STATE OF MICHIGAN PROCUREMENT

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

CONTRACT CHANGE NOTICE

Change Notice Number **5**
to
Contract Number **MA230000001262**

CONTRACTOR	
	McKinsey & Company, Inc. Washington D.C.
	1200 19th Street NW Suite 1000
	Washington 0 20036
	Jessica Wrenn
	202-905-1173
	Jessica_wrenn@mckinsey.com
	VS0065227

STATE			
	Program Manager	Kevin Mehren	DTMB
		517-388-3413	
		MEHRENK@michigan.gov	
	Contract Administrator	Adam Ashley	DTMB
		(517)855-1376	
		ashleya2@michigan.gov	

CONTRACT SUMMARY			
MIO Grant Consulting Services Prequalification Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
July 17, 2023	July 16, 2027	4 - 1 Year	July 16, 2027
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐	0 Years	
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$13,864,604.00	$0.00		$13,864,604.00	

DESCRIPTION
Please note the Program Manager or Contract Administrator may have changed, and are reflected on this Change Notice. Effective 1/26/2026, this Contract is amended to reflect updated accessibility requirements. All prior references to ADA, Accessibility, and/or WCAG 2.0 are replaced and superseded with the following language: Accessibility Requirements. The State is required to comply with the Americans with Disabilities Act of 1990 (ADA) and has adopted standards and procedures regarding accessibility requirements for websites, applications, content, and electronic documents. Due to a change in the law, the State is required to comply with specific accessibility standards for websites, applications, content and documents. Starting 4/24/2026, throughout the Term, all websites, applications, software, content, and electronic documents, including but not limited to mobile applications, text, images, sounds, videos, controls, animations, links, and documents (including files in the following formats: PDF, word processing, presentation, and spreadsheet), created, provided, or made available by the Contractor under this Contract, must comply with WCAG 2.1 Level AA. All other terms, conditions, specifications and pricing remain the same. Per Contractor and agency agreement, and DTMB Central Procurement Services approval.

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

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

CONTRACT CHANGE NOTICE

Change Notice Number **4**
to
Contract Number **MA230000001262**

CONTRACTOR	
	McKinsey & Company, Inc. Washington D.C.
	1200 19th Street NW Suite 1000
	Washington DC 20036
	Jessica Wrenn
	202-905-1173
	Jessica_wrenn@mckinsey.com
	VS0065227

STATE			
	Program Manager	Zach Kolodin	MIEOG
		KolodinZ@michigan.gov	
	Contract Administrator	Adam Ashley	DTMB
		517-855-1376	
		ashleya2@michigan.gov	

CONTRACT SUMMARY			
MIO Grant Consulting Services Prequalification Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
July 17, 2023	July 16, 2027	4 - 12 Months	July 16, 2027
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS		**EXTENDED PURCHASING**	
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other		☒ Yes ☐ No	
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$9,064,604.00	$4,800,000.00	$13,864,604.00		

DESCRIPTION

Effective December 17, 2025, $4,800,000.00 is hereby added to the Contract for MIO/DTMB.

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on 12/17/24.

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 **3**
to
Contract Number **MA230000001262**

CONTRACTOR	
	McKinsey & Company
	1200 19th Street NW Suite 1000
	Washington DC 20036
	Jessica Wrenn
	202-905-1173
	Jessica_wrenn@mckinsey.com
	VS0065227

STATE			
	Program Manager	Zach Kolodin	MIEOG
		KolodinZ@michigan.gov	
	Contract Administrator	Adam Ashley	DTMB
		517-855-1376	
		ashleya2@michigan.gov	

CONTRACT SUMMARY			
MIO Grant Consulting Services Prequalification Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
July 17, 2023	July 16, 2027	4 - 12 Months	July 16, 2027
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS		**EXTENDED PURCHASING**	
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other		☒ Yes ☐ No	
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$7,985,729.00	$1,078,875.00	$9,064,604.00		

DESCRIPTION

Effective September 24, 2024, $1,078,875.00 is being added to the Contract for MDOT.

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on 9/24/24.

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 **2**

to

Contract Number **230000001262**

CONTRACTOR	
	McKinsey & Company
	1200 19th Street NW , Suite 1000
	Washington, DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

STATE			
	Program Manager	Various	DTMB
	Contract Administrator	Adam Ashley	DTMB
		(517)855-1376	
		ashleya2@michigan.gov	

CONTRACT SUMMARY			
MIO GRANT CONSULTING SERVICES PREQUALIFICATION PROGRAM			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
July 17, 2023	July 16, 2027	4 - 1 Year	July 16, 2027
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card ☐ PRC ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		N/A
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$7,920,729.00	$65,000.00		$7,985,729.00	

DESCRIPTION

Effective April 24, 2024, under Schedule A - Statement of Work - C. Management consulting the following line item and $65,000.00 are hereby added to this Contract for Dept of Labor and Economic Opportunity (LEO).

Workshop Facilitation Support: The Contractor must support LEO in conducting series of workshops with Cabinet leaders to develop an approach for consolidating and accelerating infrastructure-focused workforce development efforts across the State.

Please note the Contract Administrator has been changed to Adam Ashley
ashleya2@michigan.gov
(517) 855-1376

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

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 **1**

to

Contract Number **230000001262**

CONTRACTOR	
	McKinsey & Company
	1200 19th Street NW , Suite 1000
	Washington, DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

STATE			
	Program Manager	Zach Kolodin	MIEOG
		kolodinz@michigan.gov	
	Contract Administrator	Jordana Sager	DTMB
		(517) 896-1903	
		sagerj2@michigan.gov	

CONTRACT SUMMARY

STATEWIDE GRANT CONSULTING SERVICES PREQUALIFICATION PROGRAM

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
July 17, 2023	July 16, 2027	4 - 1 Year	July 16, 2027

PAYMENT TERMS	DELIVERY TIMEFRAME
Net 45	N/A

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

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		July 16, 2027

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$0.00	$7,920,729.00	$7,920,729.00

DESCRIPTION

Effective September 14, 2023, the attached Schedule A - Statement of Work and associated $7,920,729.00 for Benefit-Cost Analysis for Bipartisan Infrastructure Law and Inflation Reduction Act applications are hereby added to this contract.

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on September 14, 2023.

SCHEDULE A – GRANT CONSULTING SERVICES – TIER-TWO STATEMENT OF WORK

CN 1 - 230000001262

Technical Assistance Center and Application Support

SCOPE

Original Contract requirements apply for this Section in addition to the following:

The Michigan Infrastructure Office is issuing this SOW to (1) establish a benefit-cost analysis (BCA) service for Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act applications, (2) providing application and project planning support to tribal governments and state agencies, and (3) assist with other technical assistance as required.

1. REQUIREMENTS

The Contractor will be responsible for complying with all the Original Contract Requirements and for providing all Deliverables, Services and Staff to perform the work as indicated below.

1.1. Task 1 – Contractor must assist the Michigan Infrastructure Office (MIO) in standing up its Technical Assistance Center (TAC) activities:

a) Soliciting projects to receive MIO match support.

In consultation with MIO, Contractor must establish and carry out a process to solicit projects for match support through the MIO TAC from local and tribal governments, road commissions, municipalities, Metropolitan Planning Organizations, Regional Transportation Planning Agencies/economic development districts, Regional Transportation Planning Organizations, and transit agencies.

b) Determining project selection criteria.

In consultation with MIO, Contractor must establish and apply project selection criterion to projects received. Include as priorities in project selection BCA, equity, impact on economic development, good jobs created, and carbon reduction.

c) Recommending project funding allocations for match.

Recommend project match funding allocations for the selected projects.

d) Miscellaneous.

Contractor must conduct miscellaneous activities supportive of the MIO TAC.

- Provide support as necessary
- Flag and seek to correct project delivery issues
- Review project engineering specifications and plans

- Offer general federal and state grant expertise
- Perform administrative tasks
- Coordinate meetings between various stakeholders as appropriate
- Manage and maintain meeting minutes and notes including actions items

1.2. Task 2 – Contractor must establish a benefit-cost analysis (BCA) analysis service for Bipartisan Infrastructure Law (BIL) applications:

a) Establishing BCA Methodology.

Contractor must develop a comprehensive and standardized methodology for conducting benefit-cost analysis (BCA) for infrastructure projects funded through the MIO TAC.

b) Collecting and analyzing data.

Contractor must collect relevant data and information necessary for conducting BCAs, such as project costs, benefits, impacts, and risks. Analyze the data using the established methodology.

c) Conducting Benefit-Cost Analysis (BCA).

Contractor must conduct benefit-cost analyses for each infrastructure project, considering economic, social, and environmental factors including decarbonization. Calculate the project's net present value (NPV), benefit-cost ratio (BCR), and other relevant metrics.

d) Performing sensitivity analysis.

Contractor must perform sensitivity analysis to assess the robustness of the benefit-cost ratios and examine the impact of varying assumptions or uncertain parameters on the results.

e) Reporting and Documentation.

Contract must prepare reports documenting the findings of the benefit-cost analyses, including methodology, assumptions, data sources, and results. Present the results in a clear and understandable format.

f) Engaging stakeholders.

Contract must engage with relevant stakeholders, including government agencies, tribal governments, project proponents, and other key entities, to gather input, clarify assumptions, and ensure a collaborative approach to the benefit-cost analysis process. Use the Milken Institute’s Community Infrastructure Center as a resource.

1.3. Task 3 – Contractor must provide analytical and consultative support for technical assistance programming to tribal governments, and state agencies:

a) Soliciting and selecting the projects:

Contractor must solicit projects from the 15 state recognized Tribes for consideration for support through the Michigan Infrastructure Office Technical Assistance

Program. Select projects from those put forward for funding and support based in part, but not exclusively, on the criteria laid out in section 1.b.

b) Writing the Narrative:

Contractor must ensure all requested elements listed in the Notice of Funding (NOFO) are met with a focus on:

- Page limits
- Clear explanation of project funding
- Emphasis on how project meets goals/purpose of grant
- Identifying the project as urban/rural and the appropriate funding cap
- Diversity, Equity, and Inclusion (DEI) and Environmental requirements

c) Compiling Final Application Package:

Varies based on grant program applied for but in general will include:

- Project narrative
- Completed BCA
- Information for Federal Forms
- Local LOS
- Various attachments

d) Training and Technical Assistance:

Contractor must deliver training sessions, workshops, and technical assistance to tribal governments and state agencies to build their capacity, enhance their skills, and support the successful implementation of programs and policies. Use the Milken Institute's Community Infrastructure Center as a resource.

e) Reporting and Documentation:

Contractor must prepare comprehensive reports, summaries, and documentation of findings, recommendations, and progress achieved in the provision of analytical and consultative support.

f) Grant administration:

Contractor must work with stakeholders as needed to ensure grant monies are used in accordance with federal requirements.

1.4. Task 4 – Infrastructure Planning.

a) Assisting MIO and MIC

Contractor must assist with planning, conducting, and contracting for asset management improvement activities, including but not limited to, infrastructure data collection activities, asset manager training, development of a 30-year asset management plan for Michigan, assistance in asset management improvement

projects including maintaining as asset management portal, and other projects that promote improved asset management for infrastructure in Michigan.

1.5 Consulting

The Contractor will be responsible for complying with all the Original Contract Requirements and for providing all Deliverables, Services and Staff to perform the work as indicated below.

A. Strategy Consulting

1. MIO Technical Assistance Center
    a. Contractor must partner with local, tribal, and community organizations to identify projects that may benefit from MIO technical assistance.
    b. In partnership with MIO, Contractor must establish selection criteria and apply selection criteria for program participation:
        i. For example:
            1. Maximize federal investment in the prioritized categories.
            2. Maximize benefits of the projects funded (including economic, climate and health benefits)
            3. Create good-paying, high-quality jobs.
            4. Advance the state's Justice40 goals.
    c. Contractor must provide application and/or grant administration support for projects applying for BIL, IRA, or CHIPS funding.
    d. Contractor must provide support for asset management improvement activities, including, but not limited to, infrastructure data collection activities, asset manager training, and the development and implementation of asset management policies and plans necessary for supporting compliance with state department reporting requirements.
    e. Contractor must support the MIO and the MIC in coordinating activities between the Technical Assistance Center and the MIC's regional integrated asset management approach and dig once infrastructure approach.

B. Operations Consulting

1. Other infrastructure funding opportunities
    a. Contractor must provide support for any state agency or state agency partner (i.e., Michigan Infrastructure Council, MDOT, EGLE, LEO, MEDC, MDHHS, DNR, DTMB, MSP, LARA, or any other state department) applications for federal funding by leveraging federal funding opportunities that include, but are not limited to infrastructure, health, public safety, mobility and electrification, climate and the environment, economic development, or other funding opportunities administered by the federal government.

1.6 Goals and Milestones

The Contractor must work towards achieving the following goals and milestones:

Goal 1: Methodology Development
Develop a standardized BCA methodology within 45 days from contract start date.

Goal 2: Benefit-Cost Analysis
Conduct benefit-cost analyses for projects on an ongoing basis.

Goal 3: Sensitivity Analysis
Perform sensitivity analysis for selected projects, examining the impact of varying assumptions on the benefit-cost ratios.

Goal 4: Reporting and Documentation
Prepare reports for each benefit-cost analysis.

Goal 5: Stakeholder Engagement
Engage with relevant stakeholders throughout the process, ensuring effective communication and collaboration.

Goal 6: Training and Technical Assistance
Deliver training sessions and technical assistance to tribal governments and state agencies on relevant topics, conducting a minimum of 4 sessions.

Goal 7: Reporting and Documentation
Prepare comprehensive reports and documentation summarizing the analytical findings, recommendations, and progress achieved throughout the Task Order.

1.7. Specific Standards

IT Policies, Standards and Procedures (PSP)

Contractors are advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided as a result of this RFP must comply with all applicable State IT policies and standards. Contractor is required to review all applicable links provided below and state compliance in their response.

Public IT Policies, Standards and Procedures (PSP):

DTMB - IT Policies, Standards & Procedures (michigan.gov)

Acceptable Use Policy

To the extent that Contractor has access to the State's computer system, Contractor must comply with the State's Acceptable Use Policy, see 1340.00.130.02 Acceptable Use of Information Technology (michigan.gov). All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing the

State's system. The State reserves the right to terminate Contractor's access to the State's system if a violation occurs.

SOM Digital Standards

All software items provided by the Contractor must adhere to the State of Michigan Application/Site Standards which can be found at www.michigan.gov/standards.

ADA Compliance

The State is required to comply with the Americans with Disabilities Act of 1990 (ADA) and has adopted standards and procedures regarding accessibility requirements for websites and software applications. All websites, applications, software, and associated content and documentation provided by the Contractor as part of the Solution must comply with Level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0.

