



STATE OF MICHIGAN ENTERPRISE PROCUREMENT

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

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **071B7700025**

between

THE STATE OF MICHIGAN

and

CONTRACTOR	American Assoc Of Motor Vehicle Adm
	4401 Wilson Blvd
	Arlington VA, 22203
	Harold Gollos
	(703) 908-8286
	hgollos@aamva.org
	*****2317

STATE	Program Manager	Maxwell Deh	DTMB
		517-322-1730	
		dehm@michigan.gov	
Contract Administrator		Simon Baldwin	DTMB
		517-284-7045	
		baldwins@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION:			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
May 1, 2017	April 30, 2022	(3) 1-Year Periods	April 30, 2022
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45			
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
MISCELLANEOUS INFORMATION			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			5,005,000.00

FOR THE CONTRACTOR:

American Association of Motor Vehicle Administrators
Company Name

Authorized Agent Signature

Anne S. Ferro

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Bill Pemble, Category Manager, IT

Name & Title

DTMB Procurement

Agency

Date



STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and **American Association of Motor Vehicle Administrators (“Contractor”)**, a Virginia Corporation. This Contract is effective on May 1, 2017 (“**Effective Date**”), and unless earlier terminated, will expire on April 30, 2022 (the “**Term**”).

This Contract may be renewed for twelve (12) month increments (each a “**Renewal Term**”). The parties may not execute more than three (3) **Renewal Periods** at any given time. Mutual agreement of the parties shall be a pre-requisite for the exercise of any **Renewal Term**. The State will document its exercise of renewal options via **Contract Change Notice**.

The parties agree as follows:

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

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

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

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

- 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: Maxwell Deh dehm@michigan.gov (517) 322-1730	If to Contractor: Harold Gollos4401 Wilson Blvd., Suite 700 Arlington, VA 22203 [hgollos@aamva.org (703) 908-8286
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3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “**Contract Administrator**”):

State:	Contractor:
Simon Baldwin 525 W. Allegan, 1 st Floor Lansing MI, 48913 baldwins@michigan.gov (517) 284-6997	Harold Gollos 4401 Wilson Blvd, Suite 700 Arlington VA, 22203 hgollos@aamva.org (703) 908-8286

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:
[Name] [Street Address] [City, State, Zip] [Email] [Phone]	Philippe Guiot 4401 Wilson Blvd Arlington VA, 22203 pguiot@aamva.org (703) 908-8289

5. **Reserved.**

6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor’s or a subcontractor’s performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations <u>Deductible Maximum:</u> \$50,000 Each Occurrence	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0. Coverage must not have exclusions or limitations related to sexual abuse and molestation liability.
Automobile Liability Insurance	
If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any motor vehicle as required by law.	

Workers' Compensation Insurance	
<u>Minimal Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
<u>Minimal Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	
Privacy and Security Liability (Cyber Liability) Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Professional Liability (Errors and Omissions) Insurance	
<u>Minimal Limits:</u> \$3,000,000 Each Occurrence \$3,000,000 Annual Aggregate <u>Deductible Maximum:</u> \$50,000 Per Loss	

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

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

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

7. **Reserved.**

8. **Reserved.**

9. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor.

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

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

12. **Background Checks.** Contractor will take commercially reasonable steps to ensure that no person who has been convicted of a felony or any misdemeanor involving, in any way, theft, fraud, or bribery provides any services or has access to any State Data, State systems or State facilities. Upon request, Contractor must perform background checks on any employees or subcontractors who will have access to any State Data, State systems or State facilities prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.

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

14. **Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

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

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

16. **Acceptance.**

Unless otherwise provided in Schedule A, all Contract Activities are subject to inspection and acceptance by the State within 10 business days of the State's receipt of them ("**State Review Period**"). If the State fails to provide notice of acceptance by the end of the State Review Period, the Contract Activities will be deemed accepted. If any Contract Activities are non-conforming or defective, the State is entitled to, at its option and at Contractor's expense: (a) a refund; (b) a credit; or (c) correction or replacement.

