



**STATE OF MICHIGAN PROCUREMENT**  
 Department Technology, Management and Budget

**NOTICE OF CONTRACT**

NOTICE OF CONTRACT NO. **240000001076**

between

THE STATE OF MICHIGAN

and

<b>CONTRACTOR</b>	Smart Homes, Inc.
	210 State Street
	Mason Michigan 48854
	John Gilluly
	517-381-5171
	jgilluly@mysmarthomes.com
	CV0002199

<b>STATE</b>	Program Manager	Kyle Elzinga	TREA
		517-614-0956	
	ElzingaK1@michigan.gov		
	Contract Administrator	Kristine Mills	DTMB
517-242-6402			
millsk11@michigan.gov			

CONTRACT SUMMARY			
<b>DESCRIPTION: Conference Room/Training Room Audio Visual Equipment, Installation, and Maintenance - Statewide</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
9/1/2024	8/31/2027	2 - 1 Year	8/31/2027
PAYMENT TERMS		DELIVERY TIMEFRAME	
2% 30 days		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER: The Contract is awarded based on the State's inquiry bearing Solicitation 240000001539. Orders for delivery will be issued directly by the Department through a Delivery Order (DO).			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			<b><u>\$3,300,000.00</u></b>

**FOR THE CONTRACTOR:**

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**Company Name**

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**Authorized Agent Signature**

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**Authorized Agent (Print or Type)**

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**Date**

**FOR THE STATE:**

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**Signature**

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**Name and Title**

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**Agency**

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**Date**

# STANDARD CONTRACT TERMS

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This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and **Smart Homes, Inc.** (“**Contractor**”), a Michigan Corporation. This Contract is effective on September 1, 2024 (“**Effective Date**”), and unless terminated, will expire on August 31, 2027 (the “**Term**”).

This Contract may be renewed for up to 2 additional 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 (the “**Contract Activities**”) described in a Statement of Work, the initial Statement of Work is attached as Schedule A – Statement of Work. 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 a Statement of Work.

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:
<b>See Contract Administrator information shown below.</b>	Lisa Delaporte 210 State St Mason, MI 48854Sec <a href="mailto:LDelaporte@smartofficesinc.com">LDelaporte@smartofficesinc.com</a> 517-381-5171

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:
Kristine Mills 320 S. Walnut St. Lansing, MI 48933 <a href="mailto:millsk11@michigan.gov">millsk11@michigan.gov</a> 517-242-6402	John Gilluly 210 State St Mason, MI 48854 <a href="mailto:jgilluly@smartofficesinc.com">jgilluly@smartofficesinc.com</a> 517-381-5171x1261

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	Jack Gilluly 210 State St Mason, MI 48854 <a href="mailto:jackg@smartofficesinc.com">jackg@smartofficesinc.com</a> 517-381-5171x1231

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 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 .5% 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](mailto: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](http://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 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. Reserved.**

- 12. 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.

- 13. Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel providing services by providing a notice to Contractor.
- 14. 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 a Statement of Work, 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.
- 15. 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.
- 16. 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.
- 17. Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in a Statement of Work.
- 18. 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 a Statement of Work. 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.

- 19. Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in a Statement of Work. All containers and packaging become the State's exclusive property upon acceptance.
- 20. Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.
- 21. Warranty Period.** The warranty period, if applicable, for Contract Activities is a fixed period commencing on the date specified in a Statement of Work. If the Contract Activities do not function as warranted during the warranty period, the State may return such non-conforming Contract Activities to the Contractor for a full refund.
- 22. 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 a Statement of Work. 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.

**23. Reserved.**

**24. 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.

**25. Termination for Cause.** (a) The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (i) endangers the value, integrity, or security of any facility, data, or personnel; (ii) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (iii) engages in any conduct that may expose the State to liability; (iv) breaches any of its material duties or obligations



under this Contract; or (v) fails to cure a breach within the time stated by the State in a notice of breach, if in its sole discretion the State has chosen to provide a time to cure. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

(b) If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (i) cease performance immediately. Contractor must submit all invoices for Contract Activities accepted by the State within 30 days of the date of termination. Failure to submit an invoice within that timeframe will constitute a waiver by Contractor for any amounts due to Contractor for Contract Activities accepted by the State under this Contract or (ii) 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 26, 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. Contractor must promptly reimburse to the State any fees prepaid by the State prorated to the date of such termination, including any prepaid fees. 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.

**26. 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. Contractor must submit all invoices for Contract Activities accepted by the State within 30 days of the date of termination. Failure to submit an invoice within that timeframe will constitute a waiver by Contractor for any amounts due Contractor for Contract Activities accepted by the State under this Contract, or (b) continue to perform the Contract Activities in accordance with Section 27, 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 to the extent the funds are available.

**27. 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 **180** 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) 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 (d) 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.

**28. 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.

**29. 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.

- 30. 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.
- 31. 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.
- 32. 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.
- 33. 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.
- 34. Reserved.**
- 35. 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.
- f. **Third-Party Requests.** Contractor will immediately notify the State upon receipt of any third-party requests which in any way might reasonably require access to State Data. Contractor will notify the State Program Managers or their designees by the fastest means available and also in writing. Contractor must provide such notification within twenty-four (24) hours from Contractor's receipt of the request. Contractor will not respond to subpoenas, service of process, FOIA requests, and other legal requests related to the State without first notifying the State. Upon request by the State, Contractor must provide to the State, its proposed response to the third-party request with adequate time for the State to review, and, as it deems necessary, to revise the response, object, or take other action.

36. **Reserved.**

37. **Reserved.**

38. **Reserved.**

39. **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.

- 40. 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.
- 41. 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.
- 42. Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
- 43. Prevailing Wage.** Contractor must comply with prevailing wage requirements, to the extent applicable to this Contract.
- 44. Reserved.**
- 45. 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.

- 46. Unfair Labor Practice.** Under MCL 423.324, the State may void this Contract if the name of the Contractor, or the name of a subcontractor, manufacturer, or supplier of the Contractor, subsequently appears on the Unfair Labor Practice register compiled under MCL 423.322.
- 47. 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. 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.
- 48. 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.
- 49. 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.
- 50. 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.

