



**STATE OF MICHIGAN
ENTERPRISE PROCUREMENT**
Department of Treasury
7285 Parsons Dr, Dimondale, MI 48821

CONTRACT CHANGE NOTICE

Change Notice Number **1**
to
Contract Number **250000001243**

CURRENT CONTRACTOR	Online Enterprises Inc. dba Online Business Systems
	8500 Normandale Lake Blvd. Suite 350
	Bloomington, Minnesota, 55437
	Adam Kehler
	785.727.0922
	akehler@obsglobal.com
	CV0133539

NEW CONTRACTOR	CGI TECHNOLOGIES AND SOLUTIONS INC
	2500 Bee Cave Road, Building Three, Suite 100
	Austin, Texas 78746
	Steve Wojtowecz
	404-452-7452
	steve.woj@cgi.com
	CV0059354

STATE CONTACTS				
Program Manager	Karissa Stoecker	TREA	Contract Administrator	
	517-614-5832			Adam Zanetti
	StoeckerK@michigan.gov			TREA
			517-667-1465	
			zanettia@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: Qualified Security Assessor Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
9/1/2025	8/31/2028	3 1-yr	8/31/2028
PAYMENT TERMS		DELIVERY TIMEFRAME	
1 NET 30			
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 type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$348,275	\$0	\$348,275		

DESCRIPTION: Effective February 13, 2026 the Contract Administrator is updated from Rob Harvey to Adam Kehler until February 28, 2026. Effective March 1, 2026, Online Enterprises Inc. dba Online Business Systems will merge with CGI Technologies and Solutions Inc. Subject to Section 15. Change Control of the Standard Contract Terms, CGI Technologies and Solutions Inc is assuming all obligations of contract 250000001243. The Contract Administrator will be updated from Adam Kehler to Steve Wojtowecz.

All other terms, conditions, specifications, and pricing remain the same.

FOR THE CONTRACTOR:

CGI TECHNOLOGIES AND SOLUTIONS INC

Company Name

Authorized Agent Signature

Steve Wojtowecz

Authorized Agent (Print or Type)

Date

FOR THE CONTRACTOR:

**Online Enterprises Inc. dba Online
Business Systems**

Company Name

Authorized Agent Signature

Adam Kehler

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Adam Zanetti - Buyer

Name & Title

Department of Treasury

Agency

Date



STATE OF MICHIGAN PROCUREMENT

Department of Treasury
7285 Parsons Dr, Dimondale, MI 48821

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **250000001243**

between

THE STATE OF MICHIGAN

and

CONTRACTOR	Online Enterprises Inc. dba Online Business Systems
	8500 Normandale Lake Blvd. Suite 350
	Bloomington, Minnesota, 55437
	Rob Harvey
	404-452-7452
	rharvey@obsglobal.com
	CV0133539

STATE	Program Manager	Karissa Stoecker	TREA
		517-614-5832	
		StoeckerK@michigan.gov	
STATE	Contract Administrator	Adam Zanetti	TREA
		517-667-1465	
		zanettia@michigan.gov	

CONTRACT SUMMARY			
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PAYMENT TERMS		DELIVERY TIMEFRAME	
1 NET 30			
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER. This Contract Agreement is awarded on the basis of the State's inquiry bearing the solicitation number 250000002120. Orders for Delivery will be issued directly by the Departments through the issuance of a Delivery Order (DO) or Purchase Order (PO).			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$348,275

FOR THE CONTRACTOR:

Online Enterprises Inc. dba Online Business Systems

Company Name

Authorized Agent Signature

Rob Harvey

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Adam Zanetti - Buyer

Name & Title

Department of Treasury

Agency

Date

STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and Online Enterprises Inc. dba Online Business Systems (“**Contractor**”), a Minnesota corporation. This Contract is effective on September 1, 2025 (“**Effective Date**”), and unless terminated, will expire on August 31, 2028 (the “**Term**”).

This Contract may be renewed for up to three additional one-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:
See Contract Administrator information shown below.	Rob Harvey 8500 Normandale Lake Blvd Suite 350 Bloomington, MN 55437

	rharvey@obsglobal.com 404-452-7452
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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:
Adam Zanetti 7285 Parsons Drive Dimondale, MI 48821 zanettia@michigan.gov 517-667-1465	Rob Harvey 8500 Normandale Lake Blvd Suite 350 Bloomington, MN 55437 rharvey@obsglobal.com 404-452-7452

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:
Karissa Stoeker 7285 Parsons Drive Dimondale, MI 48821 StoeckerK@michigan.gov 517-614-5832	Melissa Erikson 1051 Santa Cruz SE, Grand Rapids, MI 40506 merikson@obsglobal.com 303.886.7966

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.**

- a. **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.
- b. **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.

