)
				\$ -	
<b>D.</b>	<b>Service Integrator Services</b>				
	Bidder is to provide a full list of all WAN and WAN related services they offer.  <b>Bidder is to add rows as necessary</b>				
	<b>Example:</b> Installation Charges (construction, outside/inside cable plant)				
			<b>Total</b>	\$ -	
<b>E.</b>	<b>Internet Service Providers</b>				
	Installation Charges (construction, outside/inside cable plant)			\$12,750.00	\$12,000.00 One-time cost of equipment \$750.00 One-time cost of installation *Pricing assumes SOM selects 1Gbps bandwidth on a 5 year term.
	Bidders is to provide a full list of all ISP Services			\$117,300.00	\$117,000.00 yearly cost for 1Gb bandwidth \$300.00 yearly cost for ongoing monitoring and maintenance. *Pricing assumes SOM selects 1Gbps bandwidth on a 5 year term.
	Examples?			\$ -	
			<b>Total</b>	\$130,050.00	
<b>F.</b>	<b>Service Level Agreements</b>				
				<i>Reserved</i>	
			<b>Total</b>	<b>Reserved</b>	

No.	Category	Resources Required	Total # of hours  (Bidder to identify # of hours per resource)	Total cost Per Site (\$)  (Bidder must transfer category totals to Table 1)	Comments (Bidder must explain how they arrived at the costs identified)
			<b>Total</b>	<b>Reserved</b>	
G.	<b>Change Management</b>				
				<i>Reserved</i>	
				<b>Total</b>	<b>Reserved</b>
H.	<b>Reports</b>				
	Special Reporting Per Request for reports not included in normal scope  Bidder is to add rows as necessary			\$ -	
				<b>Total</b>	<b>\$ -</b>
I.	<b>Business Continuity</b>				
				<i>Reserved</i>	
				<b>Total</b>	<b>Reserved</b>
J.	<b>Optional Services</b>				
	Examples listed: Additional Project Management outside of normal scope			\$ -	

No.	Category	Resources Required	Total # of hours  (Bidder to identify # of hours per resource)	Total cost Per Site (\$)  (Bidder must transfer category totals to Table 1)	Comments (Bidder must explain how they arrived at the costs identified)
	Work outside of normal scope mentioned in contract			\$ -	
	Hardware Lease			\$ -	
	<b>Bidder is to add rows as necessary</b>				
	<b>Total</b>			\$ -	
<b>J.</b>	<b>WAN Services to be Provided</b>				
	Managed Services			\$ -	
	Installation Charges (construction, outside/inside cable plant)				
	Bidders to provide a complete list of all services being offered			\$ -	
	<b>Bidder is to add rows as necessary</b>				
	<b>Total</b>			\$ -	

**Table 3: Pricing Proposal Supplemental Work Labor Rates**

Staffing Category	Firm Fixed Hourly Rate	Comments
<b>Project Manager</b>	\$ -	
List any other positions:		
<b>Total</b>	-	

**Notes:**

1. Hourly rates quoted are firm, fixed rates for the duration of the contract. Travel and other expenses will not be reimbursed. The State will utilize the fully loaded hourly rates detailed above for each staff that will be used as fixed rates for responses to separate statements of work.
2. Actual funding for enhancements will occur on a yearly basis, and there is no guarantee as to the level of funding, if any, available to the project.
3. Unless otherwise agreed by the parties, each Statement of Work will include:
  - a. Background
  - b. Service or Project Objective
  - c. Scope of Work
  - d. Deliverables
  - e. Acceptance Criteria
  - f. Project Control and Reports
  - g. Specific Department Standards
  - h. Payment Schedule
  - i. Travel and Expenses
  - j. Project Contacts
  - k. Agency Responsibilities and Assumptions

- l. Location of Where the Work is to be Performed
- m. Expected Bidder Work Hours and Conditions

4. The parties agree that the Services/Deliverables to be rendered by Bidder using the PSA Pricing Proposal Labor Rates on this Contract will be defined and described in detail in separate Statements of Work. Bidder shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a purchase order issued against this Contract.

### **Pricing Additional Information**

Bidders are to provide any additional details below needed to fully understand the proposed pricing contained in the cost tables. Bidders must describe any assumptions or any relevant information needed in understanding the pricing approach being proposed.

Bidders are to provide any additional details in this response box. Bidders must describe any assumptions made and expectations of State and Contractor roles as it pertains to this Contract.

#### **Bidder's Response:**

The pricing included in this pricing table assumes that the SOM enters into a 5 year contract with Merit Network, and purchases 1Gb of bandwidth. All other misc. levels will be quoted at the following rates on a 5 year term:

Up to 100Mbps: \$18.20/Mb/Year

500Mbps: \$15.80/Mb/Year

750Mbps: \$12.42/Mb/Year

1Gbps: \$9.75/Mb/Year

2Gbps: \$8.67/Mb/Year

3Gbps: \$8.45/Mb/Year

4Gbps: \$8.23/Mb/Year

5Gbps: \$7.58/Mb/Year

7Gbps: \$7.20/Mb/Year

10Gbps: \$6.45/Mb/Year

15Gbps: \$5.60/Mb/Year

20Gbps: \$4.98/Mb/Year

40Gbps: \$2.75/Mb/Year

\*The pricing listed above (in this table) does not include the one-time costs. Costs to upgrade beyond 5Gbps of bandwidth would need to be reviewed by Merit's engineering team, and could take anywhere from 3 to 9 months to design, install and configure. Pricing for terms other than 5 years can be provided upon request.