- 51. 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.
- 52. 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 Title	Document Description
<b>Contract Terms</b>	Provides legal terms for a contract awarded through
<b>Schedule A</b>	Statement of Work
<b>Schedule B</b>	Pricing
<b>Schedule C</b>	Insurance Requirements
<b>Schedule D</b>	Service Level Agreement for Hybrid Purchases
<b>Schedule E</b>	Data Security Requirements for Hybrid Purchases
<b>Schedule F</b>	DTMB Managed Facilities
<b>Schedule G</b>	Michigan Prosperity Regions

- 53. Entire Agreement and Order of Precedence.** This Contract, which includes 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 Statement of Work; (b) second, 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.

- 54. 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.
- 55. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 56. 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.
- 57. Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a “**Contract Change Notice**”). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

# SCHEDULE A - STATEMENT OF WORK

## CONTRACT ACTIVITIES

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**Contract No.240000001076**

### **Conference Room / Training Room Audio Visual Equipment, Installation, and Maintenance**

#### **BACKGROUND**

The State of Michigan has multiple owned and leased facilities throughout the State. These properties contain conference and training rooms with TVs, monitors, speakers, and additional tech components. A main responsibility of the State of Michigan is to allow employees to collaborate effectively and with minimal downtime in in-person and hybrid environments. Additionally, the State of Michigan facilitates large-scale (40-100 people) events that utilize various forms of technology that require flexibility and adaptability.

#### **SCOPE**

This Contract is for audio visual equipment, installation and maintenance for conference and training rooms within State of Michigan owned/leased facilities.

The Contractor will provide a quote for the ordering agency when requested, utilizing regional labor rates, maintenance plans, and product pricing from Schedule B – Pricing.

### **1. Requirements**

#### **1.1. General Requirements**

- A. The Contractor must respond to the request for quote for the specific conference/training room equipment/installation within three business days from the request or site visit, if necessary.
  - 1) The quote must include:
    - a. Item Category
    - b. Manufacture Name
    - c. Description
    - d. Color
    - e. Warranty Information
    - f. Manufacture Suggested Retail Price (MSRP)
    - g. Category Percent Off
    - h. State Purchased Price (Difference between MSRP and Discount or Percent Off being offered)
    - i. Estimated Hours
    - j. Estimated Labor Cost
      - (i) Actual Labor cost cannot exceed estimated labor cost by more than 10%.

- 2) For all projects, the project plans, timelines, Maintenance Plans (if applicable) and DTMB approvals (if applicable) will be outlined and communicated through email by the program manager to the State.
  - 3) Projects over \$20,000 will have formal Project Plans and Timelines submitted for review and acknowledgment by the State between issuance of the DO and start of work.
- B. The Contractor must provide the agreed upon equipment, and install the equipment, within 10 business days or according to the agreed upon timeline once the quote has been approved.
  - C. The Contractor must provide annual maintenance upon request from the Program Manager, as listed in Schedule B – Pricing, Annual Maintenance Plan.
  - D. The Contractor must identify any major manufacturers that it cannot provide products for, e.g., Samsung, Sony, etc.
  - E. For DTMB managed facilities, the work must be reviewed and approved by the DTMB Facility Manager before work can begin. See Schedule F for DTMB managed locations.
  - F. The State reserves the right to negotiate further price reductions from the vendor provided quotes.

## **1.2. Warranties**

Any warranty with respect to the products under this contract will come from the manufacturer. Contractor will pass through to the State any applicable manufacturer warranties, to the extent transferable and provide documentation at time of delivery as well as making the documents available for viewing online, if available.

- A. The State may report any product or warranty issues by contacting the Contractor's Customer Service Representative in Section 4.4. or the Contractor Representative in Section 4.1. Contractor Representative assigned to the State. Contractor will work with the Original Equipment Manufacturer (OEM) to remedy the warranty claim on the State's behalf up to and including return for full credit, replacement of the defective item or repair of the defective item as dictated by the applicable warranty.
  - 1) In the event a State of Michigan end-user encounters a warranty/return issue, the product must be returned to the Contractor for full credit or a replacement product, and the Contractor will handle all returns to the manufacturer.
- B. The State reserves the right to require additional warranties including those identified by the Contractor.

### **1.2.1. Manufacturer Warranty**

Warranties on equipment must be the actual warranty as provided by the manufacturer. Warranty information on equipment must be provided at time of quotation with manufacturer warranty extensions offered as options.

### **1.2.2. Service Warranty**

The Contractor must warrant workmanship on any services for a minimum period of 180 days following the completion of any given project.

### **1.3. Recall Requirements and Procedures**

The Contract Administrator and Program Manager(s) must be contacted via email within 5 calendar days, or by mail within 10 calendar days, of the knowledge of any recall or defect. The replacement plan must include recall and replacement procedures for all defective deliverables. All recalls and replacements must be at the Contractor's expense. The Contractor must be capable of replacing all defective deliverables within a 30 calendar day period.

### **1.4. Compatibility**

- A. The Contractor must ensure that the products proposed to the State are compatible with existing equipment.
- B. If new proposed products are not compatible, altered room functionality must be identified in Contractor's proposal.
- C. Contractor acknowledges that the State cannot indemnify any third parties, including but not limited to any third-party providers that provide deliverables that will be provided to the State, incorporated in or otherwise used in conjunction with the Services, and that notwithstanding anything to the contrary contained in any third-party license agreement or end user license agreement, the State will not indemnify any third party provider for any reason whatsoever.

### **1.5. Quality Assurance Program**

- A. All products or materials installed under this contract are subject to the approval of the State purchasing entity.
- B. Contractor must ensure all deliverables and services are in working order once installation and setup is complete. Any rejected items, goods, materials or installation resulting from noncompliance, defect or performance failure for any reason whether held or returned, must be at the Contractor's expense.
- C. Contractor must provide firmware updates for a period of 1 year after final acceptance at no additional cost to the State. Upon request from the State, the Contractor must provide the necessary patching and/or updating products to maintain the current level of functionality and security. The State will provide approval and access through applicable DTMB and department policies and procedures.
- D. Contractor must provide written instructions, a video tutorial of instructions and/or a brief demonstration of the operation and support of the deliverables upon completion of the services to the State/Purchasing entity.

### **1.6. Incentives**

The State is interested in any other incentives that the Contractor may have such as return policies, trade-in programs allowing the return of new product not used on a

particular project, trade-in programs allowing the return of new product towards the purchase of a product, quantity discounts, etc.