17. **Reserved.**

18. **Reserved.**

19. **Reserved.**

20. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 60 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Schedule A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all prices are inclusive 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/cpexpress> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

21. **Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in Schedule A.

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

23. **Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor: (i) endangers the value, integrity, or security of State Systems, State Data, or the State's facilities or personnel; or (ii) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor. Either the State or Contractor may terminate this Contract for cause, in whole or in part, if the other party breaches any of its material duties or obligations under this Contract and, provided such breach is capable of being cured, such breach remains uncured 30 days after the breaching party receives written notice of such breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

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

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

- 24. Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.
- 25. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.
- 26. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to any third party claims relating to: (a) any infringement, misappropriation, or other violation of any intellectual property right of any third party; and (b) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to negligent or more culpable 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).

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

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

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

- 27. Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity,

or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

28. Limitation of Liability.

- a. Disclaimer of Damages. NEITHER PARTY WILL BE LIABLE, 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 FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOST PROFITS AND LOST BUSINESS OPPORTUNITIES.
- b. Limitation of Liability. IN NO EVENT WILL EITHER PARTY'S LIABILITY TO THE OTHER PARTY UNDER THIS CONTRACT (INCLUDING LIABILITY RELATING TO INDEMNIFICATION OBLIGATIONS UNDER SECTION 25 OF 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 AMOUNT OF FEES PAID BY THE STATE TO CONTRACTOR DURING THE 12-MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO SUCH LIABILITY.
 - i. Exceptions. Subsections (a) (Disclaimer of Damages) and (b) (Limitation of Liability) above, shall not apply to:
 1. Contractor's obligations under **Section 31** of this Contract (Compromise of State Data), subject to the Security Breach Indemnity Cap; and
 2. damages arising from either party's recklessness, bad faith, or intentional misconduct.

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

30. Reserved.

31. State Data.

- a. Ownership. The State's data ("**State Data**"), which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; and (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.
- b. Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable

Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State, other than as required for the Contract Activities, without the State's prior written consent. This Section survives the termination of this Contract.

c. Loss or Compromise of Data. In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII, at the State's sole election, (i) with approval and assistance from the State, notify the affected individuals who comprise the PII no later than is required to comply with applicable law, or, in the absence of any legally required notification period, without unreasonable delay, consistent with any measures necessary to determine the scope of the breach and restore the integrity of the system; or (ii) reimburse the State for the reasonable costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on a mutually agreed to schedule set by the State without charge to the State; and (i) provide to the State a detailed plan as soon as practicable following the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. Notwithstanding anything to the contrary set forth in this Section or any other provision of this Contract, the aggregate liability of Contractor for damages under this Section shall not exceed one million dollars (\$1,000,000.00) (the "**Security Breach Indemnity Cap**"). This Section survives termination or expiration of this Contract.

32. **Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract for the period of time specified for the retention of the pertinent confidential information under the State's retention and disposal schedule. .

a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently

summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, though, 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 commercially reasonable 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 within 24 hours 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, where a party reasonably believes that it is likely to suffer irreparable injury from a breach of an obligation of confidentiality required by this Agreement, the party may seek 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 (other than to pay amounts due for Contract Activities accepted by the State before termination), 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, as soon as practicable following 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 14 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

33. Data Privacy and Information Security.

- a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than applicable best industry practices and standards, and Contractor must comply with applicable State IT policies and standards that are communicated to Contractor in writing.
- b. Unauthorized Access. Contractor may not access, and shall not permit any access to, State systems, in whole or in part, whether through Contractor's systems 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 this Contract, 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 in compliance with the State's security policies communicated to Contractor in writing.
- c. Audit by Contractor. If Contractor engages a third party to perform a comprehensive independent audit of its data privacy and information security program, Contractor's operations, or disaster recovery/business continuity plan, Contractor will provide a copy of the audit report to the State upon request. Any such audit reports will be recognized as Contractor's Confidential Information.
- d. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and with 30 calendar days prior notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.
- e. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- f. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