1.8. Access Control and Authentication

The Contractor's solution must integrate with the State's IT Identity and Access Management (IAM) environment as described in the State of Michigan Digital Strategy (MILogin - Help - michigan.gov), which consist of:

A. MILogin/Michigan Identity, Credential, and Access Management (MICAM). An enterprise single sign-on and identity management solution based on IBM's Identity and Access Management products including, IBM Security Identity Manager (ISIM), IBM Security Access Manager for Web (ISAM), IBM Tivoli Federated Identity Manager (TFIM), IBM Security Access Manager for Mobile (ISAMM), and IBM DataPower, which enables the State to establish, manage, and authenticate user identities for the State's Information Technology (IT) systems.

B. MILogin Identity Federation. Allows federated single sign-on (SSO) for business partners, as well as citizen-based applications.

C. MILogin Multi Factor Authentication (MFA, based on system data classification requirements). Required for those applications where data classification is Confidential and Restricted as defined by the 1340.00 Michigan Information Technology Information Security standard (i.e., the proposed solution must comply with PHI, PCI, CJIS, IRS, and other standards).

D. MILogin Identity Proofing Services (based on system data classification requirements). A system that verifies individual's identities before the State allows access to its IT system. This service is based on "life history" or transaction information aggregated from public and proprietary data sources. A leading credit bureau provides this service.

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

1.9. End-User Operating Environment

The SOM environment is X86 VMware, IBM Power VM and Oracle VM, with supporting enterprise storage monitoring and management.

The software must run under commonly used web browsers. At a minimum the software must support Internet Explorer v11 or higher, or Edge, Chrome v71 or higher, Firefox v62 or higher, and Safari v12 or higher for iOS operating systems.
Contractor must support the current and future State standard environment at no additional cost to the State.

1.10. Hosting

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

2. Service Requirements

2.1. Timeframes

All Contract Activities must be delivered within the time frame specified on the delivery order. receipt of order date is pursuant to the **Notices** section of the *Standard Contract Terms*.

2.2. Delivery

Contractor must establish selection criteria for program participation for MIO technical assistance center within 30 business days of winning the contract. Complete first round of stakeholder meetings with local, tribal and community organizations within 60 business days of winning contract.

3. Acceptance

3.1. Acceptance, Inspection, and Testing

The State will use the acceptance criteria in the standard contract terms, Section 17 Acceptance, to determine acceptance of the contract activities.

4. Staffing

4.1. Contractor Representative

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

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

4.2. Contract Administrator

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

State:	Contractor:
Jordana Sager **Sagerj@michigan.gov** **517-896-1903**	**Jessica Wrenn** **1200 Nineteenth Street NW Ste 1000** **Washington, DC 20036** **Jessica_wrenn@mckinsey.com and** **McKinsey_Contracts@mckinsey.com** **(202) 905-1173**

4.3. Program Manager

The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a "**Program Manager**"): (Add Zach Kolodin's information)

State:	Contractor:
Zachary Kolodin **111 S. Capitol Avenue** **Lansing, MI 48909** **kolodinz@michigan.gov** **517-242-0449**	**Razili Lewis** **150 West Jefferson, Sute 1600** **Detroit, MI 48226-4449** **Razili_lewis@mckinsey.com** **(973) 444-2703**

4.4. Customer Service Phone Number

See master contract Schedule A – SOW Section 4.4 for details.

4.5. Work Hours

See master contract Schedule A – SOW Section 4.5 for details.

4.6. Key Personnel

The Contractor must appoint 1 individual who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

See master contract Schedule A - SOW Section 4.6 for more details.

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

1. Name and title of staff that will be designated as Key Personnel.
2. Key Personnel years of experience in the current classification.
3. Identify which of the required key personnel positions they are fulfilling.
4. Key Personnel's roles and responsibilities, as they relate to this RFP, if the Contractor is successful in being awarded the Contract. Descriptions of roles should be functional and not just by title.
5. Identify if each Key Personnel is a direct, subcontract, or contract employee.

6. Identify if each Key Personnel staff member is employed full-time (FT), part-time (PT) or temporary (T), including consultants used for the purpose of providing information for the proposal.
7. List each Key Personnel staff member's length of employment or affiliation with the Contractor's organization.
8. Identify where each Key Personnel staff member will be physically located (city and state) during the Contract performance.

1. Name	2. Years of Experience in Current Classification	3. Position	4. Role(s) / Responsibilities	5. Direct / Subcontract/ Contract	6. FT / PT / T	7. Length of Employment	8. Physical Location
Razili Lewis Partner, McKinsey	8	Managing Director, Program Manager and Contractor Representative	Directly responsible for the day-to-day operations of the Contract, including ensuring responsiveness to Tier 2 Statements of Work, designing approaches that bring the best of McKinsey's tools, expertise, and people to deliver for the State of Michigan, and accountability for overall delivery across the Contract	Direct	FT	14	On-site as required and Detroit, Michigan
Jennie Nevin Associate Partner, McKinsey	4	Project Manager	Responsible for delivery of this Statement of Work, overseeing approaches that bring the best of McKinsey's	Direct	FT	6	On site as required and Boston, Massachusetts

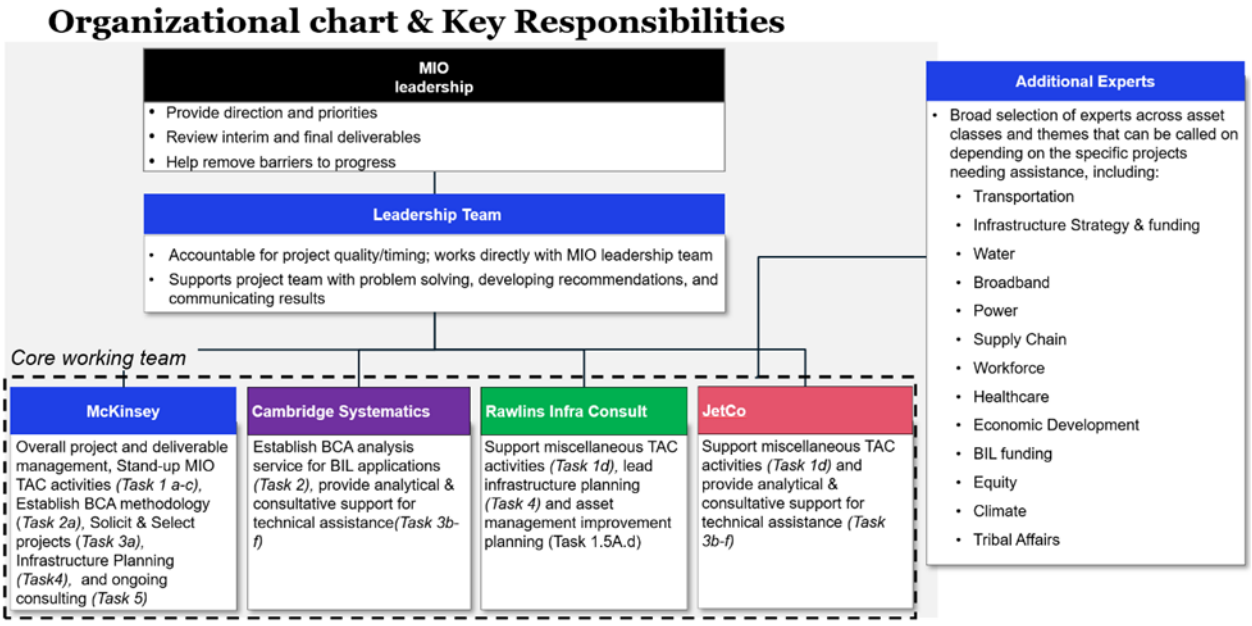
			tools, expertise, and people to deliver for the State of Michigan, and ensuring full completion and impact of the project				
Adi Kumar Senior Partner, McKinsey	10	Central Knowledge and Expert Convener	Accountable for McKinsey's overall delivery for the State of Michigan in the context of this and other contracts, working in close collaboration with the Contractor Representative to ensure consistency, context, and quality while orchestrating necessary support and resources from throughout our firm, leveraging expert knowledge of public sector and commercial best practices for the State of Michigan	Direct	FT	13	On site as required and Washington, D.C.
Dan Stock Sr. Economist/ BCA Expert, Cambridge Systematics	20	Consultant-BCAs	Responsible for expertise in cost-benefit analysis and grant writing for DOT.	Subcontract	PT	5	On site as required and Wakefield, Rhode Island

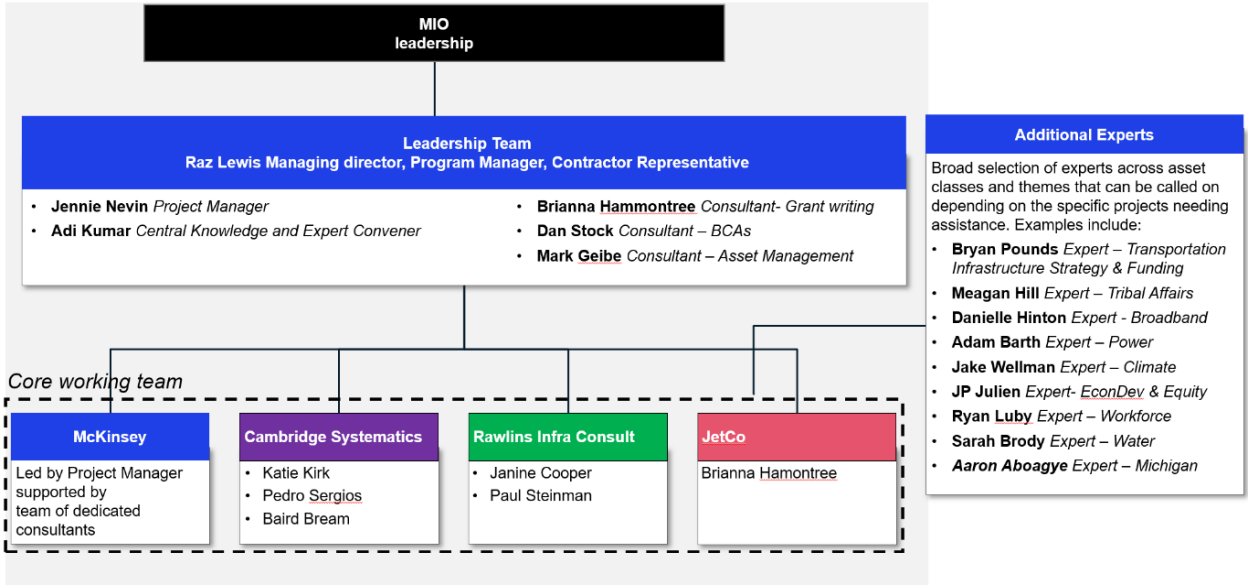
Brianna Hammontree Grant writer, JetCo	2	Consultant-Grant writing	Responsible for grant writing	Subcontract	PT	1	On site as required and Grand Rapids, Michigan
Mark Geibe Infrastructure Consultant, Rawlins	20	Consultant-Transportation	Responsible for expertise in Michigan Department of Transportation and engineering for department of transportation	Subcontract	PT	1	On site as required and Detroit, Michigan
Key Experts							
Bryan Pounds Public Transportation and Infrastructure Advisor, McKinsey	6	Expert - Transportation Infrastructure Strategy and Funding	Responsible for bringing expertise regarding transportation infrastructure strategy and financing, including developing actionable levers to accelerate federal funds deployment	Direct	FT	1	On-site as required and Boston, Massachusetts
Meagan Hill Associate Partner, McKinsey	2	Expert- Tribal Affairs	Responsible for bringing in expertise regarding strategic and operational transformations and tribal matters	Direct	FT	4	On site as required and New York, New York
Danielle Hinton Associate Partner, McKinsey	4	Expert-Broadband	Responsible for bringing expertise regarding broadband and bridging digital divide	Direct	FT	4	On site as required and Washington, D.C.

Jake Wellman Expert Associate Partner	1	Expert- Climate	Responsible for bringing in best practices for sustainable cities and energy transition form the public and private sector	Direct	FT	2	On site as required and Washington, D.C.
J.P Julien Partner, McKinsey	5	Expert- Economic Development and Equity	Responsible for expertise in economic development and racial equity	Direct	FT	7	On site as required and in Philadelphia, Pennsylvania
Aaron Aboagye Partner, McKinsey	13	Expert- Manufacturing and Michigan State	Responsible for Michigan State expertise and supply chain	Direct	FT	19	On site as required and Detroit, Michigan
Ryan Luby Expert Associate Partner, McKinsey	4	Expert- Workforce	Responsible for labor economics and analytics expertise	Direct	FT	8	On site as required and New York, New York
Adam Barth Partner, McKinsey	6	Expert- Power	Responsible for energy expertise including Electric Power and Natural gas and Clean Energy transitions	Direct	FT	14	On site as required and Houston, Texas
Sarah Brody Partner, McKinsey	3	Expert- Water	Responsible for bringing in water and wastewater utility management and capital investment	Direct	FT	10	On site as required and Charlotte, North Carolina

B. The Contractor must provide **detailed, chronological resumes** of all proposed Key Personnel, including a description of their work experience relevant to their purposed role as it relates to this SOW. Qualifications will be measured by education and experience with particular reference to experience on projects similar to that described in this SOW.**4.7. Organizational Chart**

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





4.8. Disclosure of Subcontractors

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

- The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.
- The relationship of the subcontractor to the Contractor.
- Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.
- A complete description of the Contract Activities that will be performed or provided by the subcontractor.
- **Geographically Disadvantaged Business Enterprise Sub-Contractors:** If contractors plan to utilize subcontractors to perform more than 20% of the deliverables under this contract, at least 20% of that subcontracted work must be awarded to Michigan-based Geographically Disadvantaged Business Enterprises (GDBE). Contractor will submit a plan detailing all subcontractors to be used, including the percentage of the work to be done by each. Contractor must inform the State to the name and address of the GDBE, the percentage of the work they will complete, the total amount estimated to be paid to the GDBE, and provide evidence for their qualifications as a GDBE. If contractor cannot find GDBE subcontractors to meet this requirement they must provide reasoning and justification to receive an exemption from this requirement from the State. (Existing business relationships will not be an approved reason for this.)

  GDBE definition: "Geographically-Disadvantaged Business Enterprise" means a person or entity that satisfies one or more of the following: (i) Is certified as a HUBZone Small Business Concern by the United States Small Business Administration. (ii) Has a principal place of business located within a Qualified Opportunity Zone within Michigan. (iii) More than half of its employees have a principal residence located within a Qualified Opportunity Zone within Michigan, or both.