The Contractor must offer all incentives as provided by the original equipment manufacturer, or via distribution, relating to the equipment. Any associated services or programs will be made available at time of quotation.

## **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 \(michigan.gov\)](https://www.michigan.gov/dtmb/0,4570,7-293_13317_13318_13319_13320_13321_13322_13323_13324_13325_13326_13327_13328_13329_13330_13331_13332_13333_13334_13335_13336_13337_13338_13339_13340_13341_13342_13343_13344_13345_13346_13347_13348_13349_13350_13351_13352_13353_13354_13355_13356_13357_13358_13359_13360_13361_13362_13363_13364_13365_13366_13367_13368_13369_13370_13371_13372_13373_13374_13375_13376_13377_13378_13379_13380_13381_13382_13383_13384_13385_13386_13387_13388_13389_13390_13391_13392_13393_13394_13395_13396_13397_13398_13399_13400_13401_13402_13403_13404_13405_13406_13407_13408_13409_13410_13411_13412_13413_13414_13415_13416_13417_13418_13419_13420_13421_13422_13423_13424_13425_13426_13427_13428_13429_13430_13431_13432_13433_13434_13435_13436_13437_13438_13439_13440_13441_13442_13443_13444_13445_13446_13447_13448_13449_13450_13451_13452_13453_13454_13455_13456_13457_13458_13459_13460_13461_13462_13463_13464_13465_13466_13467_13468_13469_13470_13471_13472_13473_13474_13475_13476_13477_13478_13479_13480_13481_13482_13483_13484_13485_13486_13487_13488_13489_13490_13491_13492_13493_13494_13495_13496_13497_13498_13499_13500_13501_13502_13503_13504_13505_13506_13507_13508_13509_13510_13511_13512_13513_13514_13515_13516_13517_13518_13519_13520_13521_13522_13523_13524_13525_13526_13527_13528_13529_13530_13531_13532_13533_13534_13535_13536_13537_13538_13539_13540_13541_13542_13543_13544_13545_13546_13547_13548_13549_13550_13551_13552_13553_13554_13555_13556_13557_13558_13559_13560_13561_13562_13563_13564_13565_13566_13567_13568_13569_13570_13571_13572_13573_13574_13575_13576_13577_13578_13579_13580_13581_13582_13583_13584_13585_13586_13587_13588_13589_13590_13591_13592_13593_13594_13595_13596_13597_13598_13599_13600_13601_13602_13603_13604_13605_13606_13607_13608_13609_13610_13611_13612_13613_13614_13615_13616_13617_13618_13619_13620_13621_13622_13623_13624_13625_13626_13627_13628_13629_13630_13631_13632_13633_13634_13635_13636_13637_13638_13639_13640_13641_13642_13643_13644_13645_13646_13647_13648_13649_13650_13651_13652_13653_13654_13655_13656_13657_13658_13659_13660_13661_13662_13663_13664_13665_13666_13667_13668_13669_13670_13671_13672_13673_13674_13675_13676_13677_13678_13679_13680_13681_13682_13683_13684_13685_13686_13687_13688_13689_13690_13691_13692_13693_13694_13695_13696_13697_13698_13699_13700_13701_13702_13703_13704_13705_13706_13707_13708_13709_13710_13711_13712_13713_13714_13715_13716_13717_13718_13719_13720_13721_13722_13723_13724_13725_13726_13727_13728_13729_13730_13731_13732_13733_13734_13735_13736_13737_13738_13739_13740_13741_13742_13743_13744_13745_13746_13747_13748_13749_13750_13751_13752_13753_13754_13755_13756_13757_13758_13759_13760_13761_13762_13763_13764_13765_13766_13767_13768_13769_13770_13771_13772_13773_13774_13775_13776_13777_13778_13779_13780_13781_13782_13783_13784_13785_13786_13787_13788_13789_13790_13791_13792_13793_13794_13795_13796_13797_13798_13799_13800_13801_13802_13803_13804_13805_13806_13807_13808_13809_13810_13811_13812_13813_13814_13815_13816_13817_13818_13819_13820_13821_13822_13823_13824_13825_13826_13827_13828_13829_13830_13831_13832_13833_13834_13835_13836_13837_13838_13839_13840_13841_13842_13843_13844_13845_13846_13847_13848_13849_13850_13851_13852_13853_13854_13855_13856_13857_13858_13859_13860_13861_13862_13863_13864_13865_13866_13867_13868_13869_13870_13871_13872_13873_13874_13875_13876_13877_13878_13879_13880_13881_13882_13883_13884_13885_13886_13887_13888_13889_13890_13891_13892_13893_13894_13895_13896_13897_13898_13899_13900_13901_13902_13903_13904_13905_13906_13907_13908_13909_13910_13911_13912_13913_13914_13915_13916_13917_13918_13919_13920_13921_13922_13923_13924_13925_13926_13927_13928_13929_13930_13931_13932_13933_13934_13935_13936_13937_13938_13939_13940_13941_13942_13943_13944_13945_13946_13947_13948_13949_13950_13951_13952_13953_13954_13955_13956_13957_13958_13959_13960_13961_13962_13963_13964_13965_13966_13967_13968_13969_13970_13971_13972_13973_13974_13975_13976_13977_13978_13979_13980_13981_13982_13983_13984_13985_13986_13987_13988_13989_13990_13991_13992_13993_13994_13995_13996_13997_13998_13999_14000)

### **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. The State reserves the right to request deliverables that comply with Level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0.

### **Software**

The State defines “**Software**” as the programs, applications, firmware, or other operating instructions that run a computer or hardware. The Contractor is not providing any open source or third-party software in this contract.

## **2. Service Requirements**

### **2.1. Timeframes**

All Contract Activities must be delivered within 10 business days from receipt of order, unless otherwise agreed to by the State. The receipt of order date is pursuant to the **Notices** section of the Standard Contract Terms.

### **2.2. Delivery**

Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Schedule A. All containers and packaging become the State’s exclusive property upon acceptance.

Contractor must provide the State with an anticipated delivery date within 3 business days after receipt of order (ARO). Delivery will be expected within 10 business days ARO or agreed upon timeframe. Contractor must notify the State of any delays in the anticipated delivery date as soon as they occur. Delivery will be at various locations throughout the State as identified on the Delivery Order (DO).