**ATTACHMENT 6 - WIDE AREA NETWORK (WAN) SERVICES  
SERVICES REQUIREMENTS WORKSHEET**

Enterprise Internet Service Providers (ISP)					
A. Procurement of Services					
191.0	The Enterprise ISP must provide a complete list of all services offered that may be utilized as part of the WAN Services Solution.	E	Yes	A, C	IP Addresses and Domain Name Service are provided with in standard service. Following is a list of Services Merit Offers at an additional cost: Professional Learning, MeritLicensing, Professional Service, Merit Cloud Media, Merit Voice, MeritMail, MeritList Manager, Merit Mailscreen, Merit Michigan ID, Merit RADb, Merit Cloud Storage, Merit Colocation, Merit Secure Sandbox, Merit VirtualDataCenters, Merit VirtualDesktops, Merit Web Contingency, Business Continuity.
B. Invoicing					
192.0	The Enterprise ISP must submit properly itemized invoices to "Bill To" Address on Purchase Order.	E	Yes	A	

**ATTACHMENT 6 - WIDE AREA NETWORK (WAN) SERVICES  
SERVICES REQUIREMENTS WORKSHEET**

193.0	<p>Invoices must provide and itemize, as applicable:</p> <ul style="list-style-type: none"> <li>• Contract number</li> <li>• Purchase Order number</li> <li>• Contractor name, address, phone number, and Federal Tax Identification Number</li> <li>• Description of any commodities/hardware, including quantity ordered</li> <li>• Date(s) of delivery and/or date(s) of installation and set-up</li> <li>• Price for each item, or Service Integrator's list price for each item and applicable discounts</li> <li>• Maintenance charges</li> <li>• Net invoice price for each item</li> <li>• Shipping costs</li> <li>• Other applicable charges</li> <li>• Total invoice price</li> <li>• Payment terms, including any available prompt payment discount</li> </ul>	E	Yes	A	
<b>C. Enterprise Internet Service Provider Services</b>					
194.0	All documentation provided by the Enterprise Internet Services Providers must be in Microsoft Office 2010 suite (e.g. Project, Word, Excel, etc.) or PDF format and will be provided to the State in a digital format.	E	Yes	A	
195.0	Enterprise ISP Services must be delivered to the State no later than ninety (90) business days after the effective date of the executed contract.	E	Yes	A	Merit can provide Internet Access to the State of Michigan for bandwidth levels up to 1Gb within 90 days, however, higher bandwidth rates will need approximately 3 to 9 months for engineering, ordering and installation.
196.0	The Enterprise Internet Service Provider may, with State's approval, implement processes, procedures and methods of operation that improve upon or optimize the implementation and delivery of the Enterprise ISP Services.	E	Yes	A	
197.0	The Enterprise Internet Service Provider must ensure standards-based routing protocol(s) are being utilized to announce routes from the customer premise router.	E	Yes	A	



**ATTACHMENT 6 - WIDE AREA NETWORK (WAN) SERVICES  
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198.0	The Enterprise Internet Service Provider must provide IPv4 and IPv6 support.	E	Yes	A	
199.0	The dedicated Internet connections must be available from speeds of 1.5 Mbps and above for transmit and receive.	E	Yes	A	
200.0	<p>The Enterprise Internet Service Provider must ensure the architecture, features and capabilities of its Enterprise ISP access service offerings are to include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Ability to provide dedicated and/or burstable Internet access at all access speeds.</li> <li>• Redundancy in the network between the State of Michigan and the Internet NAPs.</li> <li>• Primary and Secondary DNS services.</li> <li>• Network Address Translation (NAT) services.</li> <li>• Border Gateway Protocol (BGP) routing services.</li> <li>• The capability to route the State’s IP addresses, the capability to provide IP.</li> <li>• Addresses, and the smallest address space the Service Integrator/WAN Service Provider shall route on its backbone.</li> <li>• Ability to provide Internet2 access.</li> <li>• Web caching service.</li> <li>• Network time protocol.</li> <li>• IPV6 routing ability</li> <li>• Describing its security services available to mitigate interruptions and mechanisms for detecting and eliminating fraudulent and/or unauthorized use of the services provided to the State. Examples of known, unauthorized activity include, but are not limited to, Distributed Denial of Service (DDoS) and Domain Name Service (DNS) spoofing.</li> </ul>	E	Yes	A	The types of fraudulent activities The Service Integrator must be detecting are (e.g. Distributed Denial of Service (DDoS), DNS spoofing, and any other sophisticated methods developed to disrupt internet services and State business.) . Merit does not provide Member -specific web caching service.
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		■			