- c. **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.
- d. **Claims-Made Coverage.** If any required policies provide claims-made coverage, Contractor must:
 - (1) 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;
 - (2) 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
- e. **Proof of Insurance**
 - (1) Insurance certificates showing evidence of coverage as required herein must be submitted to the Contract Administrator within 10 days of the contract execution date.
 - (2) Renewal insurance certificates must be provided on annual basis or as otherwise commensurate with the effective dates of coverage for any insurance required herein.
 - (3) Insurance certificates must be in the form of a standard ACORD Insurance Certificate unless otherwise approved by DTMB Enterprise Risk Management.
 - (4) All insurance certificates must clearly identify the Contract Number (e.g., notated under the Description of Operations on an ACORD form).
 - (5) The State may require additional proofs of insurance or solvency, including but not limited to policy declarations, policy endorsements, policy schedules, self-insured certification or authorization, and audited financial statements.
 - (6) In the event any required coverage is cancelled or not renewed, Contractor must provide written notice to the Contract Administrator no later than 5 business days following such cancellation or nonrenewal.
- f. **Subcontractors.** Contractor is responsible for ensuring its subcontractors, if any, carry and maintain insurance coverage as applicable to the subcontracted service(s).
- g. **Limits of Coverage & Specific Endorsements.** (See Table 6.1 Below)

TABLE 6.1

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimum Limits: \$1,000,000 Each Occurrence \$1,000,000 Personal & Advertising Injury	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 20 10 12 19 and CG 20 37 12 19.

Required Limits	Additional Requirements
<p>\$2,000,000 Products/Completed Operations</p> <p>\$2,000,000 General Aggregate</p>	
Automobile Liability Insurance	
<p>Minimum Limits:</p> <p>\$1,000,000 Per Accident</p>	<p>Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.</p>
Workers' Compensation Insurance	
<p>Minimum Limits:</p> <p>Coverage according to applicable laws governing work activities.</p>	<p>Waiver of subrogation, except where waiver is prohibited by law.</p>
Employers Liability Insurance	
<p>Minimum Limits:</p> <p>\$500,000 Each Accident</p> <p>\$500,000 Each Employee by Disease</p> <p>\$500,000 Aggregate Disease</p>	
Privacy and Security Liability (Cyber Liability) Insurance	
<p>Minimum Limits:</p> <p>\$1,000,000 Each Occurrence</p> <p>\$1,000,000 Annual Aggregate</p>	<p>Contractor must have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.</p>
Professional Liability (Errors and Omissions) Insurance	
<p>Minimum Limits:</p> <p>\$3,000,000 Each Occurrence</p> <p>\$3,000,000 Annual Aggregate</p>	

Required Limits	Additional Requirements

h. Non-Waiver. This Section 6 is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract, including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State.

7. Reserved.

8. Reserved.

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

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

13. Background Checks. Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background

check. For more information, please see Michigan Public Act 427 of 2018. Upon request, or as may be specified in 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.

- 14. Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
- 15. Change of Control.** Contractor will notify the State, within 30 days of any public announcement or otherwise once legally permitted to do so, of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

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

- 16. Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in a Statement of Work.
- 17. Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in 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 **Error! Reference source not found.**, 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.

18. **Reserved.**

19. **Reserved.**

20. **Reserved.**

21. **Invoices and Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities provided as specified in a Statement of Work. Invoices must include an itemized statement of all charges. The State is exempt from federal excise tax, state, and local sales taxes, and use taxes if the Contract Activities purchased under this Contract are for the State's exclusive use. Contractor will not include the collection of taxes for which the State is exempt in any invoices or payments related to this Contract. The State is not responsible for taxes imposed or assessed on Contractor.

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

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/SIGMAVSS> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

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

22. **Reserved.**

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

24. **Termination for Cause.** (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 25, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. 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.

25. Termination for Convenience. The State may immediately terminate this Contract in whole or in part without penalty and for any reason or no reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately. 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 **Error! Reference source not found.**, 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.

26. Transition Responsibilities. Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed **90** calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) 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.

- 27. Return of State Property.** Upon termination or expiration of this Contract for any reason, Contractor must take all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to the Contractor by any entity, agent, vendor, or employee of the State.
- 28. Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor’s employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor’s employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor’s employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

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

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

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

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

- 29. Infringement Remedies.** If, in either party’s opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor’s charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.
- 30. Limitation of Liability and Disclaimer of Damages. IN NO EVENT WILL THE STATE’S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE,**

FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT. The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

- 31. Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, “Proceeding”) involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor’s viability or financial stability; or (2) a governmental or public entity’s claim or written allegation of fraud; or (3) any complaint filed in a legal or administrative proceeding alleging the Contractor or its subcontractors discriminated against its employees, subcontractors, vendors, or suppliers during the term of this Contract; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.
- 32. Reserved.**
- 33. 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, user data, and any other data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information (“**PII**”) collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual’s social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother’s maiden name, email address, credit card information, or an individual’s name in combination with any other of the elements here listed; and, (c) protected health information (“**PHI**”) collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State.
- 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; (c) keep and maintain State Data in the continental United States and (d) not use, sell, rent, transfer, distribute, commercially exploit, or otherwise disclose or make available State Data for Contractor’s own purposes or for the benefit of anyone other than the State without the State’s prior written consent. Contractor’s misuse of State Data may violate state or federal laws, including but not limited to MCL 752.795.
- c. Extraction of State Data.** Contractor must, within 5 business days of the State’s request, provide the State, without charge and without any conditions or contingencies whatsoever (including but

not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.