34. **Reserved.**

35. **Reserved.**

36. **Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain, and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 3 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error

must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

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

- 37. Contractor Warranties and Representations.** Contractor represents and warrants:
- a. Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use;
 - b. all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect;
 - c. the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party;
 - d. Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities;
 - e. the Contract signatory has the authority to enter into this Contract;
 - f. 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;
 - g. the Contractor systems and services are and will remain free of any code that would permit unauthorized access to, or to destroy, disrupt, disable, distort, or otherwise harm or impede in any manner State Data or State systems, including any virus, bug, trojan horse, worm, backdoor or other malicious computer code and any time bomb or drop dead device;
 - h. neither Contractor's grant of the rights or licenses hereunder nor its performance of any Services or other obligations under this Contract does or at any time will: (1) conflict with or violate any applicable Law, including any Law relating to data privacy, data security or personal information; (2) require the consent, approval or authorization of any governmental or regulatory authority or other third party that has not been obtained; or (3) require the provision of any payment or other consideration by the State or any Authorized User to any third party, and Contractor shall promptly notify the State in writing if it becomes aware of any change in any applicable Law that would preclude Contractor's performance of its material obligations hereunder; and
 - i. all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading.

A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.

- 38. State Disclaimer of Warranties.** State Data is provided "AS IS." The State makes no warranties, express or implied, regarding the accuracy, reliability, or completeness of State Data supplied to Contractor for purposes of the Contract Activities.

THE STATE DISCLAIMS ALL WARRANTIES WITH REGARD TO STATE DATA PROVIDED TO CONTRACTOR, INCLUDING THE IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, AND NONINFRINGEMENT OF PROPRIETARY RIGHTS.

- 39. 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.

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

- 41. Reserved.**

42. Reserved.

43. Nondiscrimination. Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.

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

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

46. Non-Exclusivity. Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.

47. Force Majeure.

a. Neither party will be liable or responsible to the other party, or be deemed to have defaulted under or breached this Contract, for any failure or delay in fulfilling or performing any term hereof, when and to the extent such failure or delay is caused by: acts of God, flood, fire or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in effect on or after the date of this Contract, national or regional emergency, or any passage of law or governmental order, rule, regulation or direction, or any action taken by a governmental or public authority, including imposing an embargo, export or import restriction, quota or other restriction or prohibition (each of the foregoing, a "**Force Majeure Event**"), in each case provided that: (a) such event is outside the reasonable control of the affected party; and (b) the affected party uses commercially reasonable efforts to end the failure or delay and minimize the effects of such Force Majeure Event. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.

b. Notwithstanding the foregoing or any other provisions of this Contract, in no event will any of the following be considered a Force Majeure Event:

- i. shutdowns, disruptions or malfunctions of the Contractor's systems or any of Contractor's telecommunication or internet services other than as a result of general and widespread internet or telecommunications failures that are not limited to the Contractor's systems; or
- ii. the delay or failure of any Contractor personnel or subcontractor to perform any obligation of Contractor hereunder unless such delay or failure to perform is itself by reason of a Force Majeure Event.

c. No Force Majeure Event modifies or excuses Contractor's obligations under **Section 31** (State Data), **Section 32** (Confidentiality), **Section 33** (Security), or **Section 26** (Indemnification).

48. 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.

49. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
50. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
51. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and expressly incorporated schedules and exhibits, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.
52. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
53. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
54. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
55. **Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the Section or Sections amended.