**ATTACHMENT 6 - WIDE AREA NETWORK (WAN) SERVICES  
SERVICES REQUIREMENTS WORKSHEET**

203.0	The Enterprise ISP must establish Service Level Agreements (SLAs) with the State.	E	Yes	A	
203.1	The SLAs will specify the following Service Class definitions.	E	Yes	A	
203.1.1	Class 1 - (99.999%). A site equipped with the following high availability options; redundant access transport service with diversely routed paths and enters the site on separate cable entrances, router redundant power supply, and router UPS system.	E	Yes	A	
203.1.2	Class 2 – (99.95%). A site equipped with the following high availability options; redundant access transport service with same path or equipped with an access transport backup option, and router UPS system.  Site will be equipped with UPS 10 minute capacity allowing generator backup to resume.	E	Yes	A	
203.1.3	Class 3 – (99.85%). A site not equipped with the necessary redundant options to qualify as Service Class 1 or 2.	E	Yes	A	
203.1.4	Class 4 – (99.00%). A site connected to a commercial ISP.	E	Yes	A	
203.2	The Enterprise ISP must adhere to the WAN Service Class Availability (SCA) to measure service performance.	E	Yes	A	
203.2.1	The Enterprise ISP must adhere to the following formula used to measure SCA: Service Class Down Time (SCD) = The total number of out-of-service hours for a given Service Class divided by the total number of site service hours, within service class x 100. Agreed-upon, pre scheduled maintenance windows are excluded from out-of-service hours. The Service Integrator must report the percentage of time the network was down and the percentage of time the network was available in total Per Site/Service Class.	E	Yes	A	Merit will work with the State of Michigan to meet the formula described in requirement number 203.2.1.

**ATTACHMENT 6 - WIDE AREA NETWORK (WAN) SERVICES  
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<p align="center">203.3</p>	<p>The Enterprise ISP must measure the Monthly Time to Repair (TTR) metric. The time will be measured from the time a trouble ticket is established at the Enterprise ISP's Network Operations Center (NOC) through any means until the Enterprise ISP's trouble ticket is changed to resolved status after site validation. The Enterprise ISP will not exceed the objective as stated by Class:</p> <ul style="list-style-type: none"> <li>• Class 1 4.0 hours.</li> <li>• Class 2 4.0 hours.</li> <li>• Class 3 4.0 hours.</li> <li>• Class 4 8.0 hours.</li> </ul>	<p align="center">E</p>	<p align="center">No</p>	<p align="center">E</p>	<p>Merit does not currently proactively provide monthly MTTR statistics to Members.</p> <p>When a Member or a backbone node is out of service, the MSC will open a service request and follow these basic procedures:</p> <ol style="list-style-type: none"> <li>1. The MSC starts troubleshooting the problem within 15 minutes of an alert or phone call. Concurrently, they call the Member if it is their node that is directly out of service and provides them with the Service Request Number.</li> <li>2. The MSC will continue to follow-up with the Member, providing updates on the status of their service issue.</li> <li>3. The Member can also instruct the MSC to escalate their service issue.</li> </ol> <p>Our goal is to not have a Member without service for more than 30 minutes to 1 hour if at all possible. Due to the nature of the access circuits, this process could take anywhere from 30 minutes to 48 hours. The MSC and Merit Network Operations work assertively with the respective third party access provider(s), equipment vendors, and repair contractors to resolve problems as quickly as possible.</p>
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**ATTACHMENT 6 - WIDE AREA NETWORK (WAN) SERVICES  
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203.4	<p>The Enterprise ISP must measure the Monthly Software MAC (Move/Add/Change) Request metric::</p> <ul style="list-style-type: none"> <li>• Number of MAC requests completed on or prior to the due date during the reporting period.</li> <li>• Total number of MAC requests completed during the reporting period. Compliance = <math>A/B*100</math> (The result is a percentage) <ul style="list-style-type: none"> <li>○ A=Number of MAC orders completed on time.</li> <li>○ B = Total number of MAC orders submitted within the measured timeframe.</li> </ul> </li> </ul>	E	Yes	B	<p>Merit will work directly with the State of Michigan on a mutually acceptable process and timeframe for completing Software MAC requests. That cooperative arrangement will be the basis for determining Merit's ability to meet the Software MAC Request metric. Merit does not currently provide or proactively track this type of metric for Members.</p>
203.4.1	<p>The Enterprise ISP must include the number of tickets closed during the reporting period, the average successful MAC Request completion time, the number of tickets whose resolution time was greater than the average and the number of tickets whose resolution time was less than the average.</p>	E	Yes	B	<p>Merit will work directly with the State of Michigan on a mutually acceptable process and timeframe for completing Hardware MAC requests. That cooperative arrangement will be the basis for determining Merit's ability to meet the Hardware MAC Request metric. Merit does not currently provide or proactively track this type of metric for Members.</p>
203.5	<p>The Enterprise ISP must measure the Monthly Hardware MAC (Move/Add/Change) Request metric:</p> <ul style="list-style-type: none"> <li>• Number of MAC requests completed on or prior to the due date during the reporting period.</li> </ul> <p>Total number of MAC requests completed during the reporting period. Compliance = <math>A/B*100</math> (The result is a percentage)</p>	E	Yes	B	<p>Merit will work directly with the State of Michigan on a mutually acceptable process and timeframe for completing Hardware MAC requests. That cooperative arrangement will be the basis for determining Merit's ability to meet the Hardware MAC Request metric. Merit does not currently provide or proactively track this type of metric for Members.</p>
203.5.1	<p>The Enterprise ISP must include the number of tickets closed during the reporting period, the average successful MAC Request completion time, the number of tickets whose resolution time was greater than the average and the number of tickets whose resolution time was less than the average.</p>	E	Yes	B	<p>Merit will work directly with the State of Michigan on a mutually acceptable process and timeframe for completing Hardware MAC requests. That cooperative arrangement will be the basis for determining Merit's ability to meet the Hardware MAC Request metric. Merit does not currently provide or proactively track this type of metric for Members.</p>