Subcontractor 1	
The legal business name, address, telephone number of the subcontractor(s).	Cambridge Systematics, Inc. 101 Station Landing, Suite 410 Medford, MA 02155 888.265.1825
A description of subcontractor's organization and the services it will provide and information concerning subcontractor's ability to provide the Contract Activities.	Cambridge Systematics, Inc. (CS) was founded in 1972 in Cambridge, Massachusetts, and has more than 50 years of experience leveraging technology and ingenuity to advance the world of transportation: planning and policy, movement of people and goods, software design and development, and, underlying it all, effective partnerships and objective analysis. CS is a trusted, objective source of practical expertise that can be applied to a variety of transportation challenges and opportunities. CS has successfully completed some of the most challenging and visible multimodal transportation planning projects in the U.S. and helped agencies collectively secure over $1.8 billion in Federal discretionary funding. CS' clients include Federal, State, regional and local agencies and authorities; transit agencies; and private industry. As an independent, employee-owned firm with 230+ staff and 12 offices throughout the United States, CS is committed to partnering with our clients to improve the quality of transportation services now and for future generations. CS' experienced personnel and consultants compose the primary resources required to successfully perform our work. In addition to these staff resources, the equipment and facilities supporting the contract work include offices located in strategic geographic areas throughout the United States; professional libraries; conference facilities; survey design and data collection staff; advanced computer hardware and software; and comprehensive graphics, electronic publication, and multimedia services.
The relationship of the subcontractor to the Bidder.	CS is recognized as a leader in multimodal transportation planning, including the development of long-range multimodal transportation plans, innovative policy and planning solutions, and evaluation and design of multimodal systems which are complementary to McKinsey's offerings in this space. They are national leaders in economic analysis and their cross-disciplinary team of transportation experts brings experience from planning, policy, strategy, modeling, forecasting, analytics, funding, and implementation to clients.

Whether the Bidder has a previous working experience with the subcontractor. **If yes, provide the details of that previous relationship.**	CS has partnered with McKinsey on capital investment strategies for a southern DOT, in which McKinsey helped optimize their capital planning portfolio through 2050 and realize true return on investment (ROI). CS and McKinsey regularly discuss opportunities to partner in the public sector on both solicitations and nationally recognized events such as AASHTO and the Transportation Research Board (TRB). In addition, McKinsey personnel on this team has experience working with CS in previous private sector and public sector roles.
A complete description of the Contract Activities that will be performed or provided by the subcontractor.	CS will provide support for the following activities as defined in the solicitation and described in the proposal: Task 1 (b) Determining project selection criteria Task 2 (a) Establishing BCA Methodology Task 2 (b) Collecting and analyzing data Task 2 (c) Conducting Benefit-Cost Analysis (BCA) Task 2 (d) Performing sensitivity analysis Task 2 (e) Reporting and Documentation Task 2 (f) Engaging stakeholders Task 3 (b) Writing the Narrative Task 3 (c) Compiling Final Application Package Task 3 (d) Training and Technical Assistance Task 3 (e) Reporting and Documentation Task 3 (f) Grant administration
Of the total bid, the price of the subcontractor's work.	$2,280,000

Subcontractor 2	
The legal business name, address, telephone number of the subcontractor(s).	Rawlins Infra Consult, LLC 2084 Tamarisk Drive Reno, NV 89502 775-843-3822

A description of subcontractor's organization and the services it will provide and information concerning subcontractor's ability to provide the Contract Activities.	Rawlins Infra Consult consists of Transportation Industry experts with extensive experience working within and with transportation agencies across the United States. Their expert infrastructure consultancy services include Performance Management; Organizational Analysis; Strategic Planning; Process and Procedure Improvements; Program Effectiveness; Organizational IT Strategy; Project Delivery; Strategic Asset Management; Maintenance Program Improvements; and Program and Project Leadership Management. Rawlins Infra Consult has proven to be a trusted advisor to DOTs nationwide as they provide real value through tangible results, and create sustainable high-performance leadership and management strategies, focusing on organizational culture to develop tailored solutions. Their applied knowledge and experience working within DOTs enable their customers to improve all program delivery areas to meet their current and future transportation needs.
The relationship of the subcontractor to the Bidder.	Rawlins Infra Consult is a separate entity, who will be sub-contracting to McKinsey for purposes of this opportunity.
Whether the Bidder has a previous working experience with the subcontractor. **If yes, provide the details of that previous relationship.**	Rawlins Infra Consult has recently been elected to McKinsey's collaboration network, in which we regularly discuss opportunities to partner to jointly create sustainable impact for public sector clients. We have not entered into a contractual agreement with Rawlins Infra Consult to date.
A complete description of the Contract Activities that will be performed or provided by the subcontractor.	Rawlins Infra Consult will provide support for the following activities as defined in the solicitation and described in the proposal: Task 1(d) Miscellaneous Task 4 Infrastructure Planning Task 1.5.A.d Asset management improvement planning
Of the total bid, the price of the subcontractor's work.	$1,324,800

Subcontractor 3

The legal business name, address, telephone number of the subcontractor(s).	JetCo Solutions 5575 Kraft Avenue SE Suite 100 Grand Rapids, MI 49512 616.588.2493
A description of subcontractor's organization and the services it will provide and information concerning subcontractor's ability to provide the Contract Activities.	JetCo Solutions, a certified service-disabled veteran-owned small business (SDVOSB) based in Grand Rapids, Michigan, serves as an embedded government sales and marketing team. As a Michigan-based, Service-Disabled Veteran-Owned (SDVOB) business, JetCo qualifies as a Geographically Disadvantaged Business Enterprise (GDBE) enterprise in the State of Michigan. Jetco provides ongoing support spanning the entire government sales and marketing life cycle, including capture, research, bid search engines, bid/no-bid evaluation guidance, proposal management, GSA Schedule application submission, and post-submission support.
The relationship of the subcontractor to the Bidder.	JetCo Solutions is a separate entity, who will be sub-contracting to McKinsey for purposes of this opportunity.
Whether the Bidder has a previous working experience with the subcontractor. **If yes, provide the details of that previous relationship.**	McKinsey does not have previous working experience with JetCo Solutions, but they are part of the McKinsey collaboration network. We have connected at the leadership level and are well aligned on our views of what success looks like and how we work together.
A complete description of the Contract Activities that will be performed or provided by the subcontractor.	Jetco will provide support for the following activities as defined in the solicitation and described in the proposal: Task 1(d) Miscellaneous Task 3(b) Writing the narrative Task 3(c) Compiling Final Application Package Task 3(d) Training and Technical Assistance Task 3(e) Reporting and Documentation Task 3(f) Grant Administration
Of the total bid, the price of the subcontractor's work.	$955,930

4.9. Security

The Contractor will be subject the following security procedures:

The Contractor may need come on State Property for meetings. Please describe your identification process to enter secured buildings. Company or State ID Badges, Will you require the business area to meet you in the lobby, etc.

5. Project Management

5.1 Project Plan

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

5.2. Meetings

The Contractor must attend the following meetings:

Kick-off meeting within 10 business days of contract award

Project selection criteria finalization meeting within 30 business days of award

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

5.3. Reporting

The Contractor must submit to the Chief Infrastructure Officer or his designee the following written reports:

A report on each grant application supported within 15 business days of the completion of work.

An annual report on benefit-cost analyses performed.

6. Pricing

6.1. Price Term

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

6.2. Price Changes

See master contract Schedule A – SOW Section 6.2 for details.

7. Ordering

7.1. Authorizing Document

See master contract Schedule A – SOW Section 7.1 for details.

8. Invoice and Payment

8.1. Invoice Requirements

See master contract Schedule A – SOW Section 8.1 for details.

8.2 Payment Methods

See master contract Schedule A – SOW Section 8.2 for details.

9. Liquidated Damages

See master contract Schedule A – SOW Section 9 for details.

10. Service-Level Agreement (SLA) (specific goals or metrics need to be outlined. Include any from the original contract). IF ASSIGNED A APPLICATION SUPPORT TASK WITH A DEADLINE THAT THEY COMPLETE THE APPLICATION BEFORE THE DEADLINE. RESPOND TO STATE AND PARTNER (TRIBAL/COMM ORGs) INQUIRIES W/I 24 hours.

A. The Contractor will be held accountable to meet the requirements and the service level requirements established in this Contract.

B. The State reserves the right to reconsider or amend SLA amounts for split awards should they occur.

C. Please Note: Should bidders require clarification or have any questions with regard to the SLAs, they should submit them during the *Question and Answer Period* of this solicitation; please see the **Proposal Instructions** for the timeline.

Service Level Agreements for this Contract will be as follows:

SLA Metric 1. Timely Services	
Definition and Purpose	The Contract Requires timely services.
Acceptable Standard	1. All services must be provided during the time frames mentioned in the service requirements. 2. If services are requested by the Program Manager, contractor has two days to provide the service. Extenuating circumstances must be communicated by the Contractor to the Program Manager prior to the scheduled delivery date and time. The acceptable standard is 100% compliance.
Credit Due for Failing to Meet the Service Level Agreements	1. $50.00 may be assessed for each of the first five occurrences of non-compliance in a given calendar year. 2. $250.00 may be assessed beginning with the sixth occurrence of non-compliance and on each occurrence thereafter in a given calendar year. Extenuating circumstances will be reviewed by the Program Manager before any Service Credits are assessed. At the discretion of the State, these credits may be applied toward any payable due to the Contractor or be payable directly to the State. Payments made directly to the state will be completed within 10 days of notice of assessment.

SLA Metric 2. Complete Services	
Definition and Purpose	The Contract Requires complete services.
Acceptable Standard	1. All services must be provided within the same day the service started. Services cannot start one day and be finished the next. The acceptable standard is 100% compliance.
Credit Due for Failing to Meet the Service Level Agreements	1. $50.00 may be assessed for each of the first five occurrences of non-compliance in a given calendar year. 2. $250.00 may be assessed beginning with the sixth occurrence of non-compliance and on each occurrence thereafter in a given calendar year. Extenuating circumstances will be reviewed by the Program Manager before any Service Credits are assessed. At the discretion of the State, these credits may be applied toward any payable due to the Contractor or be payable directly to the State. Payments made directly to the state will be completed within 10 days of notice of assessment.

SLA Metric 3. Proper Invoicing	
Definition and Purpose	Invoices must be provided with accurate details.
Acceptable Standard	1. All invoices must be supplied in accordance with the requirements provided in Section 6.1. 2. No additional terms or pricing changes will be included with any invoice. The acceptable standard is 100% compliance.

SLA Metric 3. Proper Invoicing	
Credit Due for Failing to Meet the Service Level Agreements	1. $50.00 may be assessed for each of the first five occurrences of non-compliance in a given calendar year. 2. $250.00 may be assessed beginning with the sixth occurrence of non-compliance and on each occurrence thereafter in a given calendar year. Extenuating circumstances will be reviewed by the Program Manager before any Service Credits are assessed. At the discretion of the State, these credits may be applied toward any payable due to the Contractor or be payable directly to the State. Payments made directly to the state will be completed within 10 days of notice of assessment.

SCHEDULE B – PRICING

In both the public and private sectors, Contractor works on a firm-fixed-price (FFP) basis. Its delivery and staffing approach reflects the specific mix of skills, roles, and experience required for engagements and are inclusive of full-time project staff; leadership and experts; and research and administrative support. This integrated set of resources is designed to provide MIO with technical expertise and offer executive-level advice, in-depth private and public sector expertise, quantitative and qualitative analysis, and capability-building for MIO personnel.

Contractor calculates its fixed price using hourly rates for each labor category that comprises the proposed team for each specific project, multiplied by the estimated number of hours. Within that agreed price, Contractor commits to deliver the agreed services and deliverables—adding resources, if necessary, at no additional cost—to ensure delivery of the work.

For this effort, Contractor is partnering with subcontractors Jetco Solutions, Cambridge Systematics, and Rawlins Infra Consult. Contractor will lead an integrated team ("Team Contractor") that provides the skills needed to meet the complex requirements of the scope of work.

Contractor's team will be working together to delivery across the tasks and activities in the SOW. Below is the detailed summary of the pricing breakdown followed by the rate card by task.

Task 1: For task 1, activities 1a to 1c will be led by the Contractor Project Team and expect to complete the activities by 4 months and transfer capabilities to the MIO team for continuing delivery. Contractors team will be comprised of a leadership team, on the ground support with manager and consultant(s), design and insights expertise, and administrative support for the team. Contractors leadership team who will be accountable for project quality/timing and works directly with the MIO leadership team.

For activity 1d, given the ongoing nature of the activity, a partner firm (Jetco Solutions and / or Rawlins Infra Consult) will provide on-going weekly support till end of FY 2026. Given that this is an ongoing activity, it is assumed about 30 hrs. per week as the time requirement for activity 1d to deliver with the personnel being the role of project manager. If support needs to be higher than the assumed 30 hrs., that will be discussed with MIO leadership for possible revisions to pricing.

Based on detailed workplan (see section 5.1 Schedule A) and assumptions, **the total pricing for delivery of task 1 totals to $ 1,916,478.**

Task 1 Staff/Role	Anticipated Hours	Schedule B Rate	Total
Contractor			
Leadership	441	$1,167	$ 514,648
Engagement Manager	321	$940	$ 301,484
Associate	722	$566	$ 408,447
Business Analyst	160	$390	$ 62,542
Media Designer	75	$201	$ 15,042
Graphics Project Manager	309	$189	$ 58,344
Business Presentation Designer	9	$178	$ 1,665

Task 1 Staff/Role	Anticipated Hours	Schedule B Rate	Total
Capabilities and Insights Expert	28	$402	$ 11,282
Capabilities and Insights Analyst	140	$303	$ 42,517
Engagement Team Assistant	187	$133	$ 24,883
Subtotal			**$ 1,440,855**
Travel			$ 72,043
Total			**$ 1,512,898**
Discount			**$ 390,349**
Total post discount			**$ 1,122,549**
Jetco			
Project Manager	4320	$ 184	$ 793,930
Total Price			**$ 1,916,478**

Task 2: For task 2a, the activity will be led by the Contractor Project Team who will work closely with partner firm Cambridge Systematics to establish the BCA methodology within the first 2 months (with further refinement as needed) and transfer capabilities to the MIO team. Contractor's team will be comprised of a leadership team, on the ground support with manager and consultant(s), design and insights expertise, and administrative support for the team. Contractor leadership team who will be accountable for project quality/timing and works directly with the MIO leadership team.