Statement of Work (SOW) – Schedule A

1.000 Project Identification

1.001 Project Request

The purpose of this Contract is to provide network services as required by state and federal law. The Michigan Department of State (MDOS) uses the American Association of Motor Vehicle Administrators (AAMVA) network service to administer driver license and motor vehicle title programs and to enable social security number editing via the Social Security Administration for voter and drivers' license applicants. The required system checks enabled under this Contract include:

- CDLIS- Commercial Driver's License Information System
- PDPS – Problem Driver Pointer System
- UNI - Unified Network Interface
- HAVA – Help America Vote Verification
- SSOLV - Social Security On-Line Verification
- NMVTIS – National Motor Vehicle Title Information System
- USPVIS – United States Passport Verification System
-

1.002 Background

Reserved

1.100 Scope of Work and Deliverables

1.101 In Scope

This Contract includes services and products in the AAMVA Products and Services Catalog as updated and attached as Schedule B - Pricing (the "AAMVA Catalog"), including but not limited to:

- Access to the AAMVA hosted networking services to the following systems:
 - CDLIS- Commercial Driver's License Information System
 - PDPS – Problem Driver Pointer System
 - UNI-Unified Network Interface
 - HAVA – Help America Vote Verification
 - SSOLV - Social Security On-Line Verification
 - NMVTIS – National Motor Vehicle Title Information System
 - USPVS – United States Passport Verification System
- Operations services for equipment at the Contractor's site
 - Systems management
 - Disaster recovery
 - Security administration services
 - Storage services
 - Backup and off-site retention
- Maintenance and Support
 - Help Desk
 - Onsite Technical Support

1.102 Out Of Scope

This is a Contractor hosted solution and software design, development and Implementation/ Interfaces/Integration are out of scope. The purchase of hardware and software are also out of scope.

1.103 Environment

The links below provide information on the State's Enterprise information technology (IT) policies, standards and procedures which includes security policy and procedures, eMichigan web development, and the State Unified Information Technology Environment (SUITE).

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.

Enterprise IT Policies, Standards and Procedures:

http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html

All software and hardware items provided by the Contractor must run on and be compatible with the MDTMB Standard Information Technology Environment. Additionally, the State must be able to maintain software and other items produced as the result of the Contract. Therefore, non-standard development tools may not be used unless approved by MDTMB. The Contractor must request, in writing, approval to use non-standard software development tools, providing justification for the requested change and all costs associated with any change. The MDTMB Project Manager must approve any tools, in writing, before use on any information technology project.

It is recognized that technology changes rapidly. The Contractor may request, in writing, a change in the standard environment, providing justification for the requested change and all costs associated with any change. The State's Project Manager must approve any changes, in writing, and MDTMB, before work may proceed based on the changed environment.

The State's security environment includes:

- MDTMB Single Login.
- MDTMB provided SQL security database.
- Secured Socket Layers.
- SecureID (State Security Standard for external network access and high risk Web systems)

MDTMB requires that its single - login security environment be used for all new client-server software development. Where software is being converted from an existing package, or a client-server application is being purchased, the security mechanism must be approved in writing by the State's Project Manager and MDTMB Office of Enterprise Security.

Any additional Agency specific security requirements above and beyond the enterprise requirements stated in the SaaS terms and conditions must be provided as part of the Agency Specific Technical Environment.

ADA Compliance

ADA Compliance. The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. The State is requiring that Contractor's solution conform, where relevant, to level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0. Contractor may provide a description of conformance with the above mentioned specifications by means of a completed Voluntary Product Accessibility Template for WCAG 2.0 (WCAG 2.0 VPAT) or other comparable document. Contractor may consider, where relevant, the W3C's Guidance on Applying WCAG 2.0 to Non-Web Information and Communications Technologies (WCAG2ICT) for non-web software and content. Any additional compliance requirements shall be specified in the Statement of Work.

State of Michigan Look and Feel Standard

All software items provided by the Contractor must be complaint with and adhere to the State of Michigan Look and Feel Standards www.michigan.gov/somlookandfeelstandards.

