

Addendum C
Request for Proposal:
Infrastructure as a Service Request for MRM Consortium
June 22, 2015

1. Introduction

This addendum is issued to modify the RFP document previously issued on April 20, 2015. Specific changes were made to the Proposal Requirements.

2. Scheduled Changes

Cover

Circulation Date

April 20, 2015

Bidders Webinar/Teleconference

June 29, 2015 – 3:00 PM EDT

<http://naswa.webex.com>

Keyword Search: “RFP”

Click “Register”

Proposal Submission Date

August 21, 2015; 5:00 PM EDT

rfp_responses@itsc.org

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IV. PROPOSAL FORMAT AND TIMELINE

A. FORMAT

Proposals shall be received on or before the proposal deadline of **August 21, 2015**, at 5:00 PM Eastern. The bidder will then receive a confirmation receipt within 24 hours of their submission. Responses will be sent to the email address of the sender along with any additional email addresses included in the submittal.

Please ensure that the submittal is in PDF format. All proposals must be submitted electronically to the following email address: rfp_responses@itsc.org. **Late proposals will not be accepted.** It is the responsibility of Bidder to ensure that its proposal is received by NASWA/ITSC, on or before this deadline.

The Bidder should submit a reasonably concise response that fully illustrates its proposed Solution. Therefore, Bidder shall make every effort to limit its full RFP response to 200 pages or less.

Bidders shall respond to every item listed within Section 4 – Bidder Response Format and label its proposal with the corresponding number for each question or request for information.

B. TIMELINE

The following RFP Schedule of Events represents ITSC's best estimate for this RFP.

EVENT	TIME (EST)	DATE (all dates are business days)
1. RFP Issued		April 20, 2015
2. Pre-proposal Webinar	3:00 p.m.	June 29, 2015
3. Written "Questions & Comments" Deadline	5:00 p.m.	July 17, 2015
4. Response to Written "Questions & Comments"		July 24, 2015
5. Proposal Deadline	5:00 p.m.	August 21, 2015
6. Completion of Technical Proposal and Oral Presentation Evaluations		TBD
7. Opening & Scoring of Cost Proposals		TBD
8. Best and Final Round		TBD
9. Evaluation Notice Released		TBD
10. Contract Negotiations Deadline		TBD
11. Contractor Contract Signature Deadline		TBD

NASWA/ITSC reserves the right, at its sole discretion, to adjust the RFP Schedule of Events as it deems necessary. Any adjustment of the Schedule of Events shall constitute an RFP amendment, and ITSC will communicate such to potential Bidders from whom ITSC has received a Notice of Intent to Propose.

C. GUIDELINES FOR QUESTIONS AND COMMENTS

All questions pertaining to this RFP must be submitted via e-mail to rfp_responses@itsc.org, by 5:00 PM EST on **July 10, 2015**. Questions submitted after this date and time will not be considered. The consolidated questions and answers will be posted under the MRM IaaS RFP link on the landing page of www.itsc.org. Only answers transmitted in this manner will be considered official and valid.

3. RFP Main Body Changes

V. PROPOSAL REQUIREMENTS

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E. PROPOSAL PLAN.

The IaaS Vendor will work with ITSC and MRM to design, develop, and implement a System infrastructure, delivered as a service “Infrastructure as a Service,” or “IaaS”, satisfying the requirements set forth in this RFP.

The IaaS Vendor’s integration of IaaS services into the System delivery will allow MRM to benefit from the pricing of such services, and promote functionality of the System. Some high-level features of this single, integrated operating model that the Bidder shall meet are presented below. For each of the enumerated contractual requirements below, the Bidder must indicate their compliance and provide a detailed explanation of how they will fulfill each requirement. Each requirement and response constitutes a contractual obligation on the part of the Bidder, and will be evaluated as part of the award process.

1. High-Level Features of the integrated infrastructure:
 - a. Continuity. The IaaS Vendor will support the System for **three (3) years**. There will be **three** additional subsequent **one (1) year** option for support.