- d. Backup and Recovery of State Data.** Unless otherwise specified in a Statement of Work, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in a Statement of Work, Contractor must maintain a contemporaneous backup of State Data that can be recovered within 2 hours at any point in time.
- e. Loss or Compromise of Data.** In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than 24 hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) with approval and assistance from the State, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within 5 calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than 24 months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. The parties agree that any damages relating to a breach of this **Section Error!**

Reference source not found. are to be considered direct damages and not consequential damages.

- f. **State's Governance, Risk and Compliance (GRC) platform.** Contractor is required to assist the State with its security accreditation process through the development, completion and ongoing updating of a system security plan using the State's automated GRC platform and implement any required safeguards or remediate any security vulnerabilities as identified by the results of the security accreditation process.
 - g. **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.
- 34. Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties.
- a. **Meaning of Confidential Information.** For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; or, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was or is: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.
 - b. **Obligation of Confidentiality.** The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request,

any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.

- c. **Cooperation to Prevent Disclosure of Confidential Information.** Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- d. **Remedies for Breach of Obligation of Confidentiality.** Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. **Surrender of Confidential Information upon Termination.** Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

35. **Data Privacy and Information Security.**

- a. **Undertaking by Contractor.** Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.
- b. **Audit by Contractor.** No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.

- c. **Right of Audit by the State.** Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.
- d. **Audit Findings.** Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. **State's Right to Termination for Deficiencies.** The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

36. **Reserved.**

37. **Reserved.**

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

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

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

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

material adverse changes;(h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (i) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section **Error! Reference source not found.**, Termination for Cause.

- 40. Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.
- 41. Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
- 42. Prevailing Wage Act Statutory Provision.** Contractor must comply with prevailing wage requirements, to the extent applicable to this Contract. As required by MCL 408.1112, if the Michigan Prevailing Wage Act, MCL 408.1101 et seq. applies to this Contract, construction mechanics (as defined in MCL 408.1101 (b)) are intended beneficiaries of the contractual prevailing wage, fringe benefit, and nondiscrimination nonretaliation requirements of the Contract. Any construction mechanic aggrieved by the failure of a Contractor or subcontractor to pay prevailing wages or benefits as specified in this Contract, or by a violation of MCL 408.1107, in addition to any other remedies provided in Public Act 10 of 2023 or by law, may bring an action in a court of competent jurisdiction against the Contractor or subcontractor for damages or injunctive relief and may be awarded reinstatement or other appropriate relief, and all damages sustained, together with actual costs and attorney fees at trial and on appeal. If the Michigan Prevailing Wage Act, MCL 408.1101 et seq. applies to this Contract, the rates of wages and fringe benefits to be paid to each class of construction mechanic (as defined in MCL 408.1101 (b)) by Contractor and subcontractors must not be less than the wage and fringe benefit rates prevailing in the locality in which the work is performed.
- 43. Reserved.**
- 44. Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and [Executive Directive 2019-09](#). Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.

- 45. Unfair Labor Practice.** Under MCL 423.324, the State may void 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.
- 46. Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles. Contractor waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint an agent in Michigan to receive service of process.
- 47. Non-Exclusivity.** Nothing contained in this Contract is intended nor is to be construed as creating any requirements contract with Contractor, nor does it provide Contractor with a right of first refusal for any future work. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
- 48. Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
- 49. Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

 Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.
- 50. Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without the prior written approval of the State, and then only in accordance with the explicit written instructions of the State.
- 51. Schedules.** All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Document Title	Document Description
Schedule A	Statement of Work
Schedule B	Pricing
Exhibit A	Form 3337 - Vendor, Contractor, or Subcontractor Confidentiality Agreement
Exhibit B	Form DTMB-0928 Contractor Security Agreement

Exhibit C	Non-Disclosure Agreement
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- 52. 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.
- 53. Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
- 54. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 55. Survival.** Any right, obligation or condition that, by its express terms or nature and context is intended to survive, will survive the termination or expiration of this Contract; such rights, obligations, or conditions include, but are not limited to, those related to transition responsibilities; indemnification; disclaimer of damages and limitations of liability; State Data; non-disclosure of Confidential Information; representations and warranties; insurance and bankruptcy.
- 56. Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a “**Contract Change Notice**”). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

Exhibit A

Reset Form

Michigan Department of Treasury
 3337 (Rev. 10-16)

Vendor, Contractor or Subcontractor Confidentiality Agreement

The Revenue Act, Public Act 122 of 1941, MCL 205.28(1)(f), the City Income Tax Act, Public Act 284 of 1964, MCL 141.674(1), and Internal Revenue Code (IRC) 6103(d), make all information acquired in administering taxes confidential. The Acts and IRC hold a vendor, contractor or subcontractor and their employees who sell a product or provide a service to the Michigan Department of Treasury, or who access Treasury data, to the strict confidentiality provisions of the Acts and IRC. Confidential tax information includes, but is not limited to, information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the Michigan Department of Treasury for a tax administered by the department.

INSTRUCTIONS. Read this entire form before you sign it. If you do not complete this agreement, you will be denied access to Michigan Department of Treasury and federal tax information. After you and your witness sign and date this form, keep a copy for your records. Send the original to the address listed below.

Company Name and Address (Street or RR#, City, State, ZIP Code)		Last Name	First Name
		Driver License Number/Passport Number	Telephone Number
State of Michigan Department	Division	Subcontractor Name if Product/Service Furnished to Contractor	
Describe here or in a separate attachment the product or service being provided to the State of Michigan Agency (Required).			