For activities 2b-2f, Team Contractor partner firm (Cambridge Systematics) will provide support on the basis of the number and complexity of BCAs developed. For the pricing model for BCA, Contractor assumed that there will be a total of 45 grants – 15 of low, 15 of medium complexity and 15 of high complexity needing BCAs. The following represents estimated price ranges based on the level of effort required to deliver based on complexity of the BCA:

- Low complexity BCA - $15,000-30,000+
- Medium complexity BCA - $30,000-40,000+
- Large complexity BCA - $40,500+

If support is required for more BCAs of different complexity than the assumptions (for 2b-2f), Contractor will align with MIO leadership for revisions.

Based on detailed workplan (see section 5.1 Schedule A) and assumptions, the **total pricing for delivery of task 2 totals to $1,730,366**

Task 2 Staff/Role	Anticipated Hours	Schedule B Rate	Total
Contractor			
Leadership	167	$1,167	$ 195,015
Engagement Manager	122	$940	$ 114,241
Associate	273	$566	$ 154,773
Business Analyst	61	$390	$ 23,699
Media Designer	28	$201	$ 5,700

Graphics Project Manager	117	$189	$ 22,108
Business Presentation Designer	4	$178	$ 631
Capabilities and Insights Expert	11	$402	$ 4,275
Capabilities and Insights Analyst	53	$303	$ 16,111
Engagement Team Assistant	71	$133	$ 9,429
Subtotal			**$ 545,982**
Travel			$ 27,299
Total			**$ 573,281**
Discount			**$ 147,915**
Total post discount			**$ 425,366**
Cambridge			
Project Manager	4241	$308	**$ 1,305,000**
Total Price			**$ 1,730,366**

Task 3: For task 3a, the activity will be led by the Contractor Project Team who will work closely with partner firms (Jetco Solutions / Rawlins Infra Consult and Cambridge Solutions) to solicit and select projects in the first 2 months. Task 3a overlaps with task 1a and hence synergies will be leveraged across the two tasks, as well as making sure all partners and MIO leadership are kept in-sync to ensure that all the downstream activities that are dependent on 1a and 3a are coordinated. Contractor's team will be comprised of a leadership team, on the ground support with manager and consultant(s), design and insights expertise, and administrative support for the team. Contractor's leadership team who will be accountable for project quality/timing and works directly with the MIO leadership team.

For activities 3b-3f, partner firm (Cambridge Systematics and / or Jetco Solutions) will provide support on the basis of the number and complexity of grants. For the pricing model, Contractor assumed that there will be a total of 45 grants – 15 of very low complexity (approximately at $6,000-$12,000 per grant), 6 of low complexity and 9 of medium complexity and 15 of high complexity. The following represents estimated price ranges based on the level of effort required to deliver based on complexity of the grant:

- Very low complexity grant – $6,000-12,000+
- Low complexity - $15,000-27,500+
- Medium complexity - $30,000-40,000+
- Large complexity - $38,500-100,000+

If support is required for more grants of different complexity than the assumptions (for 3b-3f), Contractor will align with MIO leadership for revisions.

Based on detailed workplan (see section 5.1 Schedule A) and assumptions, **the total pricing for delivery of task 3 totals to $1,569,311.**

Task 3 Staff/Role	Anticipated Hours	Schedule B Rate	Total
Contractor			

Leadership	170	$1,167	$ 198,199
Engagement Manager	124	$940	$ 116,106
Associate	278	$566	$ 157,299
Business Analyst	62	$390	$ 24,086
Media Designer	29	$201	$ 5,793
Graphics Project Manager	119	$189	$ 22,469
Business Presentation Designer	4	$178	$ 641
Capabilities and Insights Expert	11	$402	$ 4,345
Capabilities and Insights Analyst	54	$303	$ 16,374
Engagement Team Assistant	72	$133	$ 9,583
Subtotal			**$ 554,895**
Travel			$ 27,745
Total			$ 582,640
Discount			**$ 150,330**
Total post discount			**$ 432,311**
Cambridge			
Project Manager	3168	$308	$975,000
Jetco			
Project Manager	881	$ 184	$ 162,000
Total Price			**$ 1,569,311**

Task 4: Task 4 will be led by the Contractor Project Team and partner firm (Rawlins Infra Consult and / or Cambridge Systematics). The total estimated hours for delivery of a 30-year asset plan and other elements of Task 4 is between 800-1000 hours. The pricing has been built using 800 hrs. overall at the level of project manager with proportion support from Contractor Project Team for strategic alignment, problem solving, and project management. If the requires of Task 4 extend beyond the assumed hours, the leadership team will align with MIO leadership on possible revisions to pricing.

Based on detailed workplan (see section 5.1 Schedule A) and assumptions, **the total pricing for delivery of task 4 totals to $805,959**

Task 4 Staff/Role	Anticipated Hours	Schedule B Rate	Total
Contractor			
Leadership	203	$1,167	$ 237,466
Engagement Manager	148	$940	$ 139,109
Associate	333	$566	$ 188,463
Business Analyst	74	$390	$ 28,858
Media Designer	35	$201	$ 6,941
Graphics Project Manager	142	$189	$ 26,921
Business Presentation Designer	4	$178	$ 768
Capabilities and Insights Expert	13	$402	$ 5,205
Capabilities and Insights Analyst	65	$303	$ 19,618
Engagement Team Assistant	86	$133	$ 11,481
Subtotal			**$ 664,830**
Travel			$ 33,242
Total			$ 698,072
Discount			**$ 180,113**
Total post discount			**$ 517,959**
Rawlins			
Project Manager	800	$ 360	$ 288,000
Total Price			**$ 805,959**

Strategy consulting: Contractor Project Team will lead on the strategy consulting piece holistically with partner firm (Rawlins Infra Consult) supporting on activity d. on asset management. For the consulting approach, Contractor Project Team will take use existing mechanisms established with the TAC to provide support to local, tribal and community partners on identifying projects and establishing selection criteria (a and b). Contractor assumes that existing mechanisms established in Task 1 can largely be leveraged for these activities, if this is not the case, Contractor will align with MIO leadership on pricing revisions. On activity c, Contractor will align with MIO leadership on level and type of support needed for new grants (outside of those supported in task 3 and 4) and pricing options for these, and these will be shared for approval. Some of the options for support include for a-c if there are needs beyond what is assumed above include, such as:

- Standalone consultant / expert with leadership support - $82,500 per week
- Small team of consultants with leadership support - $195,000 per week
- Workshop facilitation support - $65,000 per workshop

On activity d, given the ongoing nature of support it is estimated that Contractor will need 20 hrs. per week till end of FY 2026 from a project manager profile – this will be provided by partner firm (Rawlins Infra Consult). If support needs to be higher than the assumed 20 hrs., that will be discussed with MIO leadership for possible revisions to pricing.

Based on detailed workplan (see section 5.1 Schedule A) and assumptions, **the total pricing for delivery of strategy consulting totals to $1,530,278.**

Strategy Consulting Staff/Role	Anticipated Hours	Schedule B Rate	Total
Contractor			
Leadership	194	$1,167	$ 226,242
Engagement Manager	141	$940	$ 132,534
Associate	317	$566	$ 179,556
Business Analyst	70	$390	$ 27,494
Media Designer	33	$201	$ 6,613
Graphics Project Manager	136	$189	$ 25,649
Business Presentation Designer	4	$178	$ 732
Capabilities and Insights Expert	12	$402	$ 4,959
Capabilities and Insights Analyst	62	$303	$ 18,690
Engagement Team Assistant	82	$133	$ 10,939
Subtotal			**$ 633,407**
Travel			$ 31,670
Total			$ 665,078
Discount			**$ 171,600**
Total post discount			**$ 493,478**
Rawlins			
Project Manager	2880	$ 360	$ 1,036,800
Total Price			**$ 1,530,278**

Operational Strategy: Contractor Project Team will lead on the operational consulting piece in providing support across agencies / agency partners for applying to federal funding opportunities. Contractor will do this from bringing in experts across asset classes and themes (transportation, infrastructure, water, broadband, power, supply chain, workforce, healthcare, economic development, BIL funding, equity, climate, tribal affairs etc.). Contractor will align with MIO leadership on the level and intensity of support – current pricing assumes high-level consulting for agencies which includes 10-15 ideation conversations, workshops, and problem-solving sessions with the agencies. If support is needed beyond this, Contractor will align with MIO leadership on what options could be deployed, such as:

- Standalone consultant / expert with leadership support - $82,500 per week
- Small team of consultants with leadership support - $195,000 per week
- Workshop facilitation support - $65,000 per workshop

Based on detailed workplan (see section 5.1 Schedule A) and assumptions, **the total pricing for delivery of strategy consulting totals to $368,337.**

Operations Consulting Staff/Role	Anticipated Hours	Schedule B Rate	Total
Contractor			
Leadership	145	$1,167	$ 168,870
Engagement Manager	105	$940	$ 98,925
Associate	237	$566	$ 134,022
Business Analyst	53	$390	$ 20,522
Media Designer	25	$201	$ 4,936
Graphics Project Manager	101	$189	$ 19,144
Business Presentation Designer	3	$178	$ 546
Capabilities and Insights Expert	9	$402	$ 3,702
Capabilities and Insights Analyst	46	$303	$ 13,951
Engagement Team Assistant	61	$133	$ 8,165
Subtotal			**$ 472,782**
Travel			$ 23,639
Total			$ 496,421
Discount			**$ 128,084**
Total Price			**$ 368,337**

Assumptions and Disclosure

1. In consideration for its services, MIO agrees not to use Contractor's name or refer to Contractor's work outside its organization without Contractor's prior written permission. MIO also understands that Contractor will not advocate, present findings, or speak on MIO's behalf in any public forum without specific written authorization and agreement.
2. Contractor has proposed task pricing based an hourly rate build in accordance with the solicitation instructions. While Contractor can offer hourly rates to develop firm fixed pricing, Contractor cannot perform, track, report or bill on an hourly basis.
3. Contractor's pricing consists of estimated hours and hourly rates to develop a total firm fixed price based on its understanding of the level of effort required in order to meet requirements of the RFP. During performance, Contractor may make changes to its staffing as far as total number of resources provided as may be necessary for successful performance of the statement of work.
4. Contractor's price assumes, and is contingent on the assumption, that tasks will be resourced and completed in parallel which provides cost savings realized through economies of scale and resource synergies of simultaneous performance. Contractor's firm fixed price for these tasks is therefore non-severable. If MIO does not order all tasks, Contractor reserves the right to reprice accordingly.
5. Based on the Position Titles in Contractor's original Schedule B Contract, subcontractor positions are mapped per the below:
   - Jetco Project Manager is comparable to a Contractor Engagement Manager
   - Rawlins Project Manager is comparable to a Contractor Engagement Manager
   - Cambridge Project Manager is comparable to a Contractor Engagement Manager

6. McKinsey & Company, Inc. Washington D.C. (“Contractor DC”) primarily serves public sector clients, with some social sector and commercial client work. Per Solicitation No. 171 230000000041, we are not aware of any Contractor DC work that poses a conflict of interest. For additional transparency, we note that Contractor & Company, Inc. United States (“Contractor US”), an affiliate, provides or has provided consulting services in the US to commercial institutions across all industries, including semiconductor manufacturing capabilities & space companies, construction equipment & technology, electrical equipment (including devices, circuits, generation, transmission distribution, and storage), private financial institutions (including capital markets & investment banking, corporate and commercial banking, small business banking), building materials (including building materials & products, construction services, architecture & engineering services), electric power and natural gas, technology infrastructure & services, trucking, logistics, consumer technology & electronics, telecommunications & network infrastructure, media, and real estate. Contractor US’s consulting services include analysis, advice, and implementation support across many areas of business, including marketing and commercial growth (including Go-to-Market strategy and execution, sales optimization, pricing & margin management, customer experience), operations (including digitization, automation, process improvements & efficiency, procurement), strategy, corporate finance, organization, risk, technology, transformation (including helping companies significantly change their performance trajectory by reducing costs (e.g., procurement, labor, fixed costs, and footprint) and/or driving growth (e.g., acquisitions, divestitures, new investments, and footprint)), mergers & acquisitions topics (including merger strategy, due diligence, integration planning, divestiture planning, IPOs, JVs & alliances), real estate and sustainability. Furthermore, Contractor DC and Contractor US currently serve, or are anticipating serving, the private sector, other states and their subdivisions, and other federal departments with respect to various federal grant programs (including but not limited to BIL, Broadband, CHIPS and IRA funding). Contractor DC understands that our proposed scope of work will not require (1) input related to policy or regulation or (2) evaluation or selection of vendors. Contractor DC understands that the State of Michigan will have sole decision making authority on all matters related to this submission and final draft of the application. In order to bring the best available expertise to this engagement, Contractor DC’s Client Service team (“CST”) will be comprised of members with the industry experience and expertise the government is seeking. The CST supporting this work will include those who serve, and will likely serve in the future, private sector clients on the sectors identified in the scope of work, to ensure the State of Michigan benefits from industry expertise on these topics. Contractor DC does not generally hold ownership interests in their clients, but we note that other affiliates may hold ownership interests in clients across various industries. Please do not hesitate to reach out with any questions or concerns.

STATE OF MICHIGAN PROCUREMENT

Department of Technology, Management, and Budget
320 S. Walnut St., Lansing, MI 48933
PO Box 30026, Lansing, MI 48909

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **230000001262**
between
THE STATE OF MICHIGAN
and

CONTRACTOR	
	McKinsey & Company, Inc. Washington D.C
	1200 19th Street NW, Suite 1000
	Washington, DC 20036
	Jessica Wrenn
	202-905-1173
	Jessica_wrenn@mckinsey.com
	VS0065227

STATE			
		Various	SW
	Contract Administrator	Jordana Sager	DTMB
		517-896-1903	
		Sagerj2@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: Statewide Grant Consulting Services Prequalification Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
July 17, 2023	July 16, 2027	4-1 Year	
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-card ☐ Payment Request (PRC) ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER: The Contract is awarded based on the State's inquiry bearing Request for Proposal number 230000001420. Orders for delivery will be issued directly by the Department through a Delivery Order (DO).			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			**$0**

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent **(Print or Type)**

Date

FOR THE STATE:

Signature

Name & Title

Agency

Date

STANDARD CONTRACT TERMS

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and McKinsey & Company, Inc. ("**Contractor**"), a Washington D.C. Corporation. This Contract is effective on July 17, 2023 ("**Effective Date**"), and unless terminated, will expire on July 16, 2027 (the "**Term**").