**ATTACHMENT 6 - WIDE AREA NETWORK (WAN) SERVICES  
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E. Change Management					
204.0	Reserved				
205.0	The Enterprise ISP must identify, prior to performance, any MAC activity that may result in disruption of service; in such instances, the State may request such activities be performed outside normal business hours.	E	Yes	B	Merit will work directly with the State of Michigan on a mutually acceptable process and timeframe for completing Hardware MAC requests. That cooperative arrangement will be the basis for determining Merit's ability to meet the Hardware MAC Request metric.
F. Reports					
206.0	The Enterprise ISP must provide the following SLA reports on a monthly basis per site: <ul style="list-style-type: none"> <li>• Enterprise ISP Service Group Availability (SGA).</li> <li>• Enterprise ISP Time to Repair (TTR) metric.</li> <li>• Enterprise ISP Software MAC (Move/Add/Change) Request metric.</li> <li>• Enterprise ISP Hardware MAC (Move/Add/Change) Request metric.</li> </ul>	E	No	E	Merit does not provide other proactive monthly reporting with regards to SGA, TTR, Software or Hardware MAC. Authorized contacts from Member organizations can access on-demand bandwidth usage statistics and network service tickets from the "Your Services" section. Merit also provides a Network Weather Map that shows utilization of network links.
207.0	The Enterprise ISP must provide near real-time online network statistics for utilization and errors.	E	Yes	A	Bandwidth graphs are available to authorized contacts on the Merit Member Portal.
G. Continuity of Service/Disaster Recovery					
208.0	The Enterprise ISP must ensure that single and/or multiple component failures during the time when the contract is under their control do not disrupt services to the State.	E	Yes	A	
209.0	The Enterprise ISP must adhere to the Telecommunications Service Priority (TSP) program and provide for the rapid provisioning and restoration of services to customers having a national security and emergency preparedness function.	E	Yes	A	

**ATTACHMENT 6 - WIDE AREA NETWORK (WAN) SERVICES  
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H. Optional Services					
210.0	The Enterprise ISP may provide descriptions of optional services related to operations of Enterprise Internet Services.		O		<p><b>Merit's entire suite of services is available to the State of Michigan as a Member of Merit. Those service offerings include:</b></p> <ul style="list-style-type: none"> <li>• <b>Merit Professional Learning</b></li> <li>• <b>MeritLicensing Service -</b></li> <li>• <b>Merit Professional Services</b></li> <li>• <b>MeritVoice</b></li> <li>• <b>MeritMail</b></li> <li>• <b>MeritList Manager</b></li> <li>• <b>Merit MailScreen - Provides spam/virus filtering, integrating into your existing email service.</b></li> <li>• <b>Merit Michigan ID</b></li> <li>• <b>Merit Cloud Storage</b></li> <li>• <b>Merit Colocation</b></li> <li>• <b>Merit Secure Sandbox</b></li> <li>• <b>Merit VirtualDataCenters</b></li> <li>• <b>Merit Web Contingency</b></li> </ul>



**Merit Network Service Agreement Schedule**

Service Agreement Number: 071B5500025

Enterprise Internet Service Provider

Merit Network, Inc.  
1000 Oakbrook Drive, Suite 200  
Ann Arbor, MI 48104  
1.734-527-5700 1.734-527-4125  
www.merit.edu

November 1, 2014

Prepared For:  
Mike Breen  
The State of Michigan  
DTMB, 525 W. Allegan  
Lansing, MI 48933