Confidentiality Provisions. It is illegal to reveal or browse, except as authorized:

- All tax return information obtained in connection with the administration of a tax. This includes information from a tax return or audit and any information about the selection of a return for audit, assessment or collection, or parameters or tolerances for processing returns.
- All Michigan Department of Treasury or federal tax returns or tax return information made available, including information marked "Official Use Only". Tax returns or tax return information shall not be divulged or made known in any manner to any person except as may be needed to perform official duties. Access to Treasury or federal tax information, in paper or electronic form, is allowed on a **need-to-know** basis only. Before you disclose returns or return information to other employees in your organization, they must be authorized by Michigan Department of Treasury to receive the information to perform their official duties.
- Confidential information shall not be disclosed by a department employee to confirm information made public by another party or source which is part of any public record. 1999 AC, R 2005.1004(1).

Violating confidentiality laws is a felony, with penalties as described:

Michigan Penalties

MCL 205.28(1)(f) provides that you may not willfully disclose or browse any Michigan tax return or information contained in a return. Browsing is defined as examining a return or return information acquired without authorization and without a **need to know** the information to perform official duties. Violators are guilty of a **felony** and subject to **fines of \$5,000 or imprisonment for five years, or both.** State employees will be discharged from state service upon conviction.

Any person who violates any other provision of the Revenue Act, MCL 205.1, et seq., or any statute administered under the Revenue Act, will be guilty of a misdemeanor and **fined \$1,000 or imprisonment for one year, or both,** MCL 205.27(4).

City Penalties

MCL 141.674(2) provides that any person divulging confidential City Tax information is guilty of a misdemeanor and subject to a fine not exceeding \$500 or imprisonment for a period not exceeding 90 days, or both, for each offense.

Federal Penalties

If you willfully disclose federal tax returns or tax return information to a third party, you are guilty of a **felony with a fine of \$5,000 or imprisonment for five years, or both, plus prosecution costs** according to the Internal Revenue Code (IRC) §7213, 26 USC 7213.

In addition, inspecting, browsing or looking at a federal tax return or tax return information without authorization is a **felony violation** of IRC §7213A subjecting the violator to a **\$1,000 fine or imprisonment for one year, or both, plus prosecution costs.** Taxpayers affected by violations of §7213A must be notified by the government and may bring a civil action against the federal government and the violator within two years of the violation. Civil damages are the **greater of \$1,000 or actual damages** incurred by the taxpayer, plus the costs associated with bringing the action, 26 USC 7431.

Failure to comply with this confidentiality agreement may jeopardize your employer's contract with the Michigan Department of Treasury.

Certification		
By signing this Agreement, I certify that I have read the above confidentiality provisions and understand that failure to comply is a felony.		
Print name of employee signing this agreement	Signature of person named above	Date signed
Print Witness Name (Required)	Signature of Witness (Required)	Date signed

Submit your form to the following address:

Office of Privacy and Security/ Disclosure Unit
 Michigan Department of Treasury
 430 W. Allegan Street
 Lansing, MI 48922

Questions, contact the **Office of Privacy and Security by telephone, 517-636-4239; fax, 517-636-5340; or email:**

Treas_Disclosure@michigan.gov

Exhibit B

CONTRACTOR SECURITY AGREEMENT

Michigan Department of Technology, Management and Budget

DTMB-0828 Revised 7/18/2018

SECTION 1. CONTRACTOR INFORMATION

1. Contractor Name

SECTION 2. SECURITY AGREEMENT

As a user of services provided by the Department of Technology, Management & Budget, I accept and agree to:

1. Comply with the State of Michigan Computer Crime Law and to use State of Michigan's systems to perform my job function to the exclusion of all other uses. (Public Act 53 of 1979)¹
2. Not copy or infringe upon the rights granted to the owner of a product with a Copyright or Patent.
3. Comply with the Michigan Civil Service Commission Rules governing Conflict of Interest. (Rule 2-8)²
4. Keep confidential all computers and network system access codes issued to me.
5. Report to the appropriate supervisor or the Office of Cybersecurity and Infrastructure Protection (CIP) immediately any suspected threat to or violation of State of Michigan system security.
6. Report to the appropriate supervisor or the Office of Infrastructure Protection (OIP), the loss or theft of any key or facility access card which was supplied to me, which allows access to any State of Michigan facility.
7. Not loan or transfer to anyone else the facility access card, which was supplied to me, for access to any State of Michigan facility.
8. Comply with State of Michigan Information Technology Information Security Policy 1340.00 and the Acceptable Use of Information Technology Standard 1340.00.130.02.³
9. Comply with federal laws regarding confidentiality to protect an individual's rights and privacy.
10. Not leave my workstation unattended without either being logged off or invoking a hotkey password supported screen saver.
11. Comply with HIPAA Confidentiality requirements. To ensure that privacy rights of enrollees are respected, you are required to only use any protected health information you access for the purpose of ensuring proper plan operation and administration. You also are prohibited from disclosing any protected health information to any outside party without written authorization of the Privacy Official of the Employee Benefits Division of the Michigan Department of Civil Service or the Privacy Official's designee.