- A. For product only deliveries, Contractor will receive and inspect product at their warehouse and optimize packaging for delivery to State location(s) while maintaining all original packaging.
- B. Deliveries will be made by Contractor in a marked company vehicle at an arranged time and location, for both orders that contain installation and product only orders.
- C. In most cases, Contractor will deliver products with installers on the scheduled installation date to streamline the installation process with no additional fee for material transportation.

### **2.3. Change Orders**

A change order is a written amendment to modify an in-progress DO. Changes include but are not limited to the following:

- A. Additions to hardware
- B. Subtractions to hardware
- C. Changes to functionality
- D. Changes to labor hours
- E. Non-standard freight options, e.g., Next Day Air, 2<sup>nd</sup> Day, etc.
- F. Substitutions for products that are on backorder
- G. Correction of a DO

Change orders are presented in the same format as the Contractor's quotes and must be approved by the ordering agency. In the event of a change order, the original DO will be revised and reissued to the Contractor.

Change orders may be invoiced separately from the original DO.

### **2.4. Packaging and Palletizing**

Packaging must be optimized to permit the lowest freight rate. Shipments must be palletized whenever possible using manufacturer's standard 4-way shipping pallets.

### **2.5. Installation**

Contractor must work with State Program Manager to schedule installation within 10 business days from receipt of all ordered product, unless otherwise agreed to by the State. Installation will be considered complete when the State's Program Manager, or designee, signs off and approves the invoice for issuance.

### **2.6. Maintenance**

At a minimum, on-site maintenance must be performed according to the Annual Maintenance Plan listed in Schedule B - Pricing. The State will provide at least a 30 day notice before scheduling maintenance.

### **2.5. Training**

- A. Upon completion of project installation, the Contractor must provide one (1) session of in-person training with an unlimited number of participants per room. Instructional documentation for the training will be provided upon request.

- B. The Contractor must provide user instructions for each room that clearly describes how the equipment in each room should be used at no additional charge. The provided instructions must be in PDF format.

### **3. Acceptance**

#### **3.1. Acceptance, Inspection, and Testing**

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

##### **A. Initial Inspection**

- 1) If at the time of delivery, damage is visually noted, the delivery will be rejected, and the product returned with the driver.
- 2) Within 3 business days of delivery, the State will initially inspect to confirm that product has been delivered as ordered and that there are no signs of damage.
  - a. If this inspection reveals incorrect product or damage, the State will notify the Contractor of deficiencies immediately.
- 3) If the order passes the initial inspection, it will be conditionally accepted dependent on continued inspection as the deliverables are consumed by the business areas.

##### **B. Continued Inspection.** After the order has been conditionally accepted and the products are placed into stock, as each box is opened for use it will be inspected as to usability by the business area.

- 1) If at any time once in stock, until the products use, it is determined that a deficiency has been discovered the State will notify the Contractor within 3 business days to discuss the nature of the deficiency and work with the Contractor to either correct the deficiency by providing replacement stock or credit the State.

#### **3.2. Damaged Goods, Defective Merchandise, Returns**

##### **A. Damaged Freight, Error in Shipment, Defective Items**

- 1) The Contractor will pay and arrange for all shipping and handling charges for items returned because of freight damage, error in shipment or defective items.
- 2) The State will be credited the full amount of all items returned.
- 3) All credits will be made to the ordering Agency which purchased the returned items.
- 4) The Contractor will issue credit within seven (7) calendar days once item has been returned to Contractor's in-state distribution warehouse.

##### **B. Return Policy.** Products may, if unused, be returned to Contractor for any reason, other than as stated in **Section 3.2.A.**, in accordance with the following policy:

- 1) The product must be returned to the Contractor with its complete and original packaging intact (original UPC code, packaging materials, instructions, manuals, etc.).
- 2) Deliverables must be returned within 30 days of receiving the product.
- 3) Custom products are not returnable unless damaged or found to be defective within 30 days of installation.
- 4) The Agency must be refunded in its entirety when returned merchandise is received back into Contractor's inventory.

### **3.3. Return Process**

The Contractor's process for managing product returns is as follows:

- A. Equipment must be returned to Contractor in its original packaging and complete contents intact.
  - 1) Contractor will inspect the contents and confirm receipt with the State.
  - 2) A full credit will be issued for unused product returned in its original packaging.
  - 3) Return requests that do not include the original packaging will be accepted at the discretion of the Contractor and may be subject to restocking charges between 10-25% depending on product condition and completeness.
  - 4) Complete, unused returns that have all the parts but are missing the original packaging will be given 90% credit.
  - 5) Returns with products that are incomplete and/or missing parts will be accepted for a 75% - 85% credit, depending on completeness.

## **4. Staffing**

### **4.1. Contractor Representative**

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

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

The Contractor Representative for this contract is:

Mars Frederick 210 State Street Mason, MI 48854 <a href="mailto:mfrederick@smartofficesinc.com">mfrederick@smartofficesinc.com</a> 517-381-5160
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### **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:
Kristine Mills 320 S. Walnut St., 2nd Floor North Lansing, MI 48933 <a href="mailto:millsk11@michigan.gov">millsk11@michigan.gov</a> 517-242-6402	John Gilluly 210 State Street Mason, MI 48854 <a href="mailto:jqilluly@smartofficesinc.com">jqilluly@smartofficesinc.com</a> 517-381-5171x1261

**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	John Gilluly 210 State Street Mason, MI 48854 <a href="mailto:jqilluly@smartofficesinc.com">jqilluly@smartofficesinc.com</a> 517-381-5171x1261

**4.4. Customer Service Toll-Free Number**

The Contractor’s toll-free number for the Contractor Representative is (800) 546-8143. The Contractor Representative must be available for calls during the hours of 8:00 am to 5:00 pm EST.

**4.5. Technical Support, Repairs and Maintenance**

The Contractor’s toll-free number for Technical Support, Repairs, and Maintenance is (800) 546-8143, ext. 2. The Contractor must be available for calls and service during the hours of 8:00 am to 5:00 pm EST.

When providing technical support, the Contractor must respond to the State’s issue within 48 hours. If the State’s issue cannot be resolved within 3 business days, on-site service must be scheduled. The on-site service is preferred to be performed within one day of the time the issue was scheduled for service.