Provided By:  
Jason Russell  
734-527-5781  
jrussell@merit.edu

Select One ↓	Select One →	5-Yr Contract		
		One-time	Recurring	
<input type="checkbox"/>	1G bps Fiber Connection	Equipment	\$12,000	
		Upgrade Allowance	\$0	
		Telco Installation	\$0	
		Merit Installation	\$750	
		<b>Total</b>		
<input type="checkbox"/>	1.0G bps Total	Annual Contracted Bandwidth		\$117,000
		Annual Access Fee		\$300
		Additional Services		\$0
		<b>Total First Year Cost</b>	<b>\$12,750</b>	<b>\$117,300</b>
		(monthly)		<b>\$9,776</b>
<input type="checkbox"/>	2.0G bps Total	Annual Contracted Bandwidth		\$207,960
		Annual Access Fee		\$300
		Additional Services		\$0
		<b>Total First Year Cost</b>	<b>\$12,750</b>	<b>\$208,260</b>
		(monthly)		<b>\$17,366</b>
<input type="checkbox"/>	3.0G bps Total	Annual Contracted Bandwidth		\$304,200
		Annual Access Fee		\$300
		Additional Services		\$0
		<b>Total First Year Cost</b>	<b>\$12,750</b>	<b>\$304,500</b>
		(monthly)		<b>\$25,376</b>

Preferred Billing Period (e.g. 7/1 - 6/30): \_\_\_\_\_ Invoice Frequency:  Annual  Bi-Annual  Quarterly  Monthly  
 Note: Invoice frequencies other than annual incur a \$25 billing fee per invoice

Burstable Pricing - Burstable bandwidth is measured by the "average peak" usage of the circuit, defined as the maximum bandwidth used in successive traffic samples taken over 30 minutes on two consecutive days in a month. Affiliate pays for the minimum bandwidth specified by the Contracted Bandwidth Fee, plus any additional charge for actual peak bandwidth used each month. The additional charge is calculated as the difference between the specified bandwidth fee and the fee for the peak bandwidth used that month. If Affiliate uses more than the base amount in three consecutive months, the highest amount used in each of those months would become the new base.

On-Net is defined as traffic that stays entirely within the Merit network or is destined for the Internet2 network. Traffic that leaves the network for "commodity" or peering connections is considered "off-net". Traffic to other research and education networks (with the exception of Akamai) will be considered "off-net". On-Net traffic includes any data exchanged within Merit's Membership base. Merit Membership includes 12 of 13 public universities, 59% of Michigan's overall higher education institutions, 42% of K12 ISDs and ESAs, as well as 50% of public library cooperatives.

Accepted: \_\_\_\_\_ (Signature) \_\_\_\_\_ (Date)  
 \_\_\_\_\_ (Print) Fax to: 734-527-4125





Merit Network, Inc.  
1000 Oakbrook, Suite 200  
Ann Arbor, MI 48104-6794  
t.734-527-5700 f.734-527-4125  
www.merit.edu

This SERVICES AGREEMENT Number: 071B5500025, dated as of November 1, 2014 (collectively with each Service Order Form, as defined below, the "Agreement"), is made by and between Merit Network, Inc. ("Merit") and The State of Michigan ("Affiliate").

## 1. Background

Merit is a non-profit corporation, governed by Michigan's four-year publicly supported universities, operating a statewide computer network providing links to external networks.

## 2. Services Provided

(a) *General.* Merit will provide to Affiliate the Internet access services, optional fee-services, and other mutually agreed-upon services (collectively, the "Services") set forth below or in a specific Service Order Form (each a "Service Agreement") which may be executed from time-to-time by Merit and Affiliate setting forth additional services, all of which shall be subject to the terms and provisions of this Agreement.

(b) *Network Access.* Merit will provide to Affiliate Internet access and other services as defined in the Schedule(s) referenced in Section 3.

(c) *Installation.* Merit will provide the labor, equipment, and other materials necessary to provide network access. This includes the equipment at both ends of the connection, the circuit used, and related materials, parts and labor. Affiliate shall pay a service charge for the equipment, the cost of the circuit and any Merit and telephone company installation fees (if applicable), associated with the installation. All equipment supplied by Merit will remain the property of Merit. Affiliate shall be responsible for all internal networking, host computers to be attached to the network, and any associated software. Affiliate shall also be responsible for the cost of any software upgrades to Affiliate owned equipment, which may be specified by Merit which is required in order to effectuate the network attachment. In addition, if applicable to Affiliate's choice of connection, Affiliate shall provide a voice grade phone line that will be connected to diagnostic equipment supplied by Merit, attached to the router for diagnostic purposes. Affiliate may have the option to select an alternate installation option for a reduced fee. If option is selected, Merit will configure all equipment and ship it to the Affiliate. Affiliate will then be responsible for installation of equipment at their location.

(d) *Service and Support.* Payment of the annual Affiliate fee shall entitle Affiliate to participate in the service and support offered by Merit from time-to-time to other Merit Affiliates. This service and support will include software and firmware upgrades required to maintain compatibility with the equipment and software used in the Merit backbone. It does not include optional equipment or software upgrades offered by Merit which are intended to add new features or provide increased performance. Those upgrades will be provided at Affiliate's expense upon request and pursuant to a separate written Service Agreement. It also does not include the replacement of equipment previously installed by Merit at Affiliate's site that is no longer supported by the manufacturer or which has reached the end of its useful life. If requested to support a service or feature upgrade, that equipment will be replaced by Merit, but at Affiliate's expense.