- b. Expertise. The IaaS Vendor shall meet all requirements set forth in this Contract and Proposal section of the RFP, and all appendices.
- c. Quality. The IaaS Vendor shall deliver services in accord with, or exceeding, the Service Level Agreement (“SLA”) standards set forth in Operational Service Agreement (OSA) (see Appendix B). **Bidder shall list any exceptions or confirm that it has no exceptions to any of the terms, conditions or requirements within this Appendix B, which may impact the Bidders scoring. Exceptions shall be accompanied by alternative or substitute language, which would be acceptable to Bidder. Conflicts with stated requirements shall be noted in the corresponding paragraphs within Bidder’s response format. Additional terms, conditions, or requirements proposed by Bidder for consideration shall be provided with a reference to the corresponding paragraph in the Appendix Document.**
- d. Assignability. ITSC at any time may terminate the contract, in compliance with Appendix C Terms and Conditions. The IaaS Vendor shall be responsible for all transition costs to another IaaS Vendor. The transition period must not exceed 90 days, with final acceptance determined solely by ITSC and the MRM Consortium. **The Bidder must describe how they will achieve and implement this requirement.**
- e. Security. IaaS Vendor shall ensure the System meets state and federal security requirements for the UI program and shall remain compliant with those requirements. The IaaS contractor shall also host the MRM TOP technical implementation, which has to comply with federal regulations, including but not limited to IRS Publication 1075. Finally, the IaaS contractor shall, as a condition precedent to the Consortium states entering into the Contract, execute and deliver Data Security Agreements with the Consortium states, to ensure data protection standards consistent with existing state laws. See Appendix D for Data and Network Security.
- f. Warranty and Maintenance. Once implemented, the System will require continuous performance, functionality, and technical currency. The IaaS Vendor shall, therefore, deliver a maintenance program that commences with the nine month period, and continues, seamlessly at the Consortium’s discretion, election of one or more of the three year option periods, which is after the initial nine months. The maintenance solution shall include everything necessary to

maintain levels of performance, functionality, currency and/or compatibility, and be compliant with the OSA.

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9. Other Requirements

- a. The MRM system will contain Federal Tax Information (FTI). The MRM solution will use the following products in combination to safeguard this data as part of compliance with IRS 1075; the Appendix A Technical Architecture describes this in more detail. The IaaS Contractor must host this system as well.
 - Appliance – Guardium S-Tap and S-Gate
 - Appliance – Vormetric Data Security Manager (DSM)
 - Appliance – IBM DataPower
 - IBM Database Encryption Expert agent software
 - Guardium File Encryption agent software

The MRM consortium has already procured the above appliances / software components. The Bidder shall allow the use of these appliances in the proposed cloud infrastructure.

- b. The primary and secondary (DR) Data centers must be located in the continental United States.
- c. FTI data cannot be accessed remotely by agency employees, agents, representatives, or contractors located offshore—outside of the United States territories, embassies, or military installations. Further, FTI data may not be received, processed, stored, transmitted, or disposed of by IT systems located offshore.
- d. **Identify all safeguards and methods that the provider will implement and maintain to protect a customer's confidential business data, such as FTI data, personal identification information (PII) data, social security administration (SSA) data, etc., from being accessed by the provider's employees or other contractors. Specifically address how FTI, PII, and SSA data encryption in transit, at rest, root access control, etc. is handled.**

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F. PRICING

Bidders shall segregate and submit via e-mail separately the portion of the proposal that contains the cost and proposed payment schedule. The payment schedule shall include **three (3) years** cost along with costs for production environments, disaster recovery plan, and capacity plan deliverables. Additionally, the proposed payment schedule shall include yearly costs for the **three additional subsequent one (1) year option for support**. This information will be evaluated by the Evaluation Committee.

4. Appendix C Terms and Conditions Changes

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APPENDIX C
TERMS AND CONDITIONS
FOR THE:

INFRASTRUCTURE AS A SERVICE (IAAS) HOSTING SERVICES AGREEMENT

BETWEEN:

THE INFORMATION TECHNOLOGY SUPPORT CENTER
AND
[NAME OF THE VENDOR]

IN SUPPORT OF THE MISSISSIPPI/RHODE ISLAND/MAINE CONSORTIUM

This INFRASTRUCTURE AS A SERVICE (IAAS) HOSTING SERVICES AGREEMENT (“Agreement”) is entered into by and between the Information Technology Support Center, a subsidiary of the National Association of State Workforce Agencies (“NASWA” and collectively, “ITSC”) and *[NAME OF THE VENDOR]* (“Vendor”) as of _____, 2015 (the “Effective Date”).