SECTION 3. AGREEMENT SIGNATURE

Contractor Signature

Printed Name

Date

AUTHORITY: ¹ [Public Act 53 of 1979](http://legislature.mi.gov/doc.aspx?mcl-act-53-of-1979) (<http://legislature.mi.gov/doc.aspx?mcl-act-53-of-1979>)

References ² [Michigan Civil Service Commission Rules](http://www.michigan.gov/documents/mdcs/Michigan_Civil_Service_Commission_Rules_347183_7.pdf) ([http://www.michigan.gov/documents/mdcs/Michigan Civil Service Commission Rules_347183_7.pdf](http://www.michigan.gov/documents/mdcs/Michigan_Civil_Service_Commission_Rules_347183_7.pdf)), 2-8 Ethical Standards and Conduct

³ [IT Policies, Standards and Procedures](https://stateofmichigan.sharepoint.com/teams/InsiderMI/Pages/For%20Your%20JobIn%20the%20Office/IT_PSP.aspx) (https://stateofmichigan.sharepoint.com/teams/InsiderMI/Pages/For%20Your%20JobIn%20the%20Office/IT_PSP.aspx), 1340.00 Information Technology Security Policy and 1340.00.130.02 Acceptable Use of Information Technology Standard.

DISTRIBUTION: • Authorized Requestor
 • Copy to Employee

Exhibit C

NON-DISCLOSURE AGREEMENT

Michigan Department of Treasury

This Non-disclosure Agreement (Agreement) is between:

Michigan Department of Treasury
7285 Parsons Drive, Dimondale, Michigan 48821

and

Online Business Systems
8500 Normandale Lake Blvd Suite 350
Bloomington, MN 55437

During the Exchange Period set forth below, the parties intend to exchange confidential or proprietary information in furtherance of the Business Purpose described below:

Business Purpose: State why the parties intend to exchange information, e.g., to learn from one another; to develop policy; to make improvements to a shared software application, etc.

Project Name:

Project Description:

Exchange Period From:

Exchange Period To:

Agreement Begin Date:

Agreement End Date:

Confidential Information

For the purposes of this Agreement, Confidential or Proprietary Information (Confidential Information) includes: all technical information shared by any party with the other party in connection with the Business Purpose, including development plans, technical plans, costs, finances, technical configurations, data, access, or security codes and related procedures; security-related information; infrastructure-related information; trade secrets; information designated as confidential in writing or identified as confidential at the time of disclosure if such disclosure is verbal or visual and confirmed in writing to the recipient party within 15 days of disclosure; and any copies of the prior categories or excerpts included in other materials created by the recipient party. Confidential Information also includes all information protected by state or federal law including “Personal Information” as defined in the Michigan Identity Theft Protection Act, MCL 445.63(r). “Trade Secrets” as defined under section 2 of the Uniform Trade Secrets Act, MCL 445.1902, or “Financial or Proprietary Information” as defined in the Management and Budget Act, MCL 18.1261(13)(b). Confidential Information does not include contracts entered into between the parties, or any pricing information included within contracts. Although Confidential Information may include “Personal Health Information” as defined under the Health Insurance Portability and Accountability Act (“HIPAA”) and its related rules and regulations, this Agreement is not intended to, and does not, replace a Business Associate Agreement that may be otherwise required pursuant to HIPAA and its related rules and regulations.

Duties

Each party must: (a) use the same degree of care it uses to protect its own Confidential Information, exclusive of corporate document marking conventions, but in any event not less than reasonable care, to protect the disclosing party’s Confidential Information during the Exchange Period from unauthorized use, dissemination, or publication; (b) use the disclosing party’s Confidential Information only in connection with the Business Purpose; and (c) limit access to the disclosing party’s Confidential Information to those employees performing work in connection with the Business Purpose. Each party must advise its employees and agents who receive or have access to any of the other party’s Confidential Information of its confidential nature.

Exclusions

Confidential Information does not include information that: (a) was or becomes generally available to the public other than as a result of disclosure in violation of this Agreement; (b) becomes available to the recipient party from a source other than the disclosing party, provided that the recipient party has no reason to believe that the source is itself bound by a confidentiality or non-disclosure agreement with the disclosing party or is otherwise prohibited from disclosing the Confidential Information by a legal, contractual, or fiduciary obligation; (c) was developed by the recipient party without the use of the disclosing party’s Confidential Information; (d)

is subject to disclosure by the recipient party under the Freedom of Information Act (FOIA), MCL 15.231 *et seq.*; (e) or is required to be disclosed by other law, regulation, or court order, so long as the recipient party provides the disclosing party with written notice of the required disclosure promptly upon receipt of notice of the disclosure.

Return of Confidential Information

Except as otherwise provided by law, including retention and disposal schedules of governmental agencies, at the written request of the disclosing party, the recipient party must return all copies of the disclosing party's Confidential Information or certify in writing that all copies thereof have been destroyed. Either party may return the other party's Confidential Information, or any part thereof, at any time.

Survival

The provisions of this Agreement that impose continuing obligations with respect to confidentiality will survive the expiration or termination of this Agreement, to the extent that either party retains Confidential Information of the other after the expiration of the Agreement.