**4.6. Work Hours**

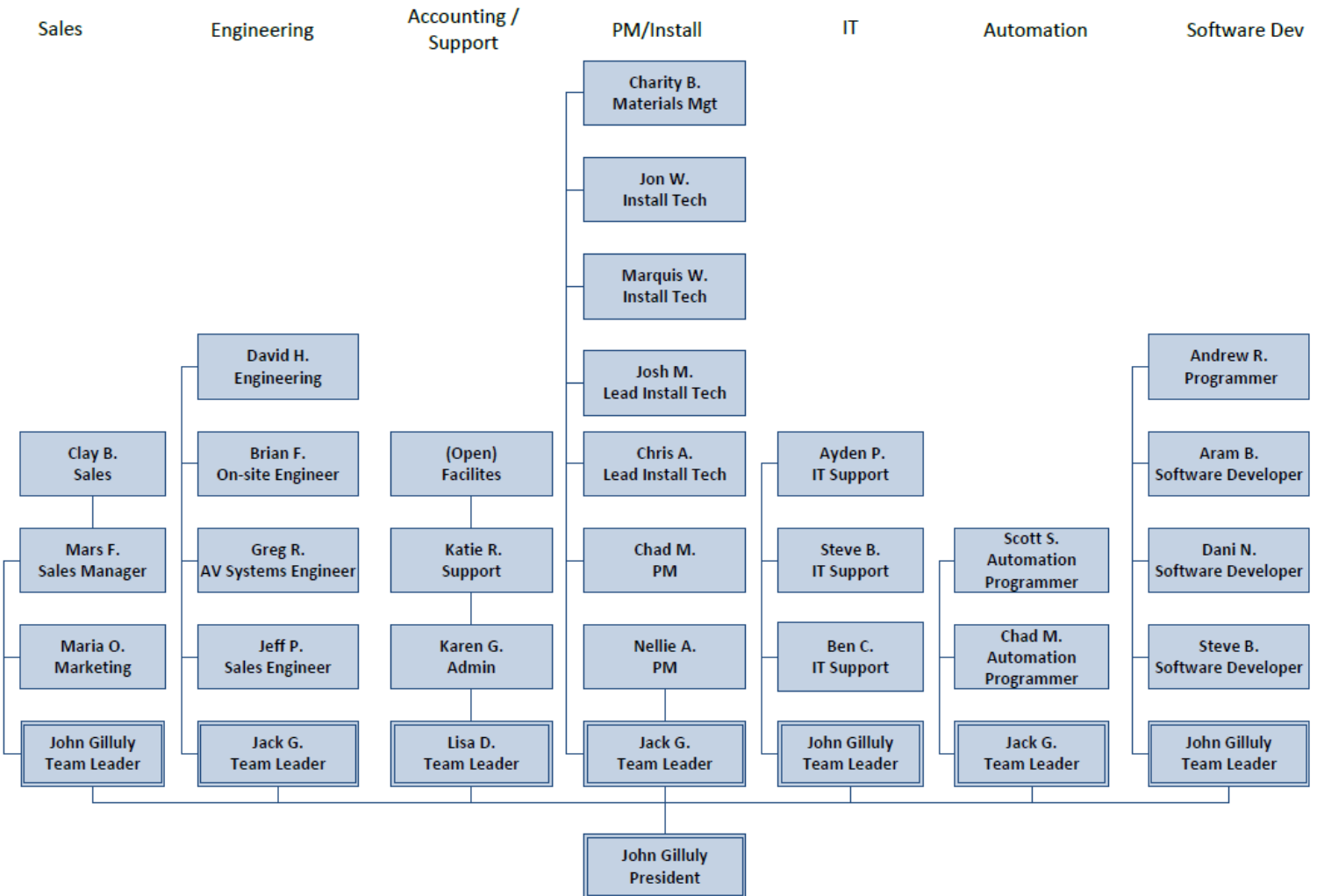
The Contractor must provide Contract Activities during the State’s normal working hours Monday – Friday, 8:00 a.m. to 5:00 p.m. EST and possible night and weekend hours depending on the requirements of the project.

**4.7. Organizational Chart.**

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

## Smart Homes, Inc./Smart Offices Organizational Chart 4/1/2024

### OUR CUSTOMERS



#### **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.

#### **4.9. Security**

The Contractor's staff may be required to make deliveries to, or enter, State facilities. The Contractor will be subject the following security procedures:

- A. Contractor must notify the Program Manager with names of personnel assigned to work at the installation location.
- B. Contractor must show valid State issued driver's license or ID upon arrival at State facilities.
- C. Contractor's Program Manager must contact the State's Program Manager in advance of an audio-visual installation to request information on security policies and procedures for the facility and State agency.
- D. The State may require the Contractor's personnel to wear State issued identification badges.
- E. Contractor's attire will be clearly marked with company logos for easy identification.
- F. Contractor performs annual background checks for all employees through Michigan State Police (I-Chat), Michigan Department of Corrections (OTIS), and NSOPW.

### **5. Project Management**

#### **5.1. Project Plan**

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

#### **5.2. Meetings**

The Contractor must attend the following meetings:

- A. Kick-off meeting within 30 calendar days of the Contract Effective Date.

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

### **5.3. Reporting**

- A. The Contractor must be able to provide various reports when requested by the State.
- B. The Contractor will provide a **Conference Room Report** outlining the components checked and provide a quote for any recommended repairs after scheduled maintenance has been completed.

## **6. Pricing**

### **6.1. Price Term**

Pricing is firm for the entire length of the Contract. See Schedule B, Pricing. All installation rates must include prevailing wage as applicable. Current Prevailing wage rates can be found on the Licensing and Regulatory Affairs (LARA) website here: <https://www.michigan.gov/leo/bureaus-agencies/ber/wage-and-hour/dtmb-prevailing-wage>

### **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 Delivery Order (DO).

## **8. Invoice and Payment**

### **8.1. Invoice Requirements**

All invoices submitted to the State must include:

- A. Contract number.
- B. Delivery Order/Purchase Order number.
- C. Contractor name, address, phone number, and Federal Tax Identification Number.
- D. Description of any commodities/hardware, including quantity ordered.
- E. Date(s) of delivery and/or date(s) of installation and setup.
- F. Price for each item, or Contractor's list price for each item and applicable discounts.