WHEREAS, contingent upon adequate funding provided by the US Department of Labor (“US DOL”), Mississippi and the States of Rhode Island and Maine (together, “MRM,” the “MRM Consortium,” the “MRM States,” or the “States,” as further defined herein) have committed to create a joint, multi-tenant, state unemployment insurance benefits and tax technology system based on the MDES System for use by the MRM States (the “MRM System”); and

WHEREAS, pursuant to its agreement with MDES, ITSC has procured Vendor to provide the IaaS Services and the other services and obligations set forth in this Agreement (as further defined herein, “Services”) to ITSC for the benefit of the MRM States as set forth herein; and

WHEREAS, the MRM States presently expect and are planning for onboarding of the States of Rhode Island and Maine onto the MRM System, and the transfer of the completed development of the MRM System to the MRM Consortium in the future with expectations that each state will have the ability to utilize **and / or contract** the procured IaaS Services for their own development and production environments of the MRM System, as set forth herein;

NOW THEREFORE, ITSC and Vendor agree as follows:

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- 3.1 Attached Appendices.** This Agreement includes the following Appendices referenced herein and attached hereto, each of which are hereby incorporated into and made a part of this Agreement:

Schedule [•]	Change Order Form
Schedule [•]	IaaS Services and Deliverables
Schedule [•]	Service Levels and Additional Specifications
Schedule [•]	Operational Service Agreement
Schedule [•]	Compensation
Schedule [•]	Transition Services
Schedule [•]	Reports
Schedule [•]	Data Security and Data Privacy
Schedule [•]	Attestation

Unless an applicable Schedule expressly states that such Schedule controls in the event of a conflict between the Agreement and that Schedule, the terms of the body of this Agreement will control in the event of any such conflict.

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3.2 Additional Addendums.

(a) Existing MRM States. Vendor acknowledges that each state in the MRM Consortium may have certain state-specific requirements with respect to the IaaS Services to be provided to that state. Simultaneously with or following the Effective Date of this Agreement, as directed by ITSC, Vendor will enter into a separate participating addendum to this Agreement with ITSC and, as applicable, each such MRM state (each, a “**MRM State Addendum**”). Each MRM State Addendum will set forth and describe certain specific terms, conditions, and specifications required by ITSC and such MRM State to meet the unique requirements of such MRM State. This Agreement will include each such MRM State Addendum.

(b) Additional of Future MRM States. Vendor acknowledges that the MRM Consortium may, in its sole discretion, elect to additional states to the MRM Consortium at any time. Should the MRM Consortium decide, in its sole discretion, to add any additional state(s) to the MRM Consortium, Vendor will at the direction of ITSC enter into a separate MRM State Addendum with ITSC and, as applicable, each such state. Each such MRM State Addendum will set forth and describe the specific terms, conditions, and specifications required by ITSC and such MRM State for the IaaS Services and other Services and obligations to be provided to such newly added MRM State to meet the unique requirements of such MRM State. This Agreement will include each such MRM State Addendum.

(c) Removal of MRM States. Vendor acknowledges that the MRM Consortium may, in its sole discretion, remove states from the MRM Consortium at any time, including any states in the MRM Consortium as of the Effective Date, and that there is no guarantee that any states will remain in the MRM Consortium. Should the MRM Consortium decide, in its sole discretion, to remove any MRM State from the MRM Consortium, or should any MRM

State otherwise leave the MRM Consortium, Vendor will enter into a separate addendum to this Agreement with ITSC and, as applicable, such MRM State (each, a "**MRM Removal Addendum**"). Each MRM Removal Addendum will set forth and describe the terms, conditions, and specifications required by ITSC and such MRM State for the removal of such MRM State from the MRM Consortium. **Terms and Conditions for removal must be consistent with section 14 Transition services of this agreement only otherwise agreed in writing.** This Agreement will include each such addendum.