This Contract may be renewed for up to four (4) additional one (1) year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

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

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

   Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State's operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State's quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (i) comply with all State physical and IT security policies and standards which will be made available upon request; and (j) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

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

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

If to State:	If to Contractor:

See Contract Administrator information shown below.	Jessica Wrenn 1200 Nineteenth Street NW Ste 1000 Washington, DC 20036 Jessica_Wrenn@mckinsey.com and McKinsey_Contracts@mckinsey.com (202) 905-1173

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

State:	Contractor:
Jordana Sager **320 S Walnut St.** **Lansing, MI 48933** **Sagerj2@michigan.gov** **517-896-1903**	Jessica Wrenn 1200 Nineteenth Street NW Ste 1000 Washington, DC 20036 Jessica_Wrenn@mckinsey.com and McKinsey_Contracts@mckinsey.com (202) 905-1173

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

State:	Contractor:
Various by Tier 2 requirements. List will be provided as additional SOWs are awarded.	Razili Lewis 150 West Jefferson, Suite 1600 Detroit, MI 48226-4449 Razili_Lewis@mckinsey.com (973) 444-2703

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Schedule A – Statement of Work) if, in the opinion of the State, it will ensure performance of the Contract.

6. **Insurance Requirements.** See Schedule C.

7. **Administrative Fee and Reporting.** Contractor must pay an administrative fee of 0.75% on all payments made to Contractor under the Contract including transactions with the State (including its departments, divisions, agencies, offices, and commissions), MiDEAL members, and other states (including governmental subdivisions and authorized entities). Administrative fee payments must be made online by check or credit card at: https://www.thepayplace.com/mi/dtmb/adminfee

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

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

8. **Extended Purchasing Program.** This contract is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal.

   Upon written agreement between the State and Contractor, this contract may also be extended to: (a) other states (including governmental subdivisions and authorized entities) and (b) State of Michigan employees.

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

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

9. **Relationship of the Parties.** The relationship between the parties is that of independent contractors. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Neither party has authority to contract for nor bind the other party in any manner whatsoever.

10. **Intellectual Property Rights.** If Schedule A, Statement of Work, requires Contractor to create any intellectual property, Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.

11. **Subcontracting**. Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

12. **Staffing**. The State's Contract Administrator may require Contractor to remove or reassign personnel providing services by providing a notice to Contractor.

13. **Background Checks**. Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, or as may be specified in Schedule A, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.

14. **Assignment**. Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.

15. **Change of Control**. Contractor will notify the State, within 30 days of any public announcement or otherwise once legally permitted to do so, of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

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

16. **Ordering**. Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A.

17. **Acceptance**. Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("State Review Period"), unless otherwise provided in Schedule A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 25, Termination for Cause.

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

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

To the extent that Contract Activities includes the provision of a Services through the use of an online portal, as set forth the Schedule A, Statement of Work, Contractor must comply with the Service Level Agreement set forth in Schedule D of this Contract.

18. **Reserved**.

19. **Reserved**.

20. **Reserved**.

21. **Invoices and Payment**. Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities provided as specified in Schedule A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all fees are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

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

    The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at http://www.michigan.gov/SIGMAVSS to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment.

Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

Excluding federal government charges and terms, Contractor warrants and agrees that each of the fees, economic or product terms or warranties granted pursuant to this Contract are comparable to or better than the equivalent fees, economic or product term or warranty being offered to any commercial or government customer (including any public educational institution within the State of Michigan) of Contractor. If Contractor enters into any arrangements with another customer of Contractor to provide the products or services, available under this Contract, under more favorable prices, as the prices may be indicated on Contractor's current U.S. and International price list or comparable document, then this Contract will be deemed amended as of the date of such other arrangements to incorporate those more favorable prices, and Contractor will immediately notify the State of such fee and formally memorialize the new pricing in a change notice.

22. **Liquidated Damages**. Liquidated damages, if applicable, will be assessed as described in Schedule A. The parties understand and agree that any liquidated damages (which includes but is not limited to applicable credits) set forth in this Contract are reasonable estimates of the State's damages in accordance with applicable law. The parties acknowledge and agree that Contractor could incur liquidated damages for more than 1 event. The assessment of liquidated damages will not constitute a waiver or release of any other remedy the State may have under this Contract for Contractor's breach of this Contract, including without limitation, the State's right to terminate this Contract for cause under Section 25 and the State will be entitled in its discretion to recover actual damages caused by Contractor's failure to perform its obligations under this Contract. However, the State will reduce such actual damages by the amounts of liquidated damages received for the same events causing the actual damages. Amounts due the State as liquidated damages may be set off against any fees payable to Contractor under this Contract, or the State may bill Contractor as a separate item and Contractor will promptly make payments on such bills.

23. **Stop Work Order**. The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or delivery order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.

24. **Termination for Cause**. The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific

breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 25, Termination for Convenience.

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

25. **Termination for Convenience**. The State may immediately terminate this Contract in whole or in part without penalty and for any reason or no reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 26, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.

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

27. **Return of State Property**. Upon termination or expiration of this Contract for any reason, Contractor must take all necessary and appropriate steps, or such other

action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to the Contractor by any entity, agent, vendor, or employee of the State.

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

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

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

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

The State is constitutionally prohibited from indemnifying Contractor or any third parties.

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

30. **Limitation of Liability and Disclaimer of Damages. IN NO EVENT WILL THE STATE'S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT**. The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

31. **Disclosure of Litigation, or Other Proceeding**. Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "Proceeding") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (3) any complaint filed in a legal or administrative proceeding alleging the Contractor or its subcontractors discriminated against its employees, subcontractors, vendors, or suppliers during the term of this Contract; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

32. **State Data**. All data and information provided to Contractor by or on behalf of the State, and all data and information derived therefrom, is the exclusive property of the State ("State Data"); this definition is to be construed as broadly as possible. Upon request, Contractor must provide to the State, or a third party designated by the State, all State Data within 10 calendar days of the request and in the format requested by the State. Contractor will assume all costs incurred in compiling and supplying State Data. No State Data may be used for any marketing or commercial purposes.

33. **Reserved**.

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

    a. **Meaning of Confidential Information**. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; or, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was or is: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party,

without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

b. **Obligation of Confidentiality**. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.

c. **Cooperation to Prevent Disclosure of Confidential Information**. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

d. **Remedies for Breach of Obligation of Confidentiality**. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.

e. **Surrender of Confidential Information upon Termination**. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State

following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

35. **Reserved**.

36. **Reserved**.

37. **Reserved**.

38. **Records Maintenance, Inspection, Examination, and Audit**. Pursuant to MCL 18.1470, the State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor general upon request, all records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("Audit Period"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

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

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

39. **Representations and Warranties**. Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes;(h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and

contains no false statements or omits any fact that would make the information misleading; and that (i) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 25, Termination for Cause.

40. **Conflicts and Ethics**. Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

41. **Compliance with Laws**. Contractor must comply with all federal, state and local laws, rules and regulations.

42. **Reserved**.

43. **Reserved**.

44. **Nondiscrimination**. Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq*., the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq*., and Executive Directive 2019-09. Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.

45. **Unfair Labor Practice**. Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.

46. **Governing Law**. This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in the Michigan Court of Claims. Complaints against the State must be initiated in Ingham County, Michigan. Contractor waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint an agent in Michigan to receive service of process.

47. **Non-Exclusivity**. Nothing contained in this Contract is intended nor is to be construed as creating any requirements contract with Contractor, nor does it provide

Contractor with a right of first refusal for any future work. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.

48. **Force Majeure**. Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.

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

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

50. **Media Releases**. News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without the prior written approval of the State, and then only in accordance with the explicit written instructions of the State.

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

Document	Description
Schedule A	Statement of Work
Schedule B	Pricing
Schedule C	Insurance Requirements
Schedule D	Service Level Agreement for Hybrid Purchases
Schedule E	Data Security Requirements for Hybrid Purchases

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

53. **Severability**. If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.

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

55. **Survival**. Any right, obligation or condition that, by its express terms or nature and context is intended to survive, will survive the termination or expiration of this Contract; such rights, obligations, or conditions include, but are not limited to, those related to transition responsibilities; indemnification; disclaimer of damages and limitations of liability; State Data; non-disclosure of Confidential Information; representations and warranties; insurance and bankruptcy.

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

FEDERAL PROVISIONS ADDENDUM

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. Contractor agrees to comply with all obligations under federal rules or regulations for such funding, including but not limited to the provisions contained in this addendum. If any provision below conflicts with the State's terms and conditions, including any attachments, schedules, or exhibits to this 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. Further, Contractor agrees to, through a Contract Change Notice, append or modify specific federal provisions to this Contract, if reasonably necessary to keep the State and Contractor in compliance with federal funding requirements, and comply with the terms set forth therein. Hyperlinks are provided for convenience only; broken hyperlinks will not relieve Contractor from compliance with the law.

A. Equal Employment Opportunity

This Contract is not a "**federally assisted construction contract**" as defined in 41 CFR Part 60-1.3.

B. Davis-Bacon Act (Prevailing Wage)

This Contract is not a "**federally assisted construction contract**" as defined in 41 CFR Part 60-1.3, nor is it a prime construction contract in excess of $2,000.

C. Copeland "Anti-Kickback" Act

This Contract is not a "**federally assisted construction contract**" as defined in 41 CFR Part 60-1.3, nor is it a prime construction contract in excess of $2,000 where the Davis-Bacon Act applies.

D. Contract Work Hours and Safety Standards Act

The Contract does not involve the employment of mechanics or laborers.

E. Rights to Inventions Made Under a Contract or Agreement

If this 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.

F. 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:

(1) Clean Air Act

(i) 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.

(ii) 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.

(iii) 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.

(2) Federal Water Pollution Control Act

(i) 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.

(ii) 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.

(iii) 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.

G. 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.

1) This Contract is a covered transaction for purposes of 2 C.F.R. Part 180 and 2 C.F.R. Part 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).

2) The Contractor must comply with 2 C.F.R. Part 180, subpart C and 2 C.F.R. Part 3000, subpart C, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.

3) 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. Part. 180, subpart C and 2 C.F.R. Part. 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.

4) The bidder or proposer agrees to comply with the requirements of 2 C.F.R. Part 180, subpart C and 2 C.F.R. Part 3000, subpart C while this offer is valid and 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.

H. Byrd Anti-Lobbying Amendment, 31 U.S.C. § 1352 (as amended)

Contractor has applied or bid for an award of **more than $100,000** and shall file the required certification in *Exhibit 1 – Byrd Anti-Lobbying Certification* attached to the end of this Addendum. Each tier certifies to the tier above that it will not and has not used federally 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 federal awarding agency.

I. Procurement of Recovered Materials

If this Contract is a procurement to purchase products or items designated by the EPA under 40 C.F.R. part 247 during the course of a fiscal year, then under 2 CFR 200.323, Contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act.

1) 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:

   a. Competitively within a timeframe providing for compliance with the contract performance schedule;

   b. Meeting contract performance requirements; or

   c. At a reasonable price.

2) 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.

3) The Contractor also agrees to comply with all other applicable requirements of Section 6002 of the Solid Waste Disposal Act.

J. Prohibition on Contracting for Covered Telecommunications Equipment or Services

Contractor acknowledges and agrees that Section 889(b) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. No. 115-232 (the "McCain Act"), and 2 C.F.R. §200.216, prohibit the obligation or expending of federal award funds on certain telecommunication products or with certain entities for national security reasons on or after August 13, 2020.

During performance of this Contract, the Contractor agrees as follows:

(a) *Definitions.* As used in this Section J. Prohibition on Contracting for Covered Telecommunications Equipment or Services ("Section J"):

(1) the terms "backhaul," "critical technology," "interconnection arrangements," "reasonable inquiry," "roaming," and "substantial or essential component" have the meanings defined in 48 CFR § 4.2101;

(2) the term "covered foreign country" has the meanings defined in § 889(f)(2) of the McCain Act; and

(3) the term "covered telecommunications equipment or services" has the meaning defined in § 889(f)(3) of the McCain Act.

(b) *Prohibitions*.

(1) Unless an exception in paragraph (c) of this Section J applies, neither the Contractor nor any of its subcontractors may use funds received under this Contract to:

(i) Procure or obtain any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology of any system;

(ii) Enter into, extend, or renew a contract to procure or obtain any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology of any system;

(iii) Enter into, extend, or renew a contract with an entity that uses any covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system; or

(iv) Provide, as part of its performance of this contract, subcontract, or other contractual instrument, any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system.

(c) *Exceptions*.

(1) This Section J does not prohibit Contractor from providing—

(i) A service that connects to the facilities of a third-party, such as backhaul, roaming, or interconnection arrangements; or

(ii) Telecommunications equipment that cannot route or redirect user data traffic or permit visibility into any user data or packets that such equipment transmits or otherwise handles.

(d) *Reporting requirement*.

(1) In the event the Contractor identifies covered telecommunications equipment or services used as a substantial or essential component of any system, or as critical technology as part of any system, during contract performance, or the contractor is notified of such by a subcontractor at any tier or by any other source, the Contractor shall report the information in paragraph (d)(2) of this Section J to the recipient or subrecipient, unless elsewhere in this contract are established procedures for reporting the information.

(2) The Contractor shall report the following information pursuant to paragraph (d)(1) of this Section J:

(i) Within one business day from the date of such identification or notification: The contract number; the order number(s), if applicable; supplier name; supplier unique entity identifier (if known); supplier Commercial and Government Entity (CAGE) code (if known); brand; model number (original equipment manufacturer number, manufacturer part number, or wholesaler number); item description; and any readily available information about mitigation actions undertaken or recommended.

(ii) Within 10 business days of submitting the information in paragraph (d)(2)(i) of this Section J: Any further available information about mitigation actions undertaken or recommended. In addition, the contractor shall describe the efforts it undertook to prevent use or submission of covered telecommunications equipment or services, and any additional efforts that will be incorporated to prevent future use or submission of covered telecommunications equipment or services.

(e) *Subcontracts.* The Contractor shall insert the substance of this Section J, including this paragraph (e), in all subcontracts and other contractual instruments.

K. Domestic Preferences for Procurements

As appropriate, and to the extent consistent with law, the Contractor should, to the greatest extent practicable, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States. This includes, but is not limited to iron, aluminum, steel, cement, and other manufactured products.

For purposes of this Section K – **Domestic Preferences for Procurements**:

"Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

"Manufactured products" mean items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

L. Affirmative Socioeconomic Steps

For all contracts utilizing federal funding sources subject to Title 2 of the Code of Federal Regulations (C.F.R.) Part 200 issued on or after November 12, 2020, if subcontracts are to be let, the prime contractor is required to take all necessary steps identified in 2 C.F.R. § 200.321(b)(1)-(5) to ensure that small and minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

M. Copyright and Data Rights

Pursuant to 2 CFR § 200.315(b), the State may copyright any work which is subject to copyright and was developed, or for which ownership was acquired, under a Federal award. The Federal awarding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

N. Additional FEMA Contract Provisions

This Contract does not involve purchases that will be paid for in whole or in part with funds obtained from the Federal Emergency Management Agency (FEMA).