(e) *Maintenance.* Merit is responsible for the operation and maintenance of its backbone and server facilities. Affiliate is responsible for the operation and maintenance of its local area networks, computers and other equipment. Affiliate is also responsible for the cost of the maintenance on the Merit-supplied circuit at Affiliate's site, but agrees that all maintenance for circuits and Merit-owned equipment will be performed by Merit. Affiliate is responsible for providing and maintaining an acceptable environment for all Merit-owned equipment located at the Affiliate premises. Should Merit owned-equipment be damaged as a result of the Affiliate's abuse, neglect, or failure to provide an acceptable environment or as a result of environmental damage such as fire, flood or lightning strike, Affiliate is responsible for paying (i) the cost of all repair services and travel expenses provided at Affiliate's site at Merit's then-applicable hourly maintenance rate, plus mileage, and (ii) the cost of all parts and materials. Maintenance and repair services are available from Merit between 7:00 a.m. and 4:00 p.m., Monday through Friday, except holidays. Service may be provided at other mutually agreed upon times, if arranged in advance.

## 3. Payment

Affiliate shall pay for (i) Services set forth on the attached Schedule(s) to this Agreement and any subsequent schedules that reference this Services Agreement Number (ii) any additional Services as provided in the applicable Service Agreement, and (iii) applicable maintenance services at the then-applicable rates. Without limiting the foregoing, Affiliate shall pay all one-time set-up and installation charges, any one-time or recurring telecommunications service charges (regardless of whether such costs are passed through by Merit or billed separately by the telecommunications provider), related administrative fees charged by Merit, and all sales and use taxes, as well as duties or levies arising in connection with the Services. All non-recurring and recurring fees are billed in advance on an annual basis beginning on the first date of service, except Affiliate may elect monthly, quarterly or semi-annual billing for an additional administrative fee. The amount of the administrative fee will vary with the frequency of the billing. Any additional service fees will be billed as the service or charge is incurred. Some qualifying Affiliates may be granted extended payment terms for one-time set-up and installation charges with addition of an appropriate administrative fee. Payment is due within (30) days from the date appearing on the invoice. Affiliate will be charged a 1.5% late charge on the first day of each month on all invoices remaining unpaid (45) days after the date appearing on the invoice. These payment terms do not apply to amounts paid to Merit through the USF program.

## 4. Term and Termination

(a) *Term.* The term of this Agreement begins on the first date that network connectivity is provided by Merit, and extends over five (5) years:

(b) *Renewals.* Unless either party gives a written termination notice at least (30) days prior to the end of the current term (whether it's the initial term or a renewal term), the term of this Agreement will be renewed automatically for a similar term as the term which is then in effect.

(c) *Early Termination.* If Affiliate terminates this Agreement for any reason other than Merit's breach of its responsibilities under this Agreement before the end of the term, or if Merit terminates this Agreement because of a violation by Affiliate of any term or provision of this Agreement including, but not limited to, Affiliate's failure to make any payment when due, then Affiliate shall be responsible for and shall pay (i) all telecommunications service charges applicable through the date service is actually terminated, regardless of the effective date of termination of the Agreement, and any related administrative fees charged by Merit, (ii) any additional early termination penalties or charges assessed by the telecommunications carrier, (iii) the balance of any remaining fiber access fees or amortized install charges, (iv) all costs associated with disconnecting Affiliate's service and removing any equipment from Affiliate's site (charged at the then-applicable rates for maintenance), (v) any outstanding amounts previously incurred for maintenance, (vi) if Affiliate previously received a discount as a result of agreeing to a term longer than one (1) year, an early termination penalty equal to the total amount of the discount, as calculated without any reduction or proration to reflect the point during the term at which the termination occurs, and (vii) if Affiliate previously received extended payment terms for one-time set-up and installation fees, the balance remaining plus any assessed administrative charge are due and payable upon termination. One-time installation charges are not refundable. In the event Affiliate requests Merit to continue providing any portion of the Services beyond the requested termination date, Affiliate agrees to pay Merit for those Services at the then-applicable rates in accordance with the terms of payment provided in Section 3 above. The above termination penalties do not apply to service moves or upgrades.

(d) *Termination.* Upon termination of dedicated service with Merit, whether such termination occurs at the end of the initial term or any subsequent terms, or as an early termination during an agreement period, Affiliate agrees that all IP addresses assigned from Merit's CIDR block shall be promptly returned. In addition, Affiliate shall be responsible for transitioning responsibility of primary and/or secondary DNS to their own DNS server, or that of its new carrier.



(e) *Price Adjustments.* If Merit initiates reduced Affiliate Fees to its Non-Profit Affiliates during the Agreement period, Affiliate may renew this Agreement at the new rates for a term of equal or greater length than the balance remaining on the initial term. In all instances, the renewal will be for a minimum of twelve (12) months and the renewal rates will reflect the term discount of the new term period. If this Agreement provides Affiliate access via fiber connectivity, the Affiliate may renew at the new rates for a period co-terminous with the initial agreement term.