(d) **Construction.** In the event of a conflict between the terms of any MRM State Addendum or MRM Removal Addendum (collectively, an "**Addendum**") and the other terms of this Agreement, the terms of the applicable Addendum shall take precedence over this Agreement, but solely with respect to such Addendum and the IaaS Services and other Services and obligations provided to the applicable MRM State to which such Addendum relates. The terms and conditions of any Addendum shall have no force or effect with respect to this Agreement or any other Addendum (or any other IaaS Services and other Services and obligations of Vendor). The scope and term, including any renewal term, of an Addendum shall not exceed the scope and term (including any renewals) of this Agreement. The termination of this Agreement, for any reason, shall result in the termination of each Addendum.

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4.2 Modification and Amendment. Except as set forth in a Change Order, this Agreement can be amended or modified only by a written amendment signed by all parties and approved in writing by all officials authorized to sign such amendments. In the event of such an anticipated Change Order or other amendment to this Agreement, Vendor shall inform ITSC of the potential change at least **60** days in advance, therefore allowing ITSC and each applicable MRM State to discuss any/all of the potential changes and impact to the MRM System.

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5.6 Relationship to MRM System and Application Vendor.

(a) Vendor acknowledges and agrees that the IaaS Services and other Services under this Agreement are provided for purposes of procuring the services necessary to host and manage the MRM System as a service for Mississippi and, as applicable, the other MRM States and that the MRM System itself is provided by the Application Vendor, Tata Consultancy Services (TCS), under the Application Vendor Agreement. Vendor agrees to collaborate with Application Vendor in all respects to perform and provide all Services and Deliverables under this Agreement and to enable the Application Vendor to perform and provide all Application Vendor Agreement Services under the Application Vendor Agreement.

(b) ~~Vendor further acknowledges and agrees that certain provisions of the Application Vendor Agreement are applicable to the Services and Deliverables performed and provided by Vendor under this Agreement. ITSC may notify Vendor of such applicable provisions during the term of this Agreement. Vendor acknowledges and agrees that all Services and Deliverables under this Agreement will conform to such applicable provisions of the Application Vendor Agreement and that Vendor will comply~~

~~with all of the terms and conditions set forth in the Application Vendor Agreement to the extent applicable to the Services or Deliverables under this Agreement.~~

(B) Parties acknowledge and agree that the requirements of this Section are not intended to and shall not be construed as conferring on Vendor any right to enforce any claim or rights against the Application Vendor or any MRM State directly. With respect to this Agreement and all Services and Deliverables hereunder, Vendor shall be entitled to seek remedy solely against ITSC and not against the Application Vendor or any MRM State.

(c) Parties acknowledge and agree to adhere to the following policies for the state of Maine as applicable to IaaS hosting.

- <http://www.maine.gov/oit/policies/Application-Deployment-Certification.htm>
- http://www.maine.gov/oit/policies/OIT_App_Deployment_Certification_Guidelines.htm
- <http://www.maine.gov/oit/policies/RemoteHostingPolicy.htm>
- <http://www.maine.gov/oit/policies/SecurityPolicy.htm>

(d) The following link is a sample contract between Maine and ITSC. Parties acknowledge and agree to incorporate applicable terms and conditions from this sample contract as part of the terms and conditions of the contract between ITSC and the IaaS Vendor.