- G. Maintenance charges.
- H. Net invoice price for each item.
- I. Vendor-generated invoice number.
- J. Shipping costs, if any.
- K. Other applicable charges.
- L. Total invoice price.
- M. Payment terms, including any available prompt payment discount.
- N. Manufacturer warranty dates.
- O. Contractor's warranty timeframes if applicable.

## **8.2. Payment Methods**

The State will make payment for Contract Activities via EFT.

## **8.3. Procedure**

The Contractor must submit properly itemized invoices to the "Bill To" address on the Delivery Order (DO). Incorrect or incomplete invoices will be returned to the Contractor for correction and reissue. The Contractor must submit invoices according to the following:

- A. Delivery Orders (DO) less than \$25,000 will be invoiced at project completion
- B. Delivery Orders (DO) greater than \$25,000 will be invoiced with progress billing.
- C. Progress billing may occur at the following milestones:
  - 1) Shipment of Hardware to the Contractor. Proof of shipment must be provided with the invoice
  - 2) Partial Installation. Large projects may have extended installation times to accommodate other trades. Partial installation billing will only include labor already performed
  - 3) Project completion

## **9. Additional Requirements**

The Contractor must identify any hazardous chemicals that will be provided under this Contract.

### **1.1. Environmental and Energy Efficient Products**

The Contractor must identify any energy efficient, bio-based, or otherwise environmentally friendly products used in the products. Contractor must include any relevant third-party certification, including the verification of a United States department of agriculture certified bio-based product label.

### **1.2. Hazardous Chemical Identification**

In accordance with the federal Emergency Planning and Community Right-to-Know Act, 42 USC 11001, et seq., as amended, the Contractor must provide a Material Safety Data Sheet listing any hazardous chemicals, as defined in 40 CFR §370.2, to be delivered. Each hazardous chemical must be properly identified, including any applicable identification number, such as a National Stock Number or Special Item Number.

### **1.3. Mercury Content**

Pursuant to MCL 18.1261d, mercury-free products must be procured when possible.

The Contractor must explain if it intends to provide products containing mercury, the amount or concentration of mercury, and whether cost competitive alternatives exist. If a cost competitive alternative does exist, the Contractor must provide justification as to why the particular product is essential. All products containing mercury must be labeled as containing mercury.

**1.4. Brominated Flame Retardants**

The State prefers to purchase products that do not contain brominated flame retardants (BFRs) whenever possible. The Contractor must disclose whether the products contain BFRs.

**10. Service-Level Agreement (SLA)**

- 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 Deliveries
<b>Definition and Purpose</b>	<ol style="list-style-type: none"> <li>1. All orders must be delivered in accordance with the requirements in Section 2 Service Requirements.</li> <li>2. The Contractor must ensure that items and quantities delivered are exactly the items, brands, and quantities on the Order Confirmation. No substitutions will be allowed without prior written permission by Program Manager and a Change Notice executed by the Contract Administrator.</li> </ol>
<b>Acceptable Standard</b>	The acceptable standard is 100% compliance.
SLA Metric 2.	Installation
<b>Definition and Purpose</b>	<ol style="list-style-type: none"> <li>1. All orders must be installed in accordance with the requirements.</li> <li>2. Installation of equipment will be performed in State facility.</li> <li>3. Details of installation of equipment will be outlined in service order.</li> </ol>
<b>Acceptable Standard</b>	Contractor must work with State Program Manager to schedule installation within 10 business days from receipt of all ordered product. Installation will be considered complete when the

<b>SLA Metric 1.</b>	<b>Timely Deliveries</b>
	State's Program Manager, or designee, signs off and approves the invoice for issuance.
<b>SLA Metric 3.</b>	<b>Warranty</b>
<b>Definition and Purpose</b>	<ol style="list-style-type: none"> <li>1. Any warranty with respect to the products under this contract will come from the manufacturer. Contractor will pass through to the State any applicable manufacturer warranties, to the extent transferable and provide documentation at time of delivery as well as making the documents available for viewing online.</li> <li>2. The State may report any product or warranty issues by contacting the Contractor's Customer Service or the Contractor Representative assigned to the State. Contractor will work with the OEM to remedy the warranty claim on the State's behalf up to and including return for full credit, replacement of the defective item or repair of the defective item as dictated by the applicable warranty.</li> </ol>
<b>Acceptable Standard</b>	<p>Warranties on equipment must be the actual warranty as provided by the manufacturer. Warranty information on equipment must be provided at time of quotation with manufacturer warranty extensions offered as options.</p> <p>The Contractor must warrant workmanship on any services for a period of 180 days following the completion of any given project.</p>
<b>SLA Metric 4.</b>	<b>Maintenance</b>
<b>Definition and Purpose</b>	<ol style="list-style-type: none"> <li>1. Maintenance includes but not limited to, functionality of rooms, safety checks, cleaning of devices, checking of wiring connections, review of firmware and software available.</li> </ol>
<b>Acceptable Standard</b>	At a minimum, on-site maintenance must be performed according to the Annual Maintenance Plan listed in Schedule B - Pricing. The State will provide at least a 30-day notice before scheduling maintenance.
<b>SLA Metric 5.</b>	<b>Training</b>
<b>Definition and Purpose</b>	<ol style="list-style-type: none"> <li>1. Conference rooms receiving new equipment must have training and operating resources available.</li> <li>2. Understanding of how to operate equipment is critical in the functionality of device.</li> </ol>

SLA Metric 1.	Timely Deliveries
<b>Acceptable Standard</b>	<p>Upon completion of project installation, at the request of the State, the Contractor must schedule an in person training with the State per install within 3 business days of the State’s request. Additionally, the Contractor must provide user instructions for each room that clearly describes how the equipment in each room should be used. The provided instructions must be in PDF format.</p>
<b>Credit Due for Failing to Meet the Service Level Metrics 1-5</b>	<ol style="list-style-type: none"> <li>1. \$100.00 may be assessed for each of the first five occurrences of non-compliance in a given calendar year.</li> <li>2. \$500.00 may be assessed beginning with the sixth occurrence of non-compliance and on each occurrence thereafter in a given calendar year.</li> </ol> <p>Extenuating circumstances will be reviewed by the Program Manager before any Service Credits are assessed.</p> <p>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.</p>



# SCHEDULE B PRICING

**Contract No. 24000001076**  
**Conference Room / Training Room Audio Visual Equipment, Installation and Maintenance**

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

Quick payment terms: **2%** discount off invoice if paid within **30 days** after receipt of invoice.