O. Other Federal Contract Provisions

No additional federal provisions currently apply to this Contract.

SCHEDULE A - STATEMENT OF WORK CONTRACT ACTIVITIES

Contract No. 230000001262

Pre-qualification for Statewide Grant Consulting Services

BACKGROUND

On November 15, 2021, the $1.2T Infrastructure Investment and Jobs Act (IIJA) was signed into law. The law—now commonly known as the Bipartisan Infrastructure Law (BIL)—provides $550 billion in new investments across infrastructure asset classes (e.g., transportation, transit, water, broadband) and could have transformational impact on local communities. Michigan could receive ~$14 billion in formula grants across 6+ asset classes, and there is $180 billion in competitive grant opportunities available—of which over $80 billion is related to clean energy, climate / sustainability, and electrification. Additionally, in 2022, Congress passed the Creating Helpful Incentives to Produce Semiconductors CHIPS and Science Act to strengthen the domestic semiconductor industry and the Inflation Reduction Act (IRA) which – among other provisions – includes funding for new energy, climate, and health care initiatives.

Taken together, BIL, CHIPS and IRA represent historic investments to expand and rehabilitate existing infrastructure and to catalyze new developments in areas like clean energy technology, basic science, and domestic manufacturing. Now, states like Michigan are faced with the challenge of converting this once-in-a-generation opportunity into real results on the ground. For many, this task may be both intensive and complex, placing additional burden on already capacity-constrained staff to apply for complex competitive grants and tackle systemic challenges – such as shortages in critical infrastructure roles. Success may also periodically require specialized knowledge (e.g., on hydrogen economics, carbon capture technology, or battery manufacturing trends) that states do not have on hand.

To navigate these challenges, Michigan may benefit from access to the right capabilities and insights—the same leading practices used by large national and state governments and global corporations—to procure consulting services to support their most high value, high risk, and complex priorities. To obtain these services from leading industry partners, Michigan may benefit from establishing a pre-qualification contract for infrastructure consulting services. Using a pre-qualification contract, Michigan can help its departments and agencies proactively address challenges, such as prioritizing competitive grant applications, developing data-driven responses to complex opportunities, streamlining critical infrastructure processes like environmental permitting, developing key performance indicators (KPIs) to guide investments, and creating visualizations to transparently report progress, tackling cross-cutting challenges like workforce shortages, developing and coordinating technical assistance for localities or other stakeholders that partner with the state, as well as responding to unforeseen, urgent issues.

This Contract addresses the potential scope of services that Michigan might consider to engage consulting services, as well as industry partner qualities and procurement

considerations that we have seen work well in other states. Given the complexity and value at stake, Michigan might consider advisory firms with extensive experience which can bring together competitive teams and proposals balancing government experience, state/local experience, tribal engagement, thought leadership, and bottom-line results.

SCOPE

The scope of services resulting from this Pre-qualification Contract and subsequent statements of work, which will be released as Tier 2 solicitations, may include but are not limited to (1) analysis, (2) strategic planning, (3) implementation, and/or (4) auditing for projects that support the core capabilities needed across Michigan's departments responsible for executing on the ambition infrastructure agenda. The resulting contracts will be led by MIO (Michigan Infrastructure Office) but include work from multiple departments including but not limited to MDOT (Michigan Department of Transportation), EGLE (Department of Environment, Great Lakes, and Energy), MEDC (Michigan Economic Development Corporation), LEO (Department of Labor and Economic Opportunity), DTMB (Department of Technology, Management, and Budget), MPSC (Michigan Public Service Commission), MDARD (Michigan Department of Agriculture and Rural Development), and DNR (Department of Natural Resources).

1. Requirements

1.1. General Requirements

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

A. Strategy Consulting

1. Workforce strategy – targeted planning to rapidly scale workforce to meet MI-specific Bipartisan Infrastructure Law needs, reduce risk of implementation delays.
    a. Identify targeted levers to address infrastructure related workforce challenges and support design / launch.

2. MIO Technical Assistance Center
    a. Stand up cost-benefit analysis for Bipartisan Infrastructure Bill applications service within MIO.
    b. Provide analytical and consultative support for technical assistance programming, tribal governments, and other State Agencies.

3. Supply chain resilience – target predicted pinch points in infrastructure supply chain to mitigate project delays.
    a. Provide support to supply chain workgroup to ensure that Michigan has the materials and supplies it needs to build planned infrastructure projects.
    b. Collaborate with MEDC to increase production capacity.
    c. Collaborate with DTMB to develop strategies to deal with projected shortages.
4. Infrastructure Planning – assist in development of statewide infrastructure plan(s) as needed.

5. Infrastructure Project Permitting Coordination – proactively prevent delays and inefficiencies.
    a. Conduct diagnostics to understand key areas of potential delays/risks and prioritize levers to address and build action plan(s) to accelerate progress.
    b. Support implementation of action plan(s) to accelerate progress.

6. Supplier diversity – improve geographic diversity of contractor and supplier base in Michigan.

    a. Conduct surveys, interviews, research to understand current pain points driving issues in contractor and supplier geographic diversity, and devise set of specific and actionable levers to address.

B. Operations consulting

1. Other infrastructure funding opportunities – provide strategic, technical, and implementation support for the state of Michigan to pursue any other funding opportunities for infrastructure.
    a. Assist in development of strategies to support the State of Michigan in obtaining infrastructure funding.
    b. Provide technical assistance to state of Michigan in obtaining infrastructure funding.
    c. Provide implementation support to any state of Michigan applications or partnerships to obtain infrastructure funding.

2. Outcomes dashboard execution - proactively communicate State outcomes via outcome dashboards stood up with high-quality KPIs and plan/process for ongoing updates, enabling Agencies transparency goals.
    a. Develop data sources for Agencies KPIs and assist with implementation of data collection processes.
    b. Design and launch processes to collect/ensure quality control.
    c. Partner with DTMB (Department of Technology, Management, and Budget) to accelerate progress in building out dashboard automating data flows where possible.

C. Management consulting

1. Performance management capability building – MIO team onboarding and training to drive applications for over $150 billion in competitive funding.
    a. Onboarding and capability building and training for all MIO members, plus MIO support to ensure successful statewide infrastructure initiatives, asset meetings, and milestone tracking.

1.2. Training

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

1.3. Specific Standards

IT Policies, Standards and Procedures (PSP)

Contractors are advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided as a result of this Contract must comply with all applicable State IT policies and standards. Contractor is required to review all applicable links provided below and state compliance in their response.

Public IT Policies, Standards and Procedures (PSP):

DTMB - IT Policies, Standards & Procedures (michigan.gov)

Acceptable Use Policy

To the extent that Contractor has access to the State's computer system, Contractor must comply with the State's Acceptable Use Policy, see 1340.00.130.02 Acceptable Use of Information Technology (michigan.gov). All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State's system. The State reserves the right to terminate Contractor's access to the State's system if a violation occurs.

SOM Digital Standards

All software items provided by the Contractor must adhere to the State of Michigan Application/Site Standards which can be found at www.michigan.gov/standards.

ADA Compliance

The State is required to comply with the Americans with Disabilities Act of 1990 (ADA) and has adopted standards and procedures regarding accessibility requirements for websites and software applications. All websites, applications, software, and associated content and documentation provided by the Contractor as part of the Solution must comply with Level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0.

1.4. Access Control and Authentication

The Contractor's solution must integrate with the State's IT Identity and Access Management (IAM) environment as described in the State of Michigan Digital Strategy (MILogin - Help - michigan.gov), which consist of:

A. MILogin/Michigan Identity, Credential, and Access Management (MICAM). An enterprise single sign-on and identity management solution based on IBM's Identity and Access Management products including, IBM Security Identity Manager (ISIM), IBM Security Access Manager for Web (ISAM), IBM Tivoli Federated Identity Manager (TFIM), IBM Security Access Manager for Mobile (ISAMM), and IBM DataPower, which enables the State to establish, manage,

and authenticate user identities for the State's Information Technology (IT) systems.

B. MILogin Identity Federation. Allows federated single sign-on (SSO) for business partners, as well as citizen-based applications.

C. MILogin Multi Factor Authentication (MFA, based on system data classification requirements). Required for those applications where data classification is Confidential and Restricted as defined by the 1340.00 Michigan Information Technology Information Security standard (i.e., the proposed solution must comply with PHI, PCI, CJIS, IRS, and other standards).

D. MILogin Identity Proofing Services (based on system data classification requirements). A system that verifies individual's identities before the State allows access to its IT system. This service is based on "life history" or transaction information aggregated from public and proprietary data sources. A leading credit bureau provides this service.

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

The requirements in this section will only be implemented if required by a Tier 2 Statement of Work.

1.5. End-User Operating Environment

The SOM environment is X86 VMware, IBM Power VM, MS Azure/Hyper-V and Oracle VM, with supporting enterprise storage monitoring and management.

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

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

This information can be found at https://www.michigan.gov/browserstats. Please use the most recent calendar quarter to determine browser statistics. Support is required for desktop and mobile and tablet browsers identified with over 2% of site traffic.

Contractor must support the current and future State standard environment at no additional cost to the State. The software must run under commonly used web browsers. At a minimum the software must support Internet Explorer v11 or higher, or Edge, Chrome v71 or higher, Firefox v62 or higher, and Safari v12 or higher for iOS operating systems. Contractor must support the current and future State standard environment at no additional cost to the State.

The requirements in this section will only be implemented if required by a Tier 2 Statement of Work.

1.6. Hosting

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

The requirements in this section will only be implemented if required by a Tier 2 Statement of Work.

2. Service Requirements

2.1. Timeframes

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

2.2. Delivery

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

3. Acceptance

3.1. Acceptance, Inspection, and Testing

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

Unless otherwise provided for in the SOW/RFP document, Acceptance will be determined following the criteria outlined in the State of Michigan Standard Contract Terms (Section 17)

4. Staffing

4.1. Contractor Representative

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

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

Contractor Representative: Razili Lewis

4.2. Contract Administrator

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

State:	Contractor:
Jordana Sager **320 S Walnut St.** **Lansing, MI 48933** **Sagerj2@michigan.gov** **517-896-1903**	**Jessica Wrenn** **1200 Nineteenth Street NW Ste 1000** **Washington, DC 20036** **Jessica_Wrenn@mckinsey.com and** **McKinsey_Contracts@mckinsey.com** **(202) 905-1173**

4.3. Program Manager

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

State:	Contractor:
Various by Tier 2 requirements. List will be provided as additional SOWs are awarded.	**Razili Lewis** **150 West Jefferson, Suite 1600** **Detroit, MI 48226-4449** **Razili_Lewis@mckinsey.com** **(973) 444-2703**

4.4. Customer Service Number

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

Customer Service Number: 973-444-2703

4.5. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 8:00 a.m. to 5:00 p.m. EST and possible night and weekend hours depending on the requirements of the project. Specific work schedules will be provided with each SOW. No overtime will be authorized or paid. The State reserves the right to modify the work hours in the best interest of the project. Contractors must observe the same standard holidays as State employees. The Contractor will not be compensated for holiday pay. Contractors will not be reimbursed for travel expenses or travel time.

4.6. Key Personnel

The Contractor must appoint 1 individual who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

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

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

The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Project Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under the **Termination for Cause** section of the Standard Contract Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):

(i) For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be $10,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30-calendar days before the Key Personnel's removal.

(ii) If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30-calendar days, in addition to the $10,000.00 credit specified above, Contractor will credit the State $333.33 per calendar day for each day of the 30-calendar day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to $10,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30-calendar days of shadowing will not exceed $20,000 per individual.

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

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

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

1. Name and title of staff that will be designated as Key Personnel.
2. Key Personnel years of experience in the current classification.
3. Identify which of the required key personnel positions they are fulfilling.

4. Key Personnel's roles and responsibilities, as they relate to this Contract, if the Contractor is successful in being awarded the Contract. Descriptions of roles should be functional and not just by title.
5. Identify if each Key Personnel is a direct, subcontract, or contract employee.
6. Identify if each Key Personnel staff member is employed full-time (FT), part-time (PT) or temporary (T), including consultants used.
7. List each Key Personnel staff member's length of employment or affiliation with the Contractor's organization.
8. Identify where each Key Personnel staff member will be physically located (city and state) during the Contract performance.

1. Name	2. Years of Experience in Current Classification	3. Position	4. Role(s) / Responsibilities	5. Direct / Subcontract/ Contract	6. FT / PT / T	7. Length of Employment	8. Physical Location
Razili (Raz) Lewis, Partner	8 Years	Program Manager & Contractor Representative (Leadership)	Directly responsible for the day-to-day operations of the Contract, including ensuring responsiveness to Tier 2 Statements of Work, designing approaches that bring the best of McKinsey's tools, expertise, and people to deliver for the State of Michigan, and accountability for overall delivery across the Contract	Direct	FT	15 Years	On site as required by individual SOWs and Detroit, MI
Adi Kumar, Senior Partner	9 years	Central Knowledge & Expert Convener	Accountable for McKinsey's overall delivery for the State of Michigan in the context of this and other contracts, working in close	Direct	FT	12 years	On site as required by individual SOWs and Washington, DC

1. Name	2. Years of Experience in Current Classification	3. Position	4. Role(s) / Responsibilities	5. Direct / Subcontract/ Contract	6. FT / PT / T	7. Length of Employment	8. Physical Location
		(Leadership)	collaboration with the Contractor Representative to ensure consistency, context, and quality while orchestrating necessary support and resources from throughout our firm, leveraging expert knowledge of public sector and commercial best practices for the State of Michigan.				
Todd Wintner, Partner	6 years	Delivery leader (Leadership)	Responsible for delivery across one or multiple Tier 2 Statements of Work related to the Contract, overseeing approaches that bring the best of McKinsey's tools, expertise, and people to deliver for the State of Michigan, and ensuring full completion and impact of the project	Direct	FT	11 years	On site as required by individual SOWs and Washington, DC
Jennie Nevin, Associate Partner	1.5 years	Delivery leader (Leadership)	Responsible for delivery across one or multiple Tier 2 Statements of Work related to the Contract, overseeing approaches that bring the best of McKinsey's tools, expertise, and people to deliver for the State of	Direct	FT	5.5 years	On site as required by individual SOWs and Boston, MA

1. Name	2. Years of Experience in Current Classification	3. Position	4. Role(s) / Responsibilities	5. Direct / Subcontract/ Contract	6. FT / PT / T	7. Length of Employment	8. Physical Location
			Michigan, and ensuring full completion and impact of the project				
Eric Schweikert, Partner	7 years	Delivery leader (Leadership)	Responsible for delivery across one or multiple Tier 2 Statements of Work related to the Contract, overseeing approaches that bring the best of McKinsey's tools, expertise, and people to deliver for the State of Michigan, and ensuring full completion and impact of the project	Direct	FT	7 years	On site as required by individual SOWs and Washington, DC

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

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

4.7. Organizational Chart

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

4.8. Disclosure of Subcontractors

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

- The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.
- The relationship of the subcontractor to the Contractor.
- Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.