- http://www.maine.gov/purchases/info/forms/BP54_IT.docx

5.7 Minimum Requirements. ~~Vendor shall meet or exceed the following minimum requirements in performing and providing all Services (and accompanying Deliverables);~~

- (a)** ~~Maintenance of all tiers from the infrastructure and the operating system, excluding maintenance of the MRM System and all third party application software products, which remain the responsibility of the Application Vendor;~~
- (b)** ~~Continuous performance monitoring;~~
- (c)** ~~Provide infrastructure support to the Application Vendor;~~
- (d)** ~~Quality assurance and testing of modifications and upgrades to the infrastructure;~~
- (e)** ~~Changes to the infrastructure mandated by any state or federal statute or regulation;~~
- (f)** ~~Increases in data storage or transaction capacity;~~
- (g)** ~~Backup and restore;~~
- (h)** ~~Disaster recovery;~~
- (i)** ~~Issue priority and tracking system;~~
- (j)** ~~Security for infrastructure software, hardware, and network;~~
- (k)** ~~Tier 1 Help Desk and technical support 24/7/365 with response times specified herein, to be provided by personnel located within the United States;~~

- (l) **Sufficient networking bandwidth and hardware capacity to support the peak processing demands of the Consortium; and**
- (m) **Operational independence of each Consortium State.**

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7.4 Standard of Performance. Vendor will perform and provide all Services, Deliverables and any other obligations hereunder in conformance with the highest standards of care, skill, and diligence in Vendor's industry, trade, or profession, including, as applicable, in conformance **with the service levels specified in this agreement**, ITIL v3:2011 standards, Vendor's ISO20000 certification and comparable industry practices and standards. Vendor will perform and provide all Services, Deliverables and any other obligations hereunder in the sequence and manner set forth herein, with the care and diligence normally practiced by firms performing services of a similar nature, and in all cases in conformance with all applicable Specifications and the other requirements of this Agreement. Vendor's performance of all Services and any other obligations hereunder will be adequate in all respects to serve its intended purposes and achieve its intended results as specified herein. Notwithstanding the foregoing, where this Agreement specifies a particular standard or criteria for performance, this warranty is not intended to and does not diminish that standard or criteria for performance. **Vendor agrees to provide all Services, Deliverables and any other obligations hereunder to meet or exceed the minimum requirements as set forth in this agreement.**

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- 8.1 Initial Term.** The initial term of this Agreement shall commence on the Effective Date and shall terminate at the end of the **third (3rd) year** of the Effective Date ("Initial Term"), unless extended or sooner terminated as specified herein.
- 8.2 Option to Extend.** ITSC may (acting in conjunction with any of the MRM states), at its sole option, extend the term of the Agreement for up to **three (3) additional 1 year terms** (each, a "Renewal Term," and collectively with the Initial Term, the "Term" of the Agreement). Any Renewal Term shall be under the same prices, terms, and conditions as the Initial Term of this Agreement. If ITSC exercises this option, it shall provide written notice to Vendor at least 30 days prior to the end of the current Term. If exercised, the provisions of such notice shall become a part of and be incorporated into this Agreement. Vendor acknowledges and affirms that ITSC shall have no obligation for Services rendered by the Vendor that were not performed within the applicable Term.
- 8.3 Early Termination in the Public Interest.** ITSC is entering into this Agreement for the purpose of carrying out the public policy of the MRM States. If maintaining ITSC as a party to this Agreement ceases to further the public policy of Mississippi or the other MRM States, then the **MRM States** acting together **and in full agreement, may assign this Agreement** to any one of the MRM States **or another entity not yet named. If under this circumstance, no other MRM State accepts assignment of this Agreement and another entity that the MRM states have agreed upon cannot accept assignment of this Agreement, the MRM states can terminate this Agreement in whole or in part. This Section shall not apply to termination of this Agreement for cause or breach by Vendor, which shall be governed by the terms hereof as otherwise specifically provided for herein.**

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10.2 MRM System. As between ITSC and Vendor, the MRM System is and shall remain the sole and exclusive property of **the MRM states**. This Agreement does not transfer or convey to Vendor, expressly or by implication, estoppel or otherwise, any rights in or to

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12.1 Termination for Convenience. ITSC may terminate this Agreement or any Addendum hereunder without cause for any reason or no reason. Such termination shall not be deemed a breach of this Agreement by ITSC. ITSC shall give Vendor at least 30 days written notice before the effective termination date (a "**Termination Notice**"). Vendor shall be entitled to compensation for satisfactory, authorized and accepted Services completed as of the termination date, but in no event shall ITSC be liable to Vendor for compensation for any Service or other obligation that has not been completed and accepted, or for any unauthorized Service performed in any manner, or for any Service performed in a manner unsatisfactory to ITSC. Upon such termination, the Vendor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount. **Upon any expiration of this Agreement or termination of this Agreement for any reason, Vendor shall provide transition assistance services to ITSC and each MRM State as set forth in Schedule [•] (Transition Services) ("Transition Services") and defined in section 14 Transition services.**