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

**Equipment Category and Percent Off  
 Manufacturers Suggested Retail Price (MSRP)**

Item	Proposed Manufacturers	Category	Proposed Percent Off MSRP
1	Biamp	Audio Amplifier	40%
2	Biamp	Audio Device	40%
3	Crestron	Automation and Control	40%
4	Tributaries Cable	Cable	30%
5	Covid	Cable	30%
6	AViPAS	Camera and components	10%
7	Biamp	DSP	40%
8	Middle Atlantic	Encloser and Racks	40%
9	Strong	Encloser and Racks	30%
10	AFV	Encloser and Racks	40%
11	Crestron	Lighting	40%
12	Audio Technica	Microphone and Components	40%
13	Shure	Microphone and Components	25%
14	Various	Other Peripherals	20%-40%
15	Cyber Power Systems	Power Item	20%
16	WattBox	Power Item	40%
17	Epson & NEC	Projectors and Components	10%-30% Model Dependent
18	Acoustimac	Sound Dampening	20%

Item	Proposed Manufacturers	Category	Proposed Percent Off MSRP
19	MSE Audio (Soundtube)	Speaker	30%
20	Transient Protection Design	Surge Protection	40%
21	LG, NEC, Samsung, Sharp	TV and Components	10%-30% Model Dependent
22	LG, Samsung, Sony	Smart TV	10%-20% Model Dependent
23	HP-Poly, Biamp	VC System	10%-40% Model Dependent
24	Windy City Wire	Wire	40%
25	Various	Wire Management	20%-40%

Upon request, the Contractor must provide a detailed list of products for purchase by the State in Microsoft Excel format. This list must include the following fields:

- Item Category
- Manufacturer
- Item Description
- Item Detailed Description
- Color
- Warranty
- MSRP
- Percent Off
- State Purchase Price

**Regional Labor Rates**

Service/Labor Rate per Hour*	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Region 8	Region 9	Region 10
Standard Rate (Monday-Friday) (8:00AM-5:00PM)	\$119	\$109	\$109	\$99	\$99	\$99	\$89	\$99	\$99	\$99
After Hours Rate (After 5:00 PM, before 8:00 AM)	\$159	\$149	\$149	\$139	\$139	\$139	\$129	\$139	\$139	\$139
Weekend Rate (Saturday-Sunday)	\$159	\$149	\$149	\$139	\$139	\$139	\$129	\$139	\$139	\$139
Holiday Rate**	\$199	\$189	\$189	\$179	\$179	\$179	\$179	\$179	\$179	\$179
Installation Rate	\$119	\$109	\$109	\$99	\$99	\$99	\$89	\$99	\$99	\$99
Repair Rate	\$119	\$109	\$109	\$99	\$99	\$99	\$89	\$99	\$99	\$99
Software Updates	\$119	\$109	\$109	\$99	\$99	\$99	\$89	\$99	\$99	\$99

**\*Actual Labor cost cannot exceed estimated labor cost by more than 10%**

**\*\* The holidays and the days they are observed are:**

- New Year’s Day, January 1.
- Martin Luther King, Jr. Day, Third Monday in January.
- President’s Day, Third Monday in February.
- Memorial Day, Last Monday in May.
- Juneteenth, June 19.
- Independence Day, July 4.
- Labor Day, First Monday in September.
- General Election Day, even-numbered years.
- Veterans Day, November 11.
- Thanksgiving Day and the day after, the fourth Thursday and Friday in November.
- Christmas Eve and Christmas Day, December 24 and 25.
- New Year’s Eve, December 31.

**Annual Maintenance Plan**

Yearly Maintenance Plan Includes:	Rate
<p><u>Group of four Rooms with a Minimum of four Monitors:</u></p> <ul style="list-style-type: none"> <li>• Clean all Devices</li> <li>• Check all wiring and replace patch cables</li> <li>• Review firmware and software updates available</li> <li>• Test all functions and room combinations</li> <li>• Generate PM results and provide to owner</li> <li>• Safety and Mechanical are checked</li> </ul> <p><u>Notes:</u></p> <ul style="list-style-type: none"> <li>• Rooms will be scheduled at one hour each for PM checks.</li> <li>• Everything listed is included under the maintenance plan.</li> <li>• Any cables exposed, subject to normal wear and tear.</li> <li>• Should be renewed each year.</li> <li>• If a repair cannot be done during the PM, a quote for all charges will be provided.</li> </ul>	<p>\$99 per room.            \$396 total for four rooms all at the same location with PM performed on the same day/trip.            Rate applies to standard presentation rooms equipped with a wall mounted display. Rooms involving additional audiovisual equipment such as audio, microphones, or conferencing equipment are subject to a higher rate.</p>
	Rate
<p><u>Single Room or Group of Rooms with Less Than four Monitors:</u></p> <ul style="list-style-type: none"> <li>• Clean all Devices</li> <li>• Check all wiring and replace patch cables</li> <li>• Review firmware and software updates available</li> <li>• Test all functions and room combinations</li> <li>• Generate PM results and provide to owner</li> <li>• Safety and Mechanical are checked</li> </ul> <p><u>Notes:</u></p> <ul style="list-style-type: none"> <li>• Rooms will be scheduled at one hour each for PM checks.</li> <li>• Everything listed is included under the maintenance plan.</li> <li>• Any cables exposed, subject to normal wear and tear.</li> <li>• Should be renewed each year.</li> <li>• If a repair cannot be done during the PM, a quote for all charges will be provided.</li> </ul>	<p>\$99 per room.            Rate applies to standard presentation rooms equipped with a wall mounted display. Rooms involving additional audiovisual equipment such as audio, microphones, or conferencing equipment are subject to a higher rate.</p>

## **SCHEDULE C – INSURANCE REQUIREMENTS**

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**Contract No. 24000001076**