- A complete description of the Contract Activities that will be performed or provided by the subcontractor.
- **Geographically Disadvantaged Business Enterprise Sub-Contractors:** If contractors plan to utilize subcontractors to perform more than 20% of the deliverables under this contract, at least 20% of that subcontracted work must be awarded to Michigan-based Geographically Disadvantaged Business Enterprises (GDBE). Contractor will submit a plan detailing all subcontractors to be used, including the percentage of the work to be done by each. Contractor must inform the State to the name and address of the GDBE, the percentage of the work they will complete, the total amount estimated to be paid to the GDBE, and provide evidence for their qualifications as a GDBE. If contractor cannot find GDBE subcontractors to meet this requirement they must provide reasoning and justification to receive an exemption from this requirement from the State. (Existing business relationships will not be an approved reason for this.)

  GDBE definition: "Geographically-Disadvantaged Business Enterprise" means a person or entity that satisfies one or more of the following: (i) Is certified as a HUBZone Small Business Concern by the United States Small Business Administration. (ii) Has a principal place of business located within a Qualified Opportunity Zone within Michigan. (iii) More than half of its employees have a principal residence located within a Qualified Opportunity Zone within Michigan, or both.

4.9. Security

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

5. Project Management

5.1. Project Plan

Within fifteen (15) business days of the award of any Tier 2 SOW, the Contractor must submit, for final approval, a detailed project plan to the Program Manager. The final Project Plan must be in agreement with the Contractor's SOW proposal and accepted by the State. Detailed requirements will be outlined in the SOW but should identify items such as the required personnel; project management process; project breakdown identifying sub-projects, tasks, and resources required; expected frequency and mechanisms for updates/progress reviews; process for addressing issues/changes; and individuals responsible for receiving/reacting to the requested information, and the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated as outlined in the Contract. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

5.2. Meetings

Meeting requirements will be identified in the Tier 2 SOW/RFP. The State may request other meetings, as it deems appropriate.

5.3. Reporting

Reporting requirements will be identified in the Tier 2 SOW/RFP.

6. Pricing

6.1. Price Term

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

6.2. Price Changes

Adjustments will be based on changes in actual Contractor costs. Any request must be supported by written evidence documenting the change in costs. The State may consider sources, such as the Consumer Price Index; Producer Price Index; other pricing indices as needed; economic and industry data; manufacturer or supplier letters noting the increase in pricing; and any other data the State deems relevant.

Following the presentation of supporting documentation, both parties will have 30 days to review the information and prepare a written response. If the review reveals no need for modifications, pricing will remain unchanged unless mutually agreed to by the parties. If the review reveals that changes are needed, both parties will negotiate such changes, for no longer than 30 days, unless extended by mutual agreement.

The Contractor remains responsible for Contract Activities at the current price for all orders received before the mutual execution of a Change Notice indicating the start date of the new Pricing Period.

7. Ordering

7.1. Authorizing Document

The appropriate authorizing document for the Contract will be a delivery order (DO).

8. Invoice and Payment

8.1. Invoice Requirements

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

8.2. Payment Methods

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

9. Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of $10,000 and an additional $100 per day for each day Contractor fails to remedy the late or improper completion of the work.

10. Service-Level Agreement (SLA)

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

SCHEDULE B PRICING

Contract No. 230000001262
Pre-qualification for Statewide Grant Consulting Services

1. The state may require Firm Fixed deliverable pricing through a Tier 2 solicitation.
2. In addition to the firm fixed deliverable pricing obtained through the Tier 2 solicitations, the State may also engage the contractor to complete services on a time and materials basis. The rate table provides the hourly rates for the resources available through the resulting Contract.
3. The Contractor must provide a pricing schedule for the proposed Contract Activities using the table below. The pricing schedule should be submitted in a modifiable format (e.g., Microsoft Word or Excel); however, you may also submit an additional pricing schedule in a non-modifiable format (e.g., PDF).
4. Price proposals must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).
5. The Contractor is encouraged to offer quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.
6. The Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.
7. **NOTES:**
    a. As a reminder, overtime, holiday pay, and travel expenses will **not** be paid.
    b. Provide the hourly rate (not-to-exceed) for each staff level and all applicable personnel assigned to the Contract for the proposed services. For example, please indicate positions at Senior Manager, Director, Manager, etc. Senior levels, entry level staff, as well as Specialty Services (e.g., Cyber engineer, Subject Matter Expert, etc.).

Position	Hourly Rate (Not to Exceed)
Leadership - Executive/ Strategy	$1,167
Engagement Manager - Executive/ Strategy	$940
Associate- Executive/ Strategy	$566
Business Analyst - Executive/ Strategy	$390
Associate - Data Science	$566
Business Analyst - Data Science	$390
Associate - UX/HCD	$566
Business Analyst - UX/HCD	$390
Associate - Implementation	$566
Business Analyst - Implementation	$390

Media Designer	$201
Graphics Project Manager	$189
Business Presentation Designer	$178
Capabilities and Insights Expert	$402
Capabilities and Insights Analyst	$303
Engagement Team Assistant	$133

SCHEDULE C – INSURANCE REQUIREMENTS

Contract No. 230000001262
Pre-qualification for Statewide Grant Consulting Services

1. **General Requirements.** Contractor, at its sole expense, must maintain the insurance coverage as specified herein for the duration of the Term. Minimum limits may be satisfied by any combination of primary liability, umbrella or excess liability, and self-insurance coverage. To the extent damages are covered by any required insurance, Contractor waives all rights against the State for such damages. Failure to maintain required insurance does not limit this waiver.
2. **Qualification of Insurers.** Except for self-insured coverage, all policies must be written by an insurer with an A.M. Best rating of A- VII or higher unless otherwise approved by DTMB Enterprise Risk Management.
3. **Primary and Non-Contributory Coverage.** All policies for which the State of Michigan is required to be named as an additional insured must be on a primary and non-contributory basis.
4. **Claims-Made Coverage.** If any required policies provide claims-made coverage, Contractor must:
   a. Maintain coverage and provide evidence of coverage for at least 3 years after the later of the expiration or termination of the Contract or the completion of all its duties under the Contract;
   b. Purchase extended reporting coverage for a minimum of 3 years after completion of work if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Contract.
5. **Proof of Insurance.**
   a. Insurance certificates showing evidence of coverage as required herein must be submitted to DTMB-RiskManagement@michigan.gov within 10 days of the contract execution date.
   b. Renewal insurance certificates must be provided on annual basis or as otherwise commensurate with the effective dates of coverage for any insurance required herein.
   c. Insurance certificates must be in the form of a standard ACORD Insurance Certificate unless otherwise approved by DTMB Enterprise Risk Management.
   d. All insurance certificates must clearly identify the Contract Number (e.g., notated under the Description of Operations on an ACORD form).
   e. The State may require additional proofs of insurance or solvency, including but not limited to policy declarations, policy endorsements, policy schedules, self-insured certification/authorization, and balance sheets.

f. In the event any required coverage is cancelled or not renewed, Contractor must provide written notice to DTMB Enterprise Risk Management no later than 5 business days following such cancellation or nonrenewal.

6. **Subcontractors.** Contractor is responsible for ensuring its subcontractors carry and maintain insurance coverage.

7. **Limits of Coverage & Specific Endorsements.**

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimum Limits: **$1,000,000 Each Occurrence** **$1,000,000 Personal & Advertising Injury** **$2,000,000 Products/Completed Operations** **$2,000,000 General Aggregate**	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 20 10 12 19 and CG 20 37 12 19.
Automobile Liability Insurance	
Minimum Limits: **$1,000,000 Per Accident**	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
Workers' Compensation Insurance	
Minimum Limits: **Coverage according to applicable laws governing work activities.**	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
Minimum Limits: **$500,000 Each Accident** **$500,000 Each Employee by Disease** **$500,000 Aggregate Disease**	
Professional Liability (Errors and Omissions) Insurance	
Minimum Limits: **$3,000,000 Each Occurrence** **$3,000,000 Annual Aggregate**	

8. **Non-Waiver.** This Schedule C is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract, including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State.

SCHEDULE D – SERVICE LEVEL AGREEMENT FOR HYBRID PURCHASES

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 Terms and Conditions.

   "**Actual Uptime**" means the total minutes in the Service Period that the Hosted Services are Available.

   "**Availability**" has the meaning set forth in **Section 2.1**.

   "**Availability Requirement**" has the meaning set forth in **Section 2.1**.

   "**Available**" has the meaning set forth in **Section 2.1**.

   "**Contact List**" means a current list of Contractor contacts and telephone numbers set forth in the attached **Schedule D – Attachment 1** to this Schedule to enable the State to escalate its Support Requests, including: (a) the first person to contact; and (b) the persons in successively more qualified or experienced positions to provide the support sought.

   "**Corrective Action Plan**" has the meaning set forth in **Section 3.9**.

   "**Critical Service Error**" has the meaning set forth in **Section 2.4**.

   "**Exceptions**" has the meaning set forth in **Section 2.2.**

   "**High Service Error**" has the meaning set forth in **Section 2.4.**

   "**Hosted Services**" means the hosting, management and operation of the Operating Environment, Software, other services (including support and subcontracted services), and related resources for remote electronic access and use by the State and its Authorized Users, including any services and facilities related to disaster recovery obligations.

   "**Low Service Error**" has the meaning set forth in **Section 2.4**.

   "**Maintenance Release**" means any update, upgrade, release or other adaptation or modification of the Software, including any updated Documentation, that Contractor may generally provide to its licensees from time to time during the Term, which may contain, among other things, error corrections, enhancements, improvements or other changes to the user interface, functionality, compatibility, capabilities, performance, efficiency or quality of the Software.

   "**Medium Service Error**" has the meaning set forth in **Section 2.4**.

   "**New Version**" means any new version of the Software, including any updated Documentation, that the Contractor may from time to time introduce and market generally as a distinct licensed product, as may be indicated by Contractor's designation of a new version number.

"**Operating Environment**" means, collectively, the platform, environment and conditions on, in or under which the Software is intended to be installed and operate, as set forth in a Statement of Work, including such structural, functional and other features, conditions and components as hardware, operating software, system architecture, configuration, computing hardware, ancillary equipment, networking, software, firmware, databases, data, and electronic systems (including database management systems).

"**Resolve**" has the meaning set forth in **Section 2.4.**

"RPO" or "Recovery Point Objective" means the maximum amount of potential data loss in the event of a disaster.

"RTO" or **"Recovery Time Objective"** means the maximum period of time to fully restore the Hosted Services in the case of a disaster.

"**Scheduled Downtime**" has the meaning set forth in **Section 2.3**.

"**Scheduled Uptime**" means the total minutes in the Service Period.

"**Service Availability Credits**" has the meaning set forth in **Section 2.6(a).**

"**Service Error**" means any failure of any Hosted Service to be Available or otherwise perform in accordance with this Schedule.

"**Service Level Credits**" has the meaning set forth in **Section 3.8**.

"**Service Level Failure**" means a failure to perform the Software Support Services fully in compliance with the Support Service Level Requirements.

"**Service Period**" has the meaning set forth in **Section 2.1**.

"**Software Support Services**" has the meaning set forth in **Section 3**.

"**State Systems**" means the information technology infrastructure, including the computers, software, databases, electronic systems (including database management systems) and networks, of the State or any of its designees.

"**Support Hours**" means 8:00 a.m. – 5:00 p.m.

"**Support Request**" has the meaning set forth in **Section 3.5**.

"**Support Service Level Requirements**" has the meaning set forth in **Section 3.4**.

2. Service Availability and Service Availability Credits.

2.1. Availability Requirement. Contractor will make the Hosted Services and Software Available, as measured over the course of each calendar month during the Term and any additional periods during which Contractor does or is required to perform any Hosted Services (each such calendar month, a "**Service Period**"), at least 99.98% of the time, excluding only the time the Hosted Services are not Available solely as a result of one or more Exceptions (the "**Availability Requirement**"). "**Available**" means the Hosted Services and Software are available and operable for access and use by the State and its Authorized Users over the Internet in material conformity with the Contract. "**Availability**" has a correlative meaning. The Hosted Services and Software are not considered Available in the event of a material performance degradation or

inoperability of the Hosted Services and Software, in whole or in part. The Availability Requirement will be calculated for the Service Period as follows: (Actual Uptime – Total Minutes in Service Period Hosted Services or Software are not Available Due to an Exception) ÷ (Scheduled Uptime – Total Minutes in Service Period Hosted Services or Software are not Available Due to an Exception) x 100 = Availability.

2.2. Exceptions. No period of Hosted Services degradation or inoperability will be included in calculating Availability to the extent that such downtime or degradation is due to any of the following ("**Exceptions**"):

(a) Failures of the State's or its Authorized Users' internet connectivity;

(b) Scheduled Downtime as set forth in **Section 2.3**.

2.3 Scheduled Downtime. Contractor must notify the State at least twenty-four (24) hours in advance of all scheduled outages of the Hosted Services or Software in whole or in part ("**Scheduled Downtime**"). All such scheduled outages will: (a) last no longer than five (5) hours; (b) be scheduled between the hours of 12:00 a.m. and 5:00 a.m., Eastern Time; and (c) occur no more frequently than once per week; provided that Contractor may request the State to approve extensions of Scheduled Downtime above five (5) hours, and such approval by the State may not be unreasonably withheld or delayed.

2.4 Software Response Time. Software response time, defined as the interval from the time the end user sends a transaction to the time a visual confirmation of transaction completion is received, must be less than two (2) seconds for 98% of all transactions. Unacceptable response times shall be considered to make the Software unavailable and will count against the Availability Requirement.