**5. Limited Warranty**

Merit will supply, at no charge, new or rebuilt replacements for defective equipment or parts for the initial term of this Agreement. This Limited Warranty does not cover damages due to accident, misuse, abuse or negligence. REPAIR OR REPLACEMENT AS PROVIDED UNDER THIS LIMITED WARRANTY IS THE EXCLUSIVE REMEDY OF AFFILIATE. MERIT SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES FOR BREACH OF ANY EXPRESS OR IMPLIED WARRANTY, EXCEPT TO THE EXTENT PROHIBITED BY APPLICABLE LAW. ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IS LIMITED IN DURATION TO THE DURATION OF THIS LIMITED WARRANTY.

**6. Rights and obligations of Affiliate**

(a) *Affiliate is Responsible to Its Authorized Users.* Affiliate is solely responsible for communicating with its own authorized users, and for handling all complaints and trouble reports made by its authorized users, with respect to the Services provided hereunder.

(b) *Acceptable Use Restrictions.* Merit's Acceptable Use Policy ("AUP") applies to the use of all Services provided by Merit, including any unsupervised anonymous network access offered by Affiliate. By accepting Services from Merit, Affiliate agrees to comply with the AUP as defined in 'Attachment A' and any changes made from time to time thereto. Affiliate also agrees to be responsible for the compliance by its users with the AUP.

**7. Rights and Obligations of Merit**

Merit shall be responsible only for the operation and maintenance of the Services. Affiliate shall be responsible for maintaining and managing its own network that interfaces with the Services. Merit shall not be responsible for cabling that connects Affiliate-owned equipment to Merit equipment or the Services. Any interruption in the Services that is caused by the malfunction or interruption of any physical telecommunications media or facility (including, but not limited to cables and fiber optic lines) or by any malfunction or manufacturer's defects of equipment either provided by Merit to Affiliate or separately purchased by Affiliate will not be deemed a breach of Merit's obligations under this Agreement.

**8. Indemnification**

Affiliate and Merit will indemnify, save harmless and defend each other and all of Merit's Members and Affiliates, as well as their respective employees, officers, directors and agents (collectively "Indemnified Parties") from and against any claims, damages, losses, liabilities, suits, actions, demands, proceedings (whether legal or administrative) and expenses (including, but not limited to reasonable attorney's fees incurred with or without suit, in arbitration or mediation, on appeal or in a bankruptcy or similar proceeding) (collectively "Claims") threatened, asserted, or filed by a third party against any of the Indemnified Parties to the extent that such third party Claims arise out of or relate to (i) the breach or alleged breach of this Agreement by Affiliate or Merit; (ii) any negligent or tortious act or omission to act of Affiliate or Merit; or (iii) any claim that the data content delivered by Affiliate via the Services provided by Merit under this Agreement constitutes an infringement of any confidential information, trade secret, patent, copyright, trademark, trade name or other legal right of any third party.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered as of the date first written above.  
The State of Michigan Merit Network, Inc.

Signed by: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

**9. Limitation of Liability**

Except for the Limited Warranty in Section 5 above, the equipment and Services provided by Merit are provided on an "as is" and "as available" basis. Merit does not warrant that the Services will be uninterrupted or free of harmful components. Merit makes no express warranties and waives all implied warranties. Merit and its employees are not liable for any costs or damages arising directly or indirectly from Affiliate's use of the Services or the Internet including any direct, indirect, incidental, exemplary, multiple, special, punitive or consequential damages. Affiliate assumes full responsibility and risk for the use of the Services and the Internet, and is solely responsible for evaluating the accuracy, completeness, and usefulness of all services, products and other information. If Affiliate is dissatisfied with the Service(s) or with any terms, conditions, rules, policies, guidelines or practices of Provider in operating the Service(s), Affiliate's sole and exclusive remedy is to terminate this Agreement in accordance with Section 4, above, and discontinue using the Service(s). Merit's cumulative liability to Affiliate or any third party for any and all claims relating to the use of the equipment and Services provided by Merit shall in no event exceed the amount of the annual Affiliate fees paid by Affiliate to Merit during the twelve (12) month period ending on the date of the event giving rise to the claim. Merit shall not be liable for failure or delay in performing its obligations hereunder if such failure or delay is due to circumstances beyond its reasonable control, including, without limitation, acts of any governmental body, war, insurrection, sabotage, embargo, fire, flood, strike or other labor disturbance, interruption of or delay in transportation, or inability to obtain raw materials, supplies, or power used in or equipment needed for provision of the Services.

**10. Data Content**

Merit is not liable for the content of any data transferred either to or from Affiliate via the Services provided by Merit, nor for any loss or damage, whether personal, material, or financial, suffered by Affiliate as a direct or indirect consequence of the Services provided by Merit.

