



CITY OF MADISON HEIGHTS

CITY HALL - MADISON ROOM, 300 W. 13 MILE RD.

**INFORMATION TECHNOLOGY ADVISORY COMMITTEE
MEETING AGENDA**

SEPTEMBER 24, 2026 AT 6:00 PM

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES

- [1.](#) ITAC Meeting Minutes of April 15, 2026

MEETING OPEN TO THE PUBLIC

NEW BUSINESS

- [2.](#) Citywide AI Implementation - GovAI

ADJOURNMENT

NOTICE: Persons with disabilities needing accommodations for effective participation through electronic means in this meeting should contact the City Clerk at (248) 583-0826 or by email: clerks@madison-heights.org at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.

Information Technology Advisory Committee Meeting
 Madison Heights, Michigan
 April 15, 2026

A Information Technology Advisory Committee Meeting was held on Wednesday, April 15, 2026 at 6:00 PM at City Hall - Lindell Ross Executive Conference Room, 300 W. 13 Mile Rd.

PRESENT

Member Mark Bliss
 Member Brian Davis
 Member Curtis J. Kogelman
 Member Scott Tuller
 City Manager Melissa Marsh
 Ex-Officio Member Cheryl Rottmann
 Council Representative William Mier
 Council Representative Alternate Sean Fleming

ABSENT

Member Dale Gardner
 Alternate Robert Didur
 Alternate Anthony Maurice

ITAC-26-. ITAC Meeting Minutes of January 7, 2026.

Motion to approve the ITAC meeting minutes of January 7, 2026, as printed.

Motion made by Marsh, Seconded by Tuller.

Voting Yea: Member Bliss, Member Davis, Member Kogelman, Member Tuller, City Manager Marsh, Ex-Officio Member Rottmann, Council Representative Mier

Motion carried.

MEETING OPEN TO THE PUBLIC:

There were no members of the public wishing to speak.

ITAC-26-. Recommendation for City IT Support Services Contract.

City Manager Marsh due to ongoing issues with the city's current IT Support Services provider, Skynet, the city is looking to end our contract. Skynet's contract is expiring at the end of June, and the City is looking to transition to a new IT Support Services Contractor, Dewpoint, at the start of the Fiscal Year, July 1, 2026. The existing contract with Skynet requires a sixty-day formal notification of termination or non-renewal.

City Manager Marsh noted that Dewpoint partnered with the Michigan Municipal Services Authority (MMSA) on a cooperative contract designed to streamline IT procurement for local

governments across Michigan. This agreement allows the City of Madison Heights to access Cyber Security Assessments and Managed IT Services without the need for a formal RFP process.

City Manager Marsh stated that she and Deputy City Manager Rottmann have met extensively with Dewpoint to discuss our city's needs and expectations and reviewed their proposed contract. The City Attorney has also reviewed and approved the proposed contract. The agreement will have one Dewpoint staff member present on the Madison Heights campus during business hours and offers full remote support as well. Staff believes that this transition will be beneficial to increasing the efficiency of IT support services for staff. We are requesting that ITAC review the agreement between the City of Madison Heights and Dewpoint for Managed IT Support Services and make formal recommendation to Council for their April 27, 2026 meeting.

Dewpoint representatives Brent Oliver, Joe Old, Ed Rowe and Matt Scott were all present. Mr. Scott gave a brief presentation of the Managed Service Provider for IT Services proposal for the city. He reviewed their Managed IT Services components, onsite support services proposed, introduced the Dewpoint team, reviewed the proposed pricing for services, and the transition methodology.

After taking questions by ITAC members, it was proposed by members to add the following to the proposed contract:

- Define and retained response time targets for services with outlines of resolution time objectives and service credits if targets are not met over consecutive months
- Remove four hour annual cap on security investigations and integrate these activities into the scope of services
- Add contract language addressing AI policy and governance within scope of services

Motion by Bliss, supported by Tuller to recommend to City Council to choose Dewpoint as the city's new IT Services contractor pending the following amendments to the contract:

- Define and retained response time targets for services with outlines of resolution time objectives and service credits if targets are not met over consecutive months
- Remove four hour annual cap on security investigations and integrate these activities into the scope of services
- Add contract language addressing AI policy and governance within scope of services

Voting Yea: Member Bliss, Member Davis, Member Kogelman, Member Tuller, City Manager Marsh, Ex-Officio Member Rottmann, Council Representative Mier

Motion carried.

ITAC-26-. Phone RFP Update and Formation of ITAