

CHANGE ORDER FORM

CHANGE ORDER NO. TWO (2) to Amended and Restated Human Resources Outsourcing Contract No. DMS 14/15-011 dated as of 12/22/2020 (Contract) by and between the STATE OF FLORIDA, DEPARTMENT OF MANAGEMENT SERVICES (Department) and NorthgateArinso, LLC (Service Provider) (each, a “Party” and collectively, the “Parties”), is hereby amended as follows and effective coincident with the date of the last signature below:

1. Description of Changes:

Under this Change Order, the modifications include adding work to the Contract in furtherance of remediating the People First system to interface with Florida PALM (Florida’s modern financial management solution), integrating the People First System with Florida PALM, and updating the new chart of accounts, as necessary. The Service Provider shall use its employees and subcontractors to perform the work. The Service Provider shall create and maintain parallel development, quality assurance, and user acceptance testing (UAT) environments to the existing on-premise hosted environments with the same IT and security requirements as those outlined in the Contract. Service Provider shall also support requirements gathering, design the system changes, and perform the development and testing in the parallel technical environments for the agreed changes to People First, including the identified reports and interfaces. The work described herein, which shall be performed in adherence to the applicable Contract terms and conditions, shall constitute and be referred to herein as the “Project.”

2. Implementation (Development, Testing, Maintenance, Go-live, Integration and Hypercare) Activities and Timeline:

The parties acknowledge that the scope of this Project is expected to extend over multiple fiscal years, necessitating additional appropriations for funding and subsequent Change Orders to exercise and fund additional Project years. This Change Order specifically pertains to the first year of Project work and Fees related to Fiscal Year 2023-2024 (the Base Year), which is expected to result in the development of the requirements for subsequent work performed under the Project, and is hereby exercised and funded in accordance with Section 5.1 herein. After fiscal year 2023-2024 (the Base Year), there will be two Option Years available (fiscal years 2024-2025 and 2025-2026), which may be exercised and funded via execution of a Change Order. The projected labor, travel costs, and Fees for the Project, as outlined in Section 5.1, for the Base and Option Years are not guaranteed amounts payable to the Service Provider and will be subject to appropriations and assessment of the remaining Project work. The Department will provide notice of its intent to seek appropriations to exercise and fund any subsequent Option Years to Service Provider at least 60 days prior to the expiration of the then current Base or Option Year. A new Change Order will be issued to exercise an Option Year to continue the Project work for the upcoming fiscal year. For purposes of this Change Order, exercise and funding of such Option Years in whole or in part is dependent upon State of Florida appropriations.

Upon execution of this Change Order, the Service Provider shall promptly commence Project start-up work. The Service Provider will assist the Department in identifying and documenting all

Business Process Requirements for the Base Year and Option Years 1-2, including preparing the Business Requirements Documents (BRDs) and submitting them to the Department for review and approval. To be effective, the Business Requirements Documents must be approved in writing (which may be via email or other electronic acknowledgement) by an authorized representative of Department. It is not the intent of the parties to develop the Business Process Requirements in a manner such that they modify or exceed the agreed upon Fees or Travel Costs. If there is a conflict between the description of Services in this Change Order and a related Business Requirements Document, the Business Requirements Document shall control to the extent such conflicts do not modify or exceed the agreed upon Fees or Travel Costs set forth in this or subsequent Change Orders; provided, however, to the extent the Business Requirements Documents contain a constructive change, the Parties will negotiate and execute a separate Change Order to adjust the associated Fees, Project scope, or Project timeline.

Additionally, the Service Provider will provide a high-level Project Plan for Department approval within 90 calendar days of execution of this Change Order that outlines the Project timeline, including the dates each Party must meet in order to align the Project phases with the timeline proposed by Florida PALM for requirements, development, testing and 'go-live', ensuring that any changes align with the Department's established guidelines and are formally authorized, in writing, by the Department prior to implementation.