The State Unified Information Technology Environment (SUITE):

Includes standards for project management, systems engineering, and associated forms and templates – must be followed: <http://www.michigan.gov/suite>

Agency Specific Technical Environment

1.104 Work and Deliverables

Contractor shall provide access to the AAMVA hosted networking services and software to include:

DRIVER

- CDLIS- Commercial Driver's License Information System
- NDR- National Driver Register (PDPS – Problem Driver Pointer System)
- DIA – Digital Image Access (New Legacy Modernization)
- PDPS – Problem Driver Pointer System
- DLDV – Driver & Vehicle Data (Optional)
- EDL – Electronic Driver's License (Optional)
- SSR – Selective Service Registration (Optional)
- S2S – State to State Verification Services (Optional)

VEHICLE

- NMVTIS – National Motor Vehicle Title Information System
- ELT – Electronic Lien and Title (Optional)
- BPEVR – Business Partner Electronic Vehicle Registration (Optional)

VERIFICATION

- DLVD – Driver License Data Verification Service
- HAVA – Help America Vote Act
- SSOLV - Social Security On-Line Verification
- USPVS – United States Passport Verification System

SOFTWARE

- UNI - Unified Network Interface
- AMIE – Message Protocol

Contractor shall provide operations services for the equipment at the Contractor's site to include

- Systems management
- Disaster recovery
- Security administration services
- Storage services
- Backup and off-site retention

Contractor shall provide maintenance and support of the AAMVA hosted services to include Help Desk and Onsite Technical Support. Contractor shall strive to meet the Service Level Objectives in Schedule B.

A list of the services provided by AAMVA can be found within the AAMVA Products and Services Catalog, Government Rate Schedule ("**AAMVA Catalog**") located at <http://www.aamva.org/Search.aspx?searchtext=catalog>. *All rates in the AAMVA catalog are set on October 1st of each year, and shall remain in effect through September 30th of the following year. AAMVA must provide 30 days prior notice of any rate change.* Each service is discussed in detail in the AAMVA Catalog. Any or all of the services contained within the AAMVA Catalog will be considered within the scope of this Contract.

1.201 Contractor Staff, Roles, And Responsibilities

A. Contractor Staff

In addition to providing sufficient qualified staff to satisfy the deliverables of this Contract, the Contractor will provide a Single Point of Contact (SPOC). The duties of the SPOC shall include supporting the management of the Contract, facilitating dispute resolution, and advising the State of performance under the terms and conditions of the Contract. The State reserves the right to require a change in the current SPOC if the assigned SPOC is not, in the opinion of the State, adequately serving the needs of the State.

B. On Site Work Requirements

1.

2. Hours of Operation:

- a. Normal State working hours are 8:00 a.m. to 5:00 p.m. EST, Monday through Friday, with work performed as necessary after those hours to meet project deadlines. No overtime will be authorized or paid.

- b. The State is not obligated to provide State management of assigned work outside of normal State working hours. The State reserves the right to modify the work hours in the best interest of the project.
 - c. Contractor shall observe the same standard holidays as State employees. The State does not compensate for holiday pay.
3. **Travel:**
- a. No travel or expenses will be reimbursed. This includes travel costs related to training provided to the State by Contractor.
 - b. Travel time will not be reimbursed.

1.202 State Staff, Roles, And Responsibilities

The State project team will consist of Executive Subject Matter Expert and an Agency Project Manager: The Executive Subject Matter Expert represents the business units involved and shall be available as needed. The Project Manager is responsible for the State's infrastructure and to coordinate with the Contractor. The Executive Subject Matter Expert and Project Manager for this Contract is:

Name	Agency/Division	Title	Phone/e-mail
Maxwell Deh	Michigan Department of State	Administrative Assistant	515.322.1730 DehM@Michigan.Gov

1.300 Project Plan

1.302 Reports

1.400 Project Management

1.401 Issue Management

1.402 Risk Management

1.403 Change Management

Change management is defined as the process to communicate, assess, monitor, and control all changes to system resources and processes. The State also employs change management in its administration of the Contract.