**11. Miscellaneous**

(a) *Governing Law; Jurisdiction.* The validity, interpretation, enforceability, and performance of this Agreement shall be governed by and construed in accordance with the law of the State of Michigan.

(b) *Entire Agreement.* This Agreement, and the Service Agreements entered into by the Parties from time-to-time, is the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous agreement. This Agreement may not be amended except upon the written consent of the parties. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power provided herein or by law or in equity. The waiver by any party of the time for performance of any act or condition hereunder shall not constitute a waiver of the act or condition itself.

(c) *Assignment.* This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, and assigns. Affiliate may not assign this Agreement without the prior written consent of Merit.

(d) *Headings; Severability.* Headings used in this Agreement are for reference purposes only and shall not constitute a part hereof or affect the meaning or interpretation of this Agreement. If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this Agreement shall remain in full force and effect.

(e) *Counterparts.* This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Signed By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

**Attachment A**  
**Merit Acceptable Use Policy**  
**Effective August 8, 2003**

**Overview**

This Policy is a guide to the acceptable use of Merit network facilities and services (Services). Any Member or Affiliate organization or individual connected to Merit's network in order to use it directly, or to connect to any other network(s), must comply with this policy and the stated purposes and Acceptable Use policies of any other network(s) or host(s) used.

Each Member and Affiliate organization is responsible for the activity of its users and for ensuring that its users are familiar with this policy or an equivalent policy. In addition, each Member and Affiliate is encouraged to maintain and enforce its own Acceptable Use policies. The provisions of this policy govern all use of the Services, including any unsupervised anonymous network access offered by Members or Affiliates.

The following guidelines will be applied to determine whether or not a particular use of the Services is appropriate:

1. Users must respect the privacy of others. Users shall not intentionally seek information on, or represent themselves as, another user unless explicitly authorized to do so by that user. Nor shall Users obtain copies of, or modify files, other data, or passwords belonging to others.
2. Users must respect the legal protection applied to programs, data, photographs, music, written documents and other material as provided by copyright, trademark, patent, licensure and other proprietary rights mechanisms.
3. Users must respect the integrity of other public or private computing and network systems. Users shall not intentionally develop or use programs that harass other users or infiltrate any other computer, computing system or network and/or damage or alter the software components or file systems of a computer, computing system or network.
4. Use should be consistent with guiding ethical statements and accepted community standards. Use of the Services for malicious, fraudulent, or misrepresentative purposes is not acceptable.
5. The Services may not be used in ways that violate applicable laws or regulations.
6. The Services may not be used in a manner that precludes or significantly hampers network access by others. Nor may the Services be used in a manner that significantly impairs access to other networks connected to Merit.
7. Connections which create routing patterns that are inconsistent with the effective and shared use of the Services may not be established.
8. Unsolicited advertising is not acceptable. Advertising is permitted on some Web pages, mailing lists, news groups and similar environments if advertising is explicitly allowed in that environment.
9. Repeated, unsolicited and/or unwanted communication of an intrusive nature is strictly prohibited. Continuing to send e-mail messages or other communications to an individual or organization after being asked to stop is not acceptable.

The intent of this policy is to identify certain types of uses that are not appropriate, but this policy does not necessarily enumerate all possible inappropriate uses. Using the guidelines given above, Merit may at any time make a determination that a particular use is not appropriate.

Merit will not monitor or judge the content of information transmitted via the Services, but will investigate complaints of possible inappropriate use. In the course of investigating complaints, Merit staff will safeguard the privacy of all parties and will themselves follow the guidelines given in this policy and in Merit's Privacy Policy. Merit will only release sensitive, confidential or personally identifiable information to third parties when required by law, or when in Merit's judgment, release is required to prevent serious injury or harm that could result from violation of this policy.

**Remedial Action**

When Merit learns of possible inappropriate use, Merit staff will notify the Member or Affiliate responsible, who must take immediate remedial action and inform Merit of its action. Merit will assist the Member or Affiliate in identifying the nature and source of the inappropriate use and in implementing remedial action if requested. Provided the Member or Affiliate implements remedial action promptly, Merit will take no further action. If Merit is unable to contact the Member or Affiliate, or if the Member or Affiliate is unable to implement remedial action, Merit reserves the right to pursue remedial action independently. Wherever possible, Merit will pursue remedial action with the least impact to the overall service for the Member or Affiliate.

Should the situation be considered an emergency, and Merit deems it necessary to prevent further inappropriate activity, Merit may temporarily disconnect a Member or Affiliate. An emergency is defined as: "Serious security incidents that require immediate attention to prevent harm to an individual, to protect information from loss or damage that would be difficult or impossible to correct or to deal with serious on-going denial of service attacks."

If temporary disconnection is deemed necessary by Merit staff, every effort will be made to inform the Member or Affiliate prior to disconnection, and every effort will be made to re-establish the connection as soon as it is mutually deemed safe.

Any determination of inappropriate use serious enough to require disconnection shall be promptly communicated to every member of the Merit Board of Directors through an established means of publication.