Effective upon Change Order execution, Service Provider shall dedicate the equipment and software for the parallel technical environment and begin to implement those environments, as provided in this Change Order. The Parties acknowledge the initial hardware and setup fee amount owed for the parallel environment is set forth in Section 5.1(c) and the monthly maintenance fees for the parallel environments shall be assessed as set forth in Section 5.1(c).

The parallel technical environments will include: (a) Development environments for SAP, the Data Warehouse and Business Objects, (b) Quality Assurance environments for SAP, the Data Warehouse and Business Objects, and (c) User Acceptance Test environments for SAP, the Data Warehouse, and Business Objects. These parallel technical environments are planned to be brought on-line and operational in the month prior to the applicable Project phase, as provided in the Project Plan to be created pursuant to this Change Order. Also, it is anticipated in Option Year 2 that the parallel UAT environments will be maintained for two months after the Florida PALM go-live in support of a hyper-care period to allow immediate response and analysis in the event defects or issues are discovered or suspected with the newly released code.

Throughout the term of the Base Year of this Change Order, the Service Provider will collaborate with the Department and the Florida PALM team by engaging in planning meetings, agency workshops, and requirements gathering, as requested by the Department or Florida PALM team, which will further permit adjustments to the Business Requirements Documentation consistent with the scope of work herein to be reviewed and approved by an authorized representative of the Department.

3. Conduct of Parties:

The Parties agree to make commercially reasonable efforts to execute all tasks timely and diligently in accordance with the Department approved Project Plan to ensure the successful completion of the modifications to the People First system coincides with the rollout of the financials and payroll components of the Florida PALM system, scheduled for January 2026. Service Provider shall not be liable for, nor be deemed to be in breach hereof, due to failures to fulfill obligations or any other act or omission associated with this Change Order attributable to (a) any failure by Department to comply with its obligations or perform its assigned tasks hereunder, (b) Service Provider's reliance upon any Department direction or any information provided or otherwise made available to Service Provider by or on behalf of Department or (c) any act or omission of any Department vendor or other State of Florida agency or their vendors. The Parties shall make reasonable efforts to mitigate the effects of any of the foregoing circumstances.

The Department's rights to terminate the Contract for breach are set forth in Section 7.4 of the Contract. Moreover, given what the Parties mutually agree are aggressive timelines set forth herein, the Parties will work collaboratively if changes need to be made to the projected timelines despite good faith reasonable efforts being made to accomplish the timelines. Notwithstanding the foregoing, the Department reserves the right to terminate this Change Order for convenience in accordance with Section 7.2 of the Contract, and this provision is not intended to supplement or create any additional termination rights for the Department. In the event of a termination of this Change Order, the Contractor shall not be entitled to recover any cancellation charges, lost profits, or amounts not previously incurred under this Change Order.

In accordance with Florida Statutes, Project activities in future fiscal years are dependent upon the annual appropriation of funds. The scope of Project work performed under subsequent Change Orders exercising and funding Option Year(s) will, in part, be governed by the status of the Florida PALM project. to the extent the Parties agree to this and any other related Changes Orders reflecting changes to this Project's scope, schedule, or funding executed pursuant to the process delineated in Section 4.9 of the Contract. For each subsequent Project Change Order to exercise and fund an Option Year, the Department will specify the authorized expenditure amount based on the currently approved and in effect Project scope, BRD and appropriations to arrive at a total Change Order value. The Service Provider shall not perform or invoice for Fees, labor, or travel costs in an amount greater than the amounts set forth in the applicable Change Order. No work, including the continuation and maintenance of the parallel environments, can be carried out prior to exercising and funding an Option Year. For this Change Order, funds will be sourced from the Department's reverted and reappropriated funds under Section 154 and Administered Funds under Sections 235 and 2107 of Chapter 2023-239, Laws of Florida.

4. Impact to Contract:

There are no changes to the provisions of the Contract for this change order. Project Resources, Fees and SEH are outlined under Section 5.1 below.