If a proposed contract change is approved by the Agency, the Contract Administrator will submit a request for change to the Department of Technology, Management and Budget, Procurement Buyer, who will make recommendations to the Director of DTMB-Procurement regarding ultimate approval/disapproval of change request. If the DTMB Procurement Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the DTMB-Procurement Buyer will issue an addendum to the Contract, via a Contract Change Notice. **Contractors who provide products or services prior to the issuance of a Contract Change Notice by the DTMB-Procurement, risk non-payment for the out-of-scope/pricing products and/or services.**

The Contractor must employ change management procedures to handle such things as “out-of-scope” requests or changing business needs of the State while the migration is underway.

The Contractor will employ the change control methodologies to justify changes in the processing environment, and to ensure those changes will not adversely affect performance or availability.

1.500 Acceptance

1.501 Criteria

Deliverable approval process detailed in the Contract Terms has been followed and met.

1.502 Final Acceptance

1.600 Compensation and Payment

1.601 Compensation and Payment

Detailed pricing is provided in the AAMVA Catalog. Fees for all services will be charged at the then-current rates in the AAMVA Catalog. All rates in the AAMVA catalog are set on October 1st of each year, and shall remain in effect through September 30th of the following year. AAMVA must provide 30 days prior written notice of any rate change. Contractor must submit a properly itemized invoice to "Bill To" Address on the Purchase Order.

If Contractor reduces its prices for any of the software or services during the term of this Contract for any customer, the State shall have the immediate benefit of such lower prices for new purchases. Contractor shall send notice to the State's MDTMB Contract Administrator with the reduced prices within fifteen (15) Business Days [or other appropriate time period] of the reduction taking effect.

Travel

The State will not pay for any travel expenses, including hotel, mileage, meals, parking, etc. Travel time will not be reimbursed.

Statements of Work and Issuance of Purchase Orders

- Unless otherwise agreed by the parties, each Statement of Work will include:
 1. Background
 2. Project Objective
 3. Scope of Work
 4. Deliverables
 5. Acceptance Criteria
 6. Project Control and Reports
 7. Specific Department Standards
 8. Payment Schedule
 9. Travel and Expenses
 10. Project Contacts
 11. Agency Responsibilities and Assumptions
 12. Location of Where the Work is to be performed
 13. Expected Contractor Work Hours and Conditions

- The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract. Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.

Invoicing

Contractor will submit properly itemized invoices to

DTMB – Financial Services
Accounts Payable
P.O. Box 30026
Lansing, MI 48909
or
DTMB-Accounts-Payable@michigan.gov

. Invoices must provide and itemize, as applicable:

- Contract number;
- Purchase Order number
- Contractor name, address, phone number, and Federal Tax Identification Number;
- Description of any commodities/hardware, including quantity ordered;

- Date(s) of delivery and/or date(s) of installation and set up;
- Price for each item, or Contractor's list price for each item and applicable discounts;
- Maintenance charges;
- Net invoice price for each item;
- Shipping costs;
- Other applicable charges;
- Total invoice price; and
- Payment terms, including any available prompt payment discount.

Incorrect or incomplete invoices will be returned to Contractor for correction and reissue.

Schedule B

SERVICE LEVEL OBJECTIVES

DEFINITIONS

“Available” means that the AAMVA Service can be used in accordance with its intended functionality being accessible.

“Incident” means any event which is not part of the standard operation of the AAMVA Service and which causes, or may cause, an interruption or delay that reduces the quality of the AAMVA Service.

“Scheduled Downtime” means the period of time, not to exceed once per calendar quarter, during which AAMVA shall perform scheduled systems maintenance. AAMVA shall give Customer at least ten (10) Business Days’ prior notice of Scheduled Downtime, and shall make commercially reasonable efforts to provide at least ten (10) Business Days’ prior notice of Scheduled Downtime by the Participating Jurisdictions.

“Span of Control” means all facets of the AAMVA Service and its associated provisioning systems, including any Incidents, other than Incidents that are caused solely by the Participating Jurisdictions or third party telecommunications providers. AAMVA shall make commercially reasonable efforts to provide Early Warning at least ten (10) Business Days’ notice of downtime and/or maintenance windows of the Participating Jurisdictions.