12.3 Effect of Termination or Expiration.

(a) Obligations and Rights. Upon any expiration of this Agreement or termination of this Agreement for any reason, except as specified by ITSC in the applicable Termination Notice and as needed to accommodate any Transition Services:

(i) Cessation of Services. Vendor shall complete all Services (and deliver to ITSC any accompanying

(ii) Deliverables) as directed in the applicable Termination Notice and by ITSC. Vendor shall otherwise cease providing all or any portion of the Services. Vendor Confidential Information. Subject to public record requirements, ITSC shall return all Vendor Confidential Information in its possession to Vendor.

(iii) Data and ITSC and MRM Confidential Information. Vendor shall **either** return all Data and all ITSC or MRM Confidential Information in its possession to ITSC, for the benefit of ITSC and all MRM States, **transfer Data and ITSC Confidential Information in its possession to another Hosting Vendor, or destroy in a manner consistent with standard operating procedure and / or a process directed by ITSC. This shall be done at no cost to ITSC or MRM State.** Upon expiration or termination of part, but not all, of the Services being provided under this Agreement, Vendor shall **either** return all Data and all ITSC or MRM Confidential Information relating solely to such terminated Services to ITSC, for the benefit of ITSC and all MRM States, **transfer Data and ITSC Confidential Information in its possession to another Hosting Vendor, or destroy in a manner consistent with standard operating procedure and / or a process directed by ITSC. This shall be done at no cost to ITSC or MRM States.** Following such return of any portion(s) of such Data and ITSC or MRM Confidential Information, Vendor shall permanently

destroy such Data and Confidential Information in a manner and using a process directed by ITSC, as directed by ITSC.

(iv) Return of Additional Materials. (1) all materials (including hardware and software) owned by ITSC or any MRM State in the possession or control of Vendor shall be returned immediately to ITSC or the applicable MRM State; (2) Vendor shall notify ITSC of the then current status of all Deliverables and shall, at the direction of ITSC, deliver all Deliverables to ITSC or its designee (all of which shall become the property of ITSC); and (3) any other records, documentation, reports, data, hard copy and electronic files, recommendations, etc. of any kind or nature which were required to be developed or provided under the terms of the Agreement shall be delivered to ITSC or its designee. Vendor shall take timely, reasonable and necessary action to protect and preserve all of the foregoing in the possession or control of Vendor.

(v) Service Contracts. At the sole discretion of ITSC, Vendor shall assign to ITSC or its designee all of Vendor's right, title, and interest under any orders or subcontracts under which Vendor obtains any portion of the Services under this Agreement.

(vi) Payments. ITSC may, in its sole discretion, require Vendor to return to ITSC, within 30 days of the date of the applicable Termination Notice, all payments made to Vendor hereunder prior to the date of the Termination Notice.

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14.1 Transition Services. Upon any expiration of this Agreement or termination of this Agreement for any reason, Vendor shall provide transition assistance services to ITSC and each MRM State as set forth in **Schedule [•] (Transition Services)** ("Transition Services"). Such Transition Services shall be sufficient to enable ITSC and each MRM State to accomplish the orderly transfer of the Services and any other functions, responsibilities, tasks and operations that were required to be provided by (or on behalf of) Vendor under this Agreement to ITSC, one or more of the MRM States, or an ITSC-designated third party within a period not to exceed 90 days. Without limiting the foregoing, such Transition Services shall include: (a) assisting ITSC and each MRM State or their respective designee(s) in developing a written transition plan for the transition of all applicable Services; (b) performing Services to assist in implementing such transition plans; (c) familiarizing personnel designated by ITSC and each MRM State or their respective designee(s) in the use of any work instructions and work procedures and any equipment, software, and materials used in connection with the provision of the Services; (d) cataloging all work instructions, work procedures, Deliverables, third-party contracts and tools used to provide the Services; (e) assisting in the execution of a parallel operation, data migration and testing process until the successful completion of the transition, (f) creating and providing copies of any Data in the format and on the media reasonably requested by ITSC, (g) assigning any third-party licenses and contracts to ITSC; and (h) providing other technical assistance reasonably requested by ITSC **(i) return all ITSC or MRM State Hardware and Software, (j) Perform and return all final backups of data and code, (k) provide proof of data destruction as required.** Vendor shall perform the Transition Services at no additional cost to ITSC provided that such Transition Services commence and are completed within 6 months of expiration or termination of this Agreement. Vendor shall provide the Transition Services in accordance with this Section even in the event of ITSC's material breach, with or without an attendant termination for cause by Vendor.