5. Schedule Resources and Fees:

This Change Order authorizes work for Fiscal Year 2023-2024 at a total amount of \$4,155,080. This Project ceiling for Fiscal Year 2023-2024 may not be exceeded by Service Provider in the performance of the specific Services hereunder. The estimated time to complete the activities associated with integrating People First with Florida PALM spans three fiscal years (i.e., Base Year and two Option Years), and the estimated total Fees, labor, and Travel Cost to complete this project, including the use of designated and allowable System Enhancement Hours (see Section 5.1), is a total value of \$15,886,360 and may not be exceeded in performance of the specific Services hereunder. Fiscal year appropriations will be independent of one another and may not roll-over and be available from one year to the next. To the extent the scope of the Project Plan and Project Schedule remain the same, the proposed Fees, labor, and Travel Costs shall not be increased and shall not exceed the applicable fiscal year funds appropriated for the purpose of fulfilling the Project. For the Base Year, the fees for the parallel environment setup and six months of maintenance for such environments is \$2,100,000 and the total labor, excluding the value of SEH, is \$827,000.

For each new fiscal year, the Parties will assess the remaining work for the Project and the status of the Florida PALM project. The Parties agree modifications to a Change Order, even after an Option Year is exercised and funded, may be made to reflect any changes to the scope, schedule, and budget for the applicable fiscal year pursuant to Section 4.9 of the Contract.

This Change Order facilitates the Service Provider's delivery of hourly work, maintenance, and equipment. All hourly work and monthly maintenance fees will be invoiced quarterly after completion in compliance with the Contract's terms. The Service Provider shall submit invoices with detailed information for auditing purposes, including, where applicable, the date of work, staff involved, authorized travel details, where applicable, and work category. Billing will be rounded to the nearest hour.

5.1. System Enhancement Hours, Fees, and Travel Costs:

The following System Enhancement Hours, Fees, and Travel Costs may only be incurred to the extent it does not exceed funds appropriated to the Department for the purpose of fulfilling the Project work and aligns with the scope of the applicable Change Order.

	2023-2024	2024-2025*	2025-2026*	Project Total
Fees:				
Specialized Sub-Contractor Labor	\$ 777,000	\$ 3,612,000	\$ 1,428,000	\$ 5,817,000
Service Provider Labor	\$ 1,228,080	\$ 2,556,120	\$ 1,385,160	\$ 5,169,360

Labor Subtotal	\$ 2,005,080	\$ 6,168,120	\$ 2,813,160	\$ 10,986,360
Parallel Environments	\$ 2,100,000	\$ 1,800,000	\$ 850,000	\$ 4,750,000
Travel	\$ 50,000	\$ 50,000	\$ 50,000	\$ 150,000
Total Not to Exceed Cost	\$ 4,155,080	\$ 8,018,120	\$ 3,713,160	\$ 15,886,360
Number of SEH	7,430	3,500	2,625	12,677
SEH Value	\$ 1,228,080	\$ 595,000	\$ 446,250	\$ 2,155,090
Total Not to Exceed Cost Less SEH	\$ 2,927,000	\$ 7,423,120	\$ 3,266,910	\$ 13,731,270
Appropriation	\$ 2,689,220	TBD	TBD	TBD
Administered Funds	\$ 413,780	TBD	TBD	TBD
Total Appropriation	\$ 3,103,000	TBD	TBD	TBD

*Funding for fiscal years 2024-25 and 2025-26 are subject to appropriation which will be confirmed and authorized through future Change Orders to exercise and fund these Option Years.

a. System Enhancement Hours (SEH):

The Service Provider shall use SEH to perform work under this Change Order prior to the expenditure of funds for Service Provider labor. The first 500 SEH shall be at \$100 per hour, in accordance with Appendix G of the Contract. The hours shall be identified as "IT Development Related to Florida Palm Integrations". The total value of these SEH is \$50,000.00

Following the use of the "IT Development Related to Florida PALM Integrations" SEH, the Service Provider shall perform work utilizing additional SEH at \$170 per hour, in accordance with Appendix G of the Contract. The additional SEH used over the duration of this Change Order shall not exceed 6,930hours unless agreed upon, in writing, by the Department and Service Provider.