SERVICE LEVELS

The AAMVA Service will strive to meet or exceed the following Service Levels during the Term of the Agreement.

Service Level Title	AAMVA Service Availability
Service Level Definition	The AAMVA Service will be available 99.5% of the total minutes over a 12 month rolling period (excluding Scheduled Downtime). The commitment of AAMVA Service Availability only covers Incidents within AAMVA’s Span of Control.
Calculation	Number of days in the calendar month * 24 (hours) * 60 (minutes) = total number of available minutes in the calendar month. Total number of available minutes in the calendar month - total number of minutes of Scheduled Downtime = adjusted number of minutes in the calendar month.

	Adjusted number of minutes in the calendar month * .50% = total number of minutes of unscheduled downtime allowed in the calendar month.
Service Level Title	Response Time for Real-Time Inquiries
Service Level Definition	The AAMVA Service response time will not exceed three (3) seconds 95% of the time during each calendar month. The commitment of Response Time for Real-Time Inquiries only covers Incidents within AAMVA's Span of Control.
Calculation	The response rate is calculated from the time that each Inquiry enters AAMVA-owned or managed equipment (excluding telecommunications lines and routers) to the time that an AAMVA Response exits AAMVA-owned or managed equipment, excluding the time required for the AAMVA Request and the AAMVA Response message pair to pass through the Participating Jurisdiction's managed components and infrastructure. The total number of Inquiries in a calendar month with a response rate greater than three (3) seconds must be less than 5.0% of the total number of Inquiries submitted by Early Warning during such month. For example, if there are 10,000 Inquiries during a calendar month, no more than 500 of those Inquiries (10,000 * 5.0%) may have a response rate in excess of three (3) seconds. Note: The Response Time Service Level only applies to original Inquiries and does not apply to ad hoc queries on previously submitted Inquiries.

MEASUREMENT AND REPORTING

AAMVA will be responsible for measuring and monitoring its performance of the AAMVA Service against the Service Levels Objectives. Upon request, AAMVA shall provide Customer with a written report describing the performance of the Service Levels within ten (10) Business Days of the request. AAMVA's report shall include: (i) a description of the root cause for the Service Level Failure; (ii) a description of the planned corrective action to remedy the Service Level Failure; and (iii) a description of the steps being taken by AAMVA to prevent the reoccurrence of such Service Level Failure.

SERVICE LEVEL CREDITS

AAMVA provides Service Level Objectives for information only. No credit will be issued for failure to meet the Service Level Objectives.

INCIDENT MANAGEMENT STANDARDS

Problem Severity Guidelines

AAMVA will respond to and resolve severity level 1, 2, 3 and 4 events within the timeframes set forth in the table below.

SEVERITY LEVEL	CHARACTERISTICS	RECOVERY TIME	RESPONSE TIME
1 Severe business impact	<ul style="list-style-type: none"> • critical system, network, or key application outage with critical impact on service delivery • total loss of production service to entire customer set • impacts one or more service level commitments • revenue or delivery schedule impact • reassignment must be communicated / agreed directly 	2 hours (7/24 hours)	1 hour
2 Major business impact	<ul style="list-style-type: none"> • key component, application, critical end user machine or network is down, degraded, or unusable. Potential critical impact on service delivery • service performance degradation; service delivery impacted • partial customer set affected 	8 hours (7/24 hours)	2 hour
3 Minor business impact	<ul style="list-style-type: none"> • a component, minor application or procedure is down, degraded, or difficult to use. Some operational impact, but no immediate impact on service delivery 	48 hours	8 hours

	<ul style="list-style-type: none"> • service outage, but alternative workaround available • potential exposure to delivery of service • scattered customers affected 		
4 Minimal or no business impact	<ul style="list-style-type: none"> • component, procedure, not critical to customer is unusable. Alternative is available; deferred maintenance is acceptable • no impact to service • no production affected • individual customer affected 	10 days	24 hours