Equitable Relief

Each party to this Agreement acknowledges and agrees that (a) a breach or threatened breach by such party of any of its obligations under this Agreement may give rise to irreparable harm to the other party for which monetary damages would not be an adequate remedy and (b) in the event of a breach or a threatened breach by such party of any such obligations, the other party hereto is entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction, without any requirement to post a bond or other security, and without any requirement to prove actual damages or that monetary damages will not afford an adequate remedy.

No Third-Party Beneficiaries

Treasury's Confidential Information may include information that belongs to a third party that is assisting Treasury with the Business Purpose. Nothing in this Agreement, however, is intended to confer any rights or remedies upon any person or entity not a party to this Agreement.

No Warranties or Further Rights

Neither party makes any representations or warranties, express or implied, with respect to any of its Confidential Information. Nothing contained in this Agreement shall be construed as granting or conferring to either party any rights by license or otherwise in or to the other party's Confidential Information, except for the use of

such Confidential Information as expressly provided in this Agreement. Neither party may use the other party’s Confidential Information for any purpose except in relation to the Business Purpose.

Miscellaneous

Neither party may act or has the authority to act as an agent of the other party for any purpose. This Agreement is governed by and construed in accordance with the laws of the State of Michigan. Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party. Any modification of this Agreement must be in writing and signed by both parties.

Counterparts and Electronic Documents

This Agreement may be executed and delivered in counterparts, including by a facsimile or an electronic transmission thereof, each of which shall be deemed an original.

Approvals

For Department of Treasury

Signature	Printed Name	Title	Date
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For Entity Name:

Signature	Printed Name	Title	Date
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SCHEDULE A – STATEMENT OF WORK

MA 25000001243
Qualified Security Assessor Services

BACKGROUND

The State of Michigan (State) currently has 24 departments (with 511 merchant accounts between them) that accept credit and debit cards as a method of payment. In Fiscal Year 2024, the State processed 10 million transactions and is a Level 2 merchant. Due to this, the State must maintain Payment Card Industry (PCI) compliance. Details to consider when it comes to maintaining PCI compliance include:

- The State currently uses a Payment Card Industry (PCI) Approved Scanning Vendor (ASV) to provide quarterly vulnerability scanning services.
- State departments use various processing channels including Web-based, interactive voice response (IVR) system, dial-up card terminals, kiosk, virtual terminals and point-of-sale (POS) systems.
- The majority of the merchant accounts use the State's Centralized Electronic Payment Authorization System (CEPAS). CEPAS currently uses a Web-based system hosted by First Data Government Solutions (FDGS).
- The State uses other third-party vendors for various applications. Some of the Web-based applications are hosted internally and others are hosted by third party vendors.
- The Cardholder Data Environment (CDE) is segmented from the internal corporate network through a segmented infrastructure. The State does not store any cardholder data electronically.
- The State has approximately 200 devices in-scope for PCI compliance. The devices include, but are not limited to, workstations, servers and network components.
- The State has approximately 65 web applications that redirect to CEPAS using a URL redirect; all cardholder data is collected, processed and stored by CEPAS. The State's electronic receipting standard prohibits storage of cardholder data.
- State POS systems encrypt data at the point of sale using E2EE or P2PE, prior to transmission.
- Card-not-present transactions are accepted via encrypted phones and analog fax machines. Card data is processed through either a CEPAS hosted virtual terminal or P2PE terminal.

Security is a priority for the State. The Department of Treasury, along with the Department of Technology, Management, and Budget, has a diverse, dedicated team assigned to ensure PCI requirements are in place and has been PCI compliant for 15+ years.

SCOPE

Online Business Systems (Contractor) will be responsible for evaluating the payment/credit card security processes and controls consistent with applicable PCI Data Security Standards (DSS) requirements, providing a gap analysis and recommendations for meeting any identified gaps, assisting with corrective actions and compensating controls, and certifying compliance with the current PCI DSS version. The Contractor will be required to conduct onsite and remote assessments of different payment channels and provide the State with an Attestation of Compliance, Draft Report on Compliance, and a final Report on Compliance. The Contractor will also provide subject

matter expertise to provide guidance to the State’s internal PCI compliance team. On an as needed basis, the Contractor will conduct consulting services and all other services which may aid the State in maintaining PCI compliance.

1. Requirements

1.1. General Requirements

- A. The Contractor must maintain a Qualified Security Assessor (QSA) certification approved by the PCI Security Standards Council as of the submission of their proposal. Contractor must be certified to perform on-site PCI Data Security Assessments for a Level 1 & 2 Merchants and Level 1, 2, or 3 Service Providers.
https://www.pcisecuritystandards.org/assessors_and_solutions/qualified_security_assessors
- B. The Contractor must provide consulting services, Gap analysis and an annual remote and onsite assessment for PCI Data Security Standard (DSS) resulting in a compliant Attested Self-Assessment Questionnaire (SAQ) or Report on Compliance (ROC) and Attestation of Compliance (AOC). Services may include, but are not limited to:
 - i. Assistance clarifying requirements
 - ii. Determining scope
 - iii. Recommendations for security network and solution design (as needed)
 - iv. Data encryption consultation
 - v. Reviewing security policies and recommending changes (as needed)
 - vi. Network attack analysis
 - vii. Identifying areas where the State may be at risk
 - viii. Providing guidance for remediating risk
 - ix. Providing guidance for meeting the PCI DSS requirements on a risk-based approach
 - x. Assist in developing Compensating Controls (as needed)
- C. Upon award and annually thereafter, the Contractor must work with the State to determine the scope of the assessment. The scope must be approved by the State Program Manager. All sampled systems and/or applications must originate from the approved scope.
- D. The Contractor must be available to conduct the annual on-site assessment at an agreed upon date, as identified annually in the PCI assessment outline (See Section 2.1.A in Timeframes). *(Note: In 2025 the on-site assessment was scheduled during the months of April & May).*
- E. The State must be allowed up to four months to provide evidence requested by the Contractor.
- F. The Contractor must allocate a minimum of two resources for the assessments. One resource must be a Senior Auditor (See Section 4.5 Key Personnel).
- G. The Contractor must draft detailed minutes for all meetings, in person and virtual. These minutes must be received by the Program Manager in the Department of Treasury within two business days of the meeting.
- H. The Contractor must provide a secure Web portal for document and evidence sharing. The portal must meet the State’s requirements for multi-factor authentication.