### **Conference Room / Training Room Audio Visual Equipment, Installation and Maintenance**

- 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](mailto: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
<b>Commercial General Liability Insurance</b>	
<b>Minimum Limits:</b> <b>\$1,000,000 Each Occurrence</b> <b>\$1,000,000 Personal &amp; Advertising Injury</b> <b>\$2,000,000 Products/Completed Operations</b> <b>\$2,000,000 General Aggregate</b>	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.
<b>Automobile Liability Insurance</b>	
If a motor vehicle is used in relation to the Contractor's performance, the Contractor must have vehicle liability insurance on the motor vehicle for bodily injury and property damage as required by law.	
<b>Workers' Compensation Insurance</b>	
<b>Minimum Limits:</b> <b>Coverage according to applicable laws governing work activities.</b>	Waiver of subrogation, except where waiver is prohibited by law.
<b>Employers Liability Insurance</b>	
<b>Minimum Limits:</b> <b>\$500,000 Each Accident</b> <b>\$500,000 Each Employee by Disease</b> <b>\$500,000 Aggregate Disease</b>	
<b>Privacy and Security Liability (Cyber Liability) Insurance</b>	
<b>Minimum Limits:</b> <b>\$1,000,000 Each Occurrence</b> <b>\$1,000,000 Annual Aggregate</b>	Contractor must have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
<b>Professional Liability (Errors and Omissions) Insurance</b>	
<b>Minimum Limits:</b> <b>\$3,000,000 Each Occurrence</b> <b>\$3,000,000 Annual Aggregate</b>	

**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

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1. **Definitions.** For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Schedule** shall have the respective meanings given to them in the Contract 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 Monday – Friday, 8:00 a.m. to 5:00 p.m. Eastern

**“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	<ul style="list-style-type: none"> <li>• Issue affecting entire system or single critical production function;</li> <li>• System down or operating in materially degraded state;</li> <li>• Data integrity at risk;</li> <li>• Declared a Critical Support Request by the State; or</li> <li>• Widespread access interruptions.</li> </ul>
High Service Error	<ul style="list-style-type: none"> <li>• Primary component failure that materially impairs its performance; or</li> <li>• Data entry or access is materially impaired on a limited basis.</li> </ul>
Medium Service Error	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Low Service Error	<ul style="list-style-type: none"> <li>• Request for assistance, information, or services that are routine in nature.</li> </ul>

**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:

<b>Support Request Classification</b>	<b>Service Level Metric (Required Response Time)</b>	<b>Service Level Metric (Required Resolution Time)</b>	<b>Service Level Credits (For Failure to Respond to any Support Request Within the Corresponding Response Time)</b>	<b>Service Level Credits (For Failure to Resolve any Support Request Within the Corresponding Required Resolution Time)</b>
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 72 hours, and a Recovery Time Objective (RTO) of 72 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 included or attached as described in **Schedule A** under **Hosting**. 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

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

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

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

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

“**Hosting Provider**” means any subcontractor that is providing any or all of the Hosted Services under this Contract.

“**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.

“**NIST**” means the National Institute of Standards and Technology.

“**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).

“**PCI**” means the Payment Card Industry.

“**Process**” means to perform any operation or set of operations on any data, information, material, work, expression or other content, including to (a) collect, receive, input, upload, download, record, reproduce, store, organize, combine, log, catalog, cross-reference, manage, maintain, copy, adapt, alter, translate or make other improvements or derivative works, (b) process, retrieve, output, consult, use, disseminate, transmit, submit, post, transfer, disclose or otherwise provide or make available, or (c) block, erase or destroy. “**Processing**” and “**Processed**” have correlative meanings.

“**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 \(michigan.gov\)](https://www.michigan.gov/DTMB-IT-Policies-Standards-Procedures).

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 \(michigan.gov\)](https://www.michigan.gov/1340.00.130.02-Acceptable-Use-of-Information-Technology). 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 Activities, 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, developed, 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](http://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 programming 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.

## **SCHEDULE F – DTMB MANAGED FACILITIES**

<b>Building Name</b>	<b>Street Address (Lansing)</b>	<b>Zip Code</b>
Cadillac Place	3044 W. Grand Blvd, Detroit	48202
Constitution Hall	525 W. Allegan St.	48933
Construction & Technology Facility	8885 Ricks Road	48821
Energy Center	7432 Parsons Dr	48821
Escanaba State Office Building	305 Ludington St, Escanaba	49829
Flint State Office Building	125 E. Union St, Flint	48502
G. Mennen Williams Building	525 W. Ottawa St.	48933
General Services Building	7461 Crowner Dr	48821
George W. Romney Building	111 S. Capitol Ave.	48933
Grand Rapids State Office Building	350 Ottawa Ave, N.W., Grand Rapids	49503
Grand Tower	235 S. Grand Ave.	48933
Hall of Justice	925 W. Ottawa St	48915
Hazardous Materials Training Center	7426 Osborn St	48821
Jackson State Office Building	301 E. Louis Glick Hwy, Jackson	49201
Jerome T. Hart Building	411 E. Genesee Ave, Saginaw	48607
John A. Hannah Building	608 W. Allegan St.	48933
Joint Operations Center	615 W. Allegan St	48933
Lewis Cass Building	320 S. Walnut St.	48933
Lottery Building	101 E. Hillsdale St.	48933
MDOT Warehouse	7575 Crowner Dr	48821
Michigan Library & Historical Center	702 W. Kalamazoo St.	48915
MSP 1st District Headquarters & Post 11	7119 N. Canal Rd.	48821
MSP Annex	7050 Harris Dr	48821
MSP Forensics Lab	7320 N. Canal Rd.	48821
MSP Headquarters	7150 Harris Dr.	48821
MSP Training Academy (PTA)	7426 N. Canal Rd.	48821
Murray D. VanWagoner Building	429 W. Ottawa St.	48933
One Division-Grand Rapids	One N Division Ave, Grand Rapids	49503
Operations Center	7285 Parsons Dr.	48821
Ottawa Building	611 W. Ottawa St.	48933
Records Building	3400 N. Grand River Ave.	48906
Richard H. Austin Building (Treasury)	430 W. Allegan St.	48933
Secretary of State Building	7064 Crowner Dr.	48821
SOM Warehouse Complex	111 W St. Joseph St.	48917
South Grand	333 S. Grand Ave.	48933
State (Joint) Laboratory	3350 N. Martin Luther King Jr. Blvd.	48906
Stevens T. Mason Building	530 W. Allegan St.	48933
Traverse City State Office Building	701 S. Elmwood Ave-Suite 1, Traverse City	49684
Vehicle & Travel Services	6951 Crowner Dr.	48821



# SCHEDULE G – MICHIGAN PROSPERITY REGIONS