2.5 Service Availability Reports. Within thirty (30) days after the end of each Service Period, Contractor will provide to the State a report describing the Availability and other performance of the Hosted Services and Software during that calendar month as compared to the Availability Requirement. The report must be in electronic or such other form as the State may approve in writing and shall include, at a minimum: (a) the actual performance of the Hosted Services and Software relative to the Availability Requirement; and (b) if Hosted Service performance has failed in any respect to meet or exceed the Availability Requirement during the reporting period, a description in sufficient detail to inform the State of the cause of such failure and the corrective actions the Contractor has taken and will take to ensure that the Availability Requirement are fully met.

2.6 Remedies for Service Availability Failures.

(a) If the actual Availability of the Hosted Services and Software is less than the Availability Requirement for any Service Period, such failure will constitute a Service Error for which Contractor will issue to the State the following credits on the fees payable for Hosted Services and Software provided during the Service Period ("**Service Availability Credits**"):

Availability	Credit of Fees
≥99.98%	None
<99.98% but ≥99.0%	15%
<99.0% but ≥95.0%	50%
<95.0%	100%

(b) Any Service Availability Credits due under this **Section** will be applied in accordance with payment terms of the Contract.

(c) If the actual Availability of the Hosted Services and Software is less than the Availability Requirement in any two (2) of four (4) consecutive Service Periods, then, in addition to all other remedies available to the State, the State may terminate the Contract on written notice to Contractor with no liability, obligation or penalty to the State by reason of such termination.

3. Support and Maintenance Services. Contractor will provide IT Environment Service and Software maintenance and support services (collectively, "**Software Support Services**") in accordance with the provisions of this **Section 3**. The Software Support Services are included in the Services, and Contractor may not assess any additional fees, costs or charges for such Software Support Services.

3.1 **Support Service Responsibilities.** Contractor will:

(b) correct all Service Errors in accordance with the Support Service Level Requirements, including by providing defect repair, programming corrections and remedial programming;

(c) provide unlimited telephone support during **Support Hours**;

(d) provide unlimited online support 24 hours a day, seven days a week;

(e) provide online access to technical support bulletins and other user support information and forums, to the full extent Contractor makes such resources available to its other customers; and

(f) respond to and Resolve Support Requests as specified in this **Section**.

3.2 **Service Monitoring and Management.** Contractor will continuously monitor and manage the Hosted Services and Software to optimize Availability that meets or exceeds the Availability Requirement. Such monitoring and management includes:

(a) proactively monitoring on a twenty-four (24) hour by seven (7) day basis all Hosted Service functions, servers, firewall and other components of Hosted Service security;

(b) if such monitoring identifies, or Contractor otherwise becomes aware of, any circumstance that is reasonably likely to threaten the Availability of the Hosted Service, taking all necessary and reasonable remedial measures to promptly eliminate such threat and ensure full Availability; and

(c) if Contractor receives knowledge that the Hosted Service or any Hosted Service function or component is not Available (including by written notice from the State pursuant to the procedures set forth herein):

(i) confirming (or disconfirming) the outage by a direct check of the associated facility or facilities;

(ii) If Contractor's facility check in accordance with clause (i) above confirms a Hosted Service outage in whole or in part: (A) notifying the State in writing pursuant to the procedures set forth herein that an outage has occurred, providing such details as may be available, including a Contractor trouble ticket number, if appropriate, and time of outage; and (B) working all problems causing and caused by the outage until they are Resolved as Critical Service Errors in accordance with the Support Request Classification set forth in **Section 3.5** and **3.6**, or, if determined to be an internet provider problem, open a trouble ticket with the internet provider; and

(iii) Notifying the State that Contractor has fully corrected the outage and any related problems, along with any pertinent findings or action taken to close the trouble ticket.

3.3 **Service Maintenance.** Contractor will continuously maintain the Hosted Services and Software to optimize Availability that meets or exceeds the Availability Requirement. Such maintenance services include providing to the State and its Authorized Users:

(a) all updates, bug fixes, enhancements, Maintenance Releases, New Versions and other improvements to the Hosted Services and Software, including the Software, that Contractor provides at no additional charge to its other similarly situated customers; provided that Contractor shall consult with the State and is required to receive State approval prior to modifying or upgrading Hosted Services and Software, including Maintenance Releases and New Versions of Software; and

(b) all such services and repairs as are required to maintain the Hosted Services and Software or are ancillary, necessary or otherwise related to the State's or its Authorized Users' access to or use of the Hosted Services and Software, so that the Hosted Services and Software operate properly in accordance with the Contract and this Schedule.

3.4 **Support Service Level Requirements.** Contractor will correct all Service Errors and respond to and Resolve all Support Requests in accordance with the required times and other terms and conditions set forth in this **Section 3.4** ("**Support Service Level Requirements**"), and the Contract.

3.5 **Support Requests.** The State will classify its requests for Service Error corrections in accordance with the descriptions set forth in the chart below (each a "**Support Request**"). The State will notify Contractor of Support Requests by email, telephone or such other means as the parties may hereafter agree to in writing.

Support Request Classification	Description: Any Service Error Comprising or Causing any of the Following Events or Effects
Critical Service Error	• Issue affecting entire system or single critical production function; • System down or operating in materially degraded state; • Data integrity at risk; • Declared a Critical Support Request by the State; or • Widespread access interruptions.
High Service Error	• Primary component failure that materially impairs its performance; or • Data entry or access is materially impaired on a limited basis.
Medium Service Error	• IT Environment Services and Software is operating with minor issues that can be addressed with an acceptable (as determined by the State) temporary work around.
Low Service Error	• Request for assistance, information, or services that are routine in nature.

3.6 **Response and Resolution Time Service Levels.** Response and Resolution times will be measured from the time Contractor receives a Support Request until the respective times Contractor has (i) responded to, in the case of response time and (ii) Resolved such Support Request, in the case of Resolution time. "**Resolve**" (including "**Resolved**", "**Resolution**" and correlative capitalized terms) means that, as to any Service Error, Contractor has provided the State the corresponding Service Error correction and the State has confirmed such correction and its acceptance thereof. Contractor will respond to

and Resolve all Service Errors within the following times based on the severity of the Service Error:

Support Request Classification	Service Level Metric (Required Response Time)	Service Level Metric (Required Resolution Time)	Service Level Credits (For Failure to Respond to any Support Request Within the Corresponding Response Time)	Service Level Credits (For Failure to Resolve any Support Request Within the Corresponding Required Resolution Time)
Critical Service Error	One (1) hour	Three (3) hours	Five percent (5%) of the Fees for the month in which the initial Service Level Failure begins and five percent (5%) of such monthly Fees for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	Five percent (5%) of the Fees for the month in which the initial Service Level Failure begins and five percent (5%) of such monthly Fees for the first additional hour or portion thereof that the corresponding Service Error remains un-Resolved, which amount will thereafter double for each additional one-hour increment.
High Service Error	One (1) hour	Four (4) hours	Three percent (3%) of the Fees for the month in which the initial Service Level Failure begins and three percent (3%) of such monthly Fees for each	Three percent (3%) of the Fees for the month in which the initial Service Level Failure begins and three percent (3%) of such monthly Fees for the first

Support Request Classification	Service Level Metric (Required Response Time)	Service Level Metric (Required Resolution Time)	Service Level Credits (For Failure to Respond to any Support Request Within the Corresponding Response Time)	Service Level Credits (For Failure to Resolve any Support Request Within the Corresponding Required Resolution Time)
			additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	additional hour or portion thereof that the corresponding Service Error remains un-Resolved, which amount will thereafter double for each additional one-hour increment.
Medium Service Error	Three (3) hours	Two (2) Business Days	N/A	N/A
Low Service Error	Three (3) hours	Five (5) Business Days	N/A	N/A

3.7 **Escalation.** With respect to any Critical Service Error Support Request, until such Support Request is Resolved, Contractor will escalate that Support Request within sixty (60) minutes of the receipt of such Support Request by the appropriate Contractor support personnel, including, as applicable, the Contractor Project Manager and Contractor's management or engineering personnel, as appropriate.

3.8 **Support Service Level Credits.** Failure to achieve any of the Support Service Level Requirements for Critical and High Service Errors will constitute a Service Level Failure for which Contractor will issue to the State the corresponding service credits set forth in **Section 3.6** ("**Service Level Credits**") in accordance with payment terms set forth in the Contract.

3.9 **Corrective Action Plan.** If two or more Critical Service Errors occur in any thirty (30) day period during (a) the Term or (b) any additional periods during which Contractor does or is required to perform any Hosted Services, Contractor will promptly investigate the root causes of these Service Errors and provide to the

State within five (5) Business Days of its receipt of notice of the second such Support Request an analysis of such root causes and a proposed written corrective action plan for the State's review, comment and approval, which, subject to and upon the State's written approval, shall be a part of, and by this reference is incorporated in, the Contract as the parties' corrective action plan (the "**Corrective Action Plan**"). The Corrective Action Plan must include, at a minimum: (a) Contractor's commitment to the State to devote the appropriate time, skilled personnel, systems support and equipment and other resources necessary to Resolve and prevent any further occurrences of the Service Errors giving rise to such Support Requests; (b) a strategy for developing any programming, software updates, fixes, patches, etc. necessary to remedy, and prevent any further occurrences of, such Service Errors; and (c) time frames for implementing the Corrective Action Plan. There will be no additional charge for Contractor's preparation or implementation of the Corrective Action Plan in the time frames and manner set forth therein.

4. **Data Storage, Backup, Restoration and Disaster Recovery**. Contractor must maintain or cause to be maintained backup redundancy and disaster avoidance and recovery procedures designed to safeguard State Data and the State's other Confidential Information, Contractor's Processing capability and the availability of the IT Environment Services and Software, in each case throughout the Term and at all times in connection with its actual or required performance of the Services hereunder. All backed up State Data shall be located in the continental United States. The force majeure provisions of this Contract do not limit Contractor's obligations under this section**.**

4.2 **Data Storage.** Contractor will provide sufficient storage capacity to meet the needs of the State at no additional cost.

4.3 **Data Backup.** Contractor will conduct, or cause to be conducted, daily back-ups of State Data and perform, or cause to be performed, other periodic offline back-ups of State Data on at least a weekly basis and store and retain such back-ups as specified in **Schedule A**. Contractor must, within five (5) Business Days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of State Data in the format specified by the State**.**

4.4 **Data Restoration.** If the data restoration is required due to the actions or inactions of the Contractor or its subcontractors, Contractor will promptly notify the State and complete actions required to restore service to normal production operation. If requested, Contractor will restore data from a backup upon written notice from the State. Contractor will restore the data within one (1) Business Day of the State's request. Contractor will provide data restorations at its sole cost and expense.

4.5 **Disaster Recovery.** Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will maintain and operate a backup and disaster recovery plan to achieve a Recovery Point Objective (RPO) of 24 hours, and a Recovery Time Objective (RTO) of 24 hours

(the "**DR Plan**"), and implement such DR Plan in the event of any unplanned interruption of the Hosted Services. Contractor's current DR Plan, revision history, and any reports or summaries relating to past testing of or pursuant to the DR Plan are attached as **Schedule F**. Contractor will actively test, review and update the DR Plan on at least an annual basis using industry best practices as guidance. Contractor will provide the State with copies of all such updates to the Plan within fifteen (15) days of its adoption by Contractor. All updates to the DR Plan are subject to the requirements of this **Section 3**; and provide the State with copies of all reports resulting from any testing of or pursuant to the DR Plan promptly after Contractor's receipt or preparation. If Contractor fails to reinstate all material Hosted Services and Software within the periods of time set forth in the DR Plan, the State may, in addition to any other remedies available under this Contract, in its sole discretion, immediately terminate this Contract as a non-curable default.

SCHEDULE E – DATA SECURITY REQUIREMENTS FOR HYBRID PURCHASES

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 under this Contract.

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

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

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

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

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

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

3. **Contractor Responsibilities.** Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to:

   (a) ensure the security and confidentiality of the State Data;

   (b) protect against any anticipated threats or hazards to the security or integrity of the State Data;

   (c) protect against unauthorized disclosure, access to, or use of the State Data;

(d) ensure the proper disposal of any State Data in Contractor's or its subcontractor's possession; and

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

The State has established Information Technology (IT) PSPs to protect IT resources under the authority outlined in the overarching State 1305.00 Enterprise IT Policy. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable public and non-public State IT policies and standards, of which the publicly available ones are at DTMB - IT Policies, Standards & Procedures (michigan.gov).

This responsibility also extends to all service providers and subcontractors with access to State Data or an ability to impact the contracted 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 Policy.** To the extent that Contractor has access to the State's IT environment, Contractor must comply with the State's Acceptable Use Policy, see 1340.00.130.02 Acceptable Use of Information Technology (michigan.gov). All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing State systems. The State reserves the right to terminate Contractor's and/or subcontractor(s) or any Contractor Personnel's access to State systems if the State determines a violation has occurred.

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

5.1 If Hosted Services are provided by a Hosting Provider, ensure each Hosting Provider maintains FedRAMP authorization for all Hosted Services environments throughout the Term, and in the event a Hosting Provider is unable to maintain FedRAMP authorization, the State, at its sole discretion, may either a) require the Contractor to move the Software and State Data to an alternative Hosting Provider selected and approved by the State at Contractor's sole cost and expense without any increase in Fees, or b) immediately terminate this Contract for cause pursuant to **Section 25** of the Contract;

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, and backed up in the continental United States, and the

data center(s) in which the data resides minimally meet Uptime Institute Tier 3 standards (www.uptimeinstitute.com), or its equivalent;

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

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

5.6 take all reasonable measures to:

(a) secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Contract Activities 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 Contract Activities; (ii) State Data from being commingled with or contaminated by the data of other customers or their users of the Contract Activities; and (iii) unauthorized access to any of the State Data;

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

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

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

6. **Security Accreditation Process.** Throughout the Term, Contractor will assist the State, at no additional cost, with its **Security Accreditation Process**, which includes the development, completion and on-going maintenance of a system security plan (SSP) using the State's automated governance, risk and compliance (GRC) platform, which requires Contractor to submit evidence, upon request from the State, in order to validate Contractor's security controls within two weeks of the State's request. On an annual basis, or as otherwise required by the State such as for significant changes, re-assessment of the system's controls will be required to receive and maintain authority to operate (ATO). All identified risks from the SSP will be remediated through a Plan of Action and Milestones (POAM) process with remediation time frames 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 Contract Activities and from time to time during the term of this Contract. The State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security

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

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

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

8.5 The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this **Section 8.**

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

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

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

(a) Contractor must either a) grant the State the right to dynamically scan a deployed version of the Software; or b) in lieu of the State performing the

scan, Contractor must dynamically scan a deployed version of the Software using a State approved application scanning tool, and provide the State 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 programing interface (API).

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

10. Infrastructure Scanning.

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

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