Once the agreed upon number of SEH are exhausted, the Service Provider shall notify the Department in writing, at which point the Department may authorize use of additional SEH or authorize the Service Provider to begin invoicing for labor based on the applicable hourly fee outlined above.

b. Service Provider and Specialized Sub-Contractor Labor Fees:

Service Provider and Specialized Sub-Contractor labor fees shall be invoiced in accordance with the attached price sheet. Any modifications to the attached price sheet shall be approved, in writing, by the Department prior to implementation of said modifications.

The hourly rates for the labor costs for this Project shall not exceed the hourly rates set forth below:

Services	Fees/ Hour
IT Development	\$170
First 500 hours of Florida PALM IT Integrations Development	\$100
Specialized Subcontractor	\$250

c. Setup and Maintenance Fees:

All allowable charges for this Change Order will be invoiced separately than charges under the Contract. The initial hardware and setup Fee for the parallel technical environment is \$1,800,000 for the Base Year of this Change Order. This amount will be invoiced in full the same month this Change Order is executed. Additionally, monthly maintenance Fees for the parallel technical environment assessed for each month maintenance is provided is \$50,000 and shall be invoiced quarterly beginning the month the parallel technical environment set-up is complete and is anticipated to continue through two complete months after the Florida PALM project go-live. For the avoidance of doubt, if the parallel environment set-up is complete and is delivered in February, monthly maintenance fees for February and March will be invoiced at the end of March (end of the first calendar quarter.)

d. Service Provider and Specialized Subcontractor Travel:

All travel expenses associated with this Project will have a maximum cap of \$50,000 per Fiscal Year and will be subject to prior approval by the Department and reimbursement pursuant to section 112.061, Florida Statutes. Any travel costs must receive explicit pre-authorization from the Department before being incurred to be considered for reimbursement.

6. Risk Assessment and Project Management Plan:

The work under this Change Order is, in part, based on the expected scope associated with the Florida PALM financials and payroll integration. Unforeseen or unplanned risks outside the control of Service Provider may affect the timing of the go-live date, including Department delays, as they may require significant changes to various aspects of the Project scope (i.e., the chart of accounts, FLAIR codes, and payroll waves). In such cases, the Parties will work in good faith to negotiate

revised timelines and other project management impacts caused by such risks. To be effective, the revised timelines must be approved in writing (which may be via email or other electronic acknowledgement) by an authorized representative of Department.

The Service Provider, in drafting the Project Plan, assumes that the financials and payroll Florida PALM go-live date will occur in January of 2026. Any deviation from this timeline for either of these work components would introduce considerable risk and could result in changes to the Project scope, schedule, or costs.

Furthermore, both Parties acknowledge the necessity of developing detailed Business Requirements Documents to ensure the successful integration with Florida PALM. Consequently, this Change Order anticipates the organization of process workshops resulting in detailed Business Requirements Documents to comprehensively document these requirements and subsequently to be approved by the authorized representative of the Department. As these detailed requirements are yet to be defined at the time of the execution of this Change Order, the Parties commit to discussing any necessary adjustments to the work assessment once these requirements are clarified, enabling a more precise evaluation of the Project's scope. This collaborative approach will ensure that the Department's interests and Project goals are aligned.

Except as otherwise specifically provided herein, all other terms and conditions of the Contract remain unchanged. This Change Order shall constitute an integral part of the Contract following its execution and delivery. In the event of a conflict between the Contract and this Change Order #2, this Change Order #2 shall control.

IN WITNESS WHEREOF, the Parties have duly executed this Change Order effective as of the 18th day of December, 2023.

Florida Department of Management Services

DocuSigned by:
By: Pedro Allende
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Name: Pedro Allende

Title: Secretary

Date: 12/18/2023 | 12:18 PM EST

NorthgateArinso, LLC. (Service Provider)

DocuSigned by:
By: Frank Leistner
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Name: Frank Leistner

Title: SVP, Global Payroll & Professional Services

Date: 12/18/2023 | 11:18 AM EST