The portal must meet Level 3 Authentication per DTMB Technical Standard 1340.00.080.03 Identity, Credentialing, and Access Management and must also comply with DTMB Technical Standard 1340.00.080.01 Identification and Authentication.

3. Acceptance

3.1 Acceptance, Inspection and Testing

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

The Program Manager must approve and confirm all contract deliverables outlined in Section 1.1 General Requirements have been completed on time and per the specifications of the contract.

4. Staffing

4.1 Project Manager

The Contractor must appoint one Project Manager 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 “Project Manager”).

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

The Project Manager is:

Melissa Erikson

merikson@obsglobal.com

303-886-7966

The Project Manager must be available for calls during the hours of 8:00 am – 4:30 pm EST.

4.2 Technical Support

The Contractor must specify its number for the State to make contact with the Contractor for technical support. The Contractor must be available for calls and service during the hours of 8:00 AM – 4:30 PM EST.

The Technical Subject Matter Expert is:

Daryl Jackson

djackson@obsglobal.com

619.987.3358

The State’s issue must be resolved within one business day.

4.3 Work Hours

The Contractor must provide Contract Activities during the State’s normal working hours Monday – Friday, 8:00 – 4:30 PM EST and possible night and weekend hours depending on the requirements of the project.

4.4 Key Personnel

The Contractor must appoint one Auditor with at least 5 years’ experience with a Qualified Security Assessor and Information Security experience (Senior Auditor) and one Project Manager, who will be directly responsible for the day-to-day operations of the Contract (“Key Personnel”). Key Personnel must

be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within two business days.

Contractor's Key Personnel must be on-site at 7285 Parsons Drive, Dimondale, MI 48821 during the following times: 8:00 am – 4:30 pm EST, if required for annual assessment by the PCI Council or the Department of Treasury.

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

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

- (i) For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be \$10,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30-calendar days before the Key Personnel's removal.
- (ii) If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30-calendar days, in addition to the \$10,000.00 credit specified above, Contractor will credit the State \$150.00 per calendar day for each day of the 30-calendar day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$4,500.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30-calendar days of shadowing will not exceed \$14,500.00 per individual.

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

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

A. The Contractor identifies the following Key Personnel that will be assigned to this contract:

Senior Auditor:

Phil Godinez

Principle Consultant, PCI QSA, ISO27k Lead Auditor

pgodinez@obsglobal.com

612-205-1484

Project Manager:

Melissa Erikson

Senior Consultant, Project Management Professional (PMP)

merikson@obsglobal.com

303.886.7966

4.5 Security

The Contractor will be subject to the following security procedures:

1. The Contractor must review evidence containing sensitive or confidential data. The sensitive or confidential data will be provided to the contractor via Microsoft Teams Meetings, which will occur either remotely or on State property. The Contractor must not take screenshots or otherwise record any data provided via Teams, unless approved by the Program Manager or designee.
2. Contractor will have access to confidential or sensitive data during the Contract period. Per assessment, on an annual basis, any Contractor staff that has access to confidential or sensitive data must sign a Vendor, Contractor, Subcontractor Confidentiality Agreement (see Exhibit A - Form 3337) and a Contractor Security Agreement (see Exhibit B - Form 0928). Each employee of the Contractor and Subcontractor (if applicable) is required to accept personal responsibility for adhering to the confidentiality provisions of the Revenue Act section 205.28(1)(f) by signing Form 3337.
3. Upon award, the Contractor must complete and sign Exhibit C, Non-Disclosure Agreement (NDA).
4. The original, signed Form(s) 3337, NDA and Contract Security Agreement must be forwarded to the Program Manager or designee.
5. The Contractor's staff may be required to enter State facilities. The State may require the Contractor's personnel to wear State issued identification badges, when on State property.
6. The Contractor must ensure the security of State facilities by upholding the relevant policies, procedures and protocols.⁷
7. Contractor must provide background checks in accordance with Standard Contract Terms section 13. Background Checks.

5. Project Management

5.1 Project Plan

- A. The Contractor will carry out this project under the direction and control of the State Program Manager, housed with the Michigan Department of Treasury.
- B. Although there will be continuous liaison with the Contractor team, the Contractor's Project Manager must meet with the Program Manager as requested for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- C. Within 30 calendar days of the Effective Date, the Contractor must submit a project plan to the Program Manager for final 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, and resources required.