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15.5 Audits. Full, timely participation in scheduled and random security audits, including hosting infrastructure and/or the application vulnerability assessments. Complete compliance with all Federal and MRM state laws, regulations, statutes, policies, standards. Conduct self-audits on all software and hardware, modifications, patches applied, etc.

15.6 Notifications. Vendor shall provide ITSC and MRM States notification consistent with the failure to meet any RFP requirements, events, breaches, and agreed upon Operational Service Agreement (OSA) and Service Level Agreement (SLA) failures.

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19.5 Data and Network Security. Vendor shall establish, implement, maintain, and enforce throughout the term of this Agreement a data and network security program providing for all reasonable and appropriate administrative, technical, environmental, and physical safeguards and security measures necessary to protect all MRM System, Infrastructure, and Data from and against unintended, unauthorized, or unlawful disclosure, processing, use, access, alteration, destruction, or loss. Vendor's program will be adequate to meet the requirements of applicable Laws and industry standards and best practices and will comply in all respects with **Schedule [•] (Data Security and Data Privacy)**. Without limiting the foregoing, Vendor's security program will include, as applicable:

- (a) Maintaining a written information security policy (“WISP”);
- (b) Conducting periodic risk assessments, and using the results of those risk assessments to update the security program and the WISP as applicable;
- (c) Transmitting all Data over any public or private network in a secured and encrypted fashion;
- (d) Providing dedicated storage devices for any Data, such storage devices secured against any shared access with the data of any Vendor's data or data of Vendor's other customers;
- (e) Requiring that any contractors, vendors, service Vendors, or other third parties to agree in writing to be bound to the security provisions in this Agreement;
- (f) Processing and storing all Data only within the United States;
- (g) Ensuring that Vendor's security program is audited at least annually by a qualified, objective, independent third party professional who uses procedures and standards generally accepted in the profession, and notifying ITSC within 48 hours of any Security Breach or significant deficiencies identified in Vendor's security program. **Audit results must be made available to ITSC and MRM States on request at no cost;**
- (h) Providing ITSC and each MRM State with prompt notice (but in no case more than 24 hours) after receiving any government inquiry, complaint, lawsuit or investigation concerning the adequacy or sufficiency of its security program; and
- (i) Taking such other measures as are necessary to ensure the security and confidentiality of the Data and to comply with the information security policies of ITSC and each MRM State in effect during the term of this Agreement.

Vendor will provide ITSC and each MRM State with a copy of Vendor's security program, including the WISP, and any revisions thereto. Vendor will revise and maintain its security program and the WISP at ITSC's and each MRM State's reasonable request, but will not implement any change to its security program or the WISP without ITSC's and each MRM State's prior approval.

19.6 Data Confidentiality and Privacy. Vendor hereby acknowledges that there will be confidential data being used and stored within the system. Vendor also acknowledges that they will abide by federal and state laws regarding data confidentiality and privacy including reporting and curing breaches. In addition to confidential data, there may also be federal taxpayer data being stored and used in the system. Federal Taxpayer Data will be identified by ITSC and MRM States and subject to additional data confidentiality and privacy laws as defined by the IRS (in particular publication 1075). Vendor hereby acknowledges this and agrees to support ITSC and MRM States in safeguarding, notifying and reporting of this data at no additional cost.