5.2 Meetings

The Contractor must attend the following meetings:

1. Annual Kick-off Meeting
2. Checkpoint Status Meetings throughout the annual project
3. Annual Onsite Assessment Debrief Meeting
4. Annual Lessons Learned Project Close-Out Meeting
5. Requirement Clarification/Guidance Meetings (as needed)

The State may request other meetings, as is deemed appropriate.

5.3 Reporting

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

1. By the 10th day of each month, the Contractor must submit written monthly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the Program Manager; and notification of any significant deviation from previously agreed-upon work plans. Example reports must be provided with this bid.
2. The Contractor must provide a tracking report, in Excel format, for all requested evidence. Report must include, at a minimum:
 - a. Detailed description of request
 - b. Tracking #
 - c. System/Application Name
 - d. PCI Requirement
 - e. Status of Request (ie. Closed, Open, Follow-Up Needed)
 - f. Assigned to
 - g. Comments
 - h. Other fields, as mutually agreed upon

6. Pricing

- A. Consulting Services:

Contractor must provide a quote for all services billed under consulting and obtain written approval from the Program Manager prior to providing services. Consulting services may be used for services not included in agreed upon scope of the assessment (i.e. new process or system).

6.1 Price Term

Pricing is firm for the entire length of the Contract.

7. Ordering

7.1 Authorizing Document

The appropriate authorizing document for the Contract will be a Purchase Order (PO) or Delivery Order (DO).

8. Invoice and Payment

8.1 Invoice Requirements

- A. All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities and name of staff that performed the activity (consulting); (e) unit price; (f) vendor-generated invoice number and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.
- B. The State will make payment for Contract Activities within 45 days of the State's receipt of invoice.
- C. Contractor must invoice the State per the schedule below:
 - i. 25% of the fixed fee upon completion of PCI Assessment Outline
 - ii. 25% of the fixed fee upon completion of Pre-Assessment Evidence Analysis
 - iii. 25% of the fixed fee upon completion of Onsite Assessment
 - iv. 25% of the fixed fee upon delivery of a draft report (ROC or SAQ & AOC)
- D. Invoices for Consulting Services performed on an hourly basis must show, for each individual, the number of hours performed during the billing period, the billable skill/labor category for each person, description of services provided and the applicable hourly rate.

8.2 Payment Methods

The State will make payment for Contract Activities via EFT.

8.3 Procedure

Invoices must be emailed to CEPAS-Support@michigan.gov.

9. Service-Level Agreements (SLAs)

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

Service Level Agreements for this Contract will be as follows:

SLA Metric 1. Draft Report Delivery	
Definition and Purpose	The Contractor must complete an annual assessment (remote and in-person) and provide the draft Attested SAQ or ROC and AOC by the State’s annual compliance date of each Contract year.
Acceptable Standard	The acceptable standard is 100% compliance.
Credit Due for Failing to Meet the Service Level Agreements	<p>\$300 may be assessed after the fifth business day of not receiving the draft report by the annual compliance date.</p> <p>\$500 may be assessed starting on the sixth business day and each business day forward until the report is received.</p> <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>

SLA Metric 2. Portal Delays	
Definition and Purpose	The Contractor must provide a secure Web portal for document and evidence sharing.
Acceptable Standard	<p>The portal must have 99% uptime during State business hours, Monday through Friday, 8am to 5pm EST.</p> <p>Any disruption to portal access must be resolved within one business day.</p> <p>The acceptable standard is 100% compliance.</p>
Credit Due for Failing to Meet the Service Level Agreements	<p>\$100 may be assessed on the second business day without resolution to portal disruptions.</p> <p>\$300 will be assessed each day from the third business day until resolution.</p> <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>

SLA Metric 3. Monthly Reporting	
Definition and Purpose	By the 10th day of each month, the Contractor must submit written monthly summary reports.
Acceptable Standard	<p>As required in Schedule A Section 5.3-Reporting.</p> <p>The acceptable standard is 100% compliance</p>

SLA Metric 3. Monthly Reporting	
Credit Due for Failing to Meet the Service Level Agreements	<ol style="list-style-type: none"> 1. \$100.00 may be assessed per calendar day from the 11th to 15th day of the month with no report submitted. 2. \$300 may be assessed per calendar day starting on the 16th day of the month until the report is submitted. <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>

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Qualified Security Assessor Services
Schedule B - Pricing

1. 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.
2. 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: 1 % discount off invoice if paid within 30 days after receipt of invoice.

3. Pricing must be all inclusive. The State will not reimburse Contractor for any Travel expense or time.

Annual Assessment Services*	Cost per Annual Assessment
Assessment (Remote & Onsite), ROC & AOC	\$86,091.67
Assessment (Remote & Onsite), Attested SAQ & AOC	\$81,425

*Only one of the two assessment services will be provided each contract year. Assessment choice is at the discretion of the State.

Consulting Services	
Staff Role	Hourly Rate
A. Lead Senior Auditor	\$ 300
B. Project Manager	\$ 180
C. AQSA	\$ 180
D. Senior QSA	\$ 295
E. Technical TCT Consultant	\$ 300

(1) The roles in this pricing model will reflect those of Schedule A, section 4.5 (Key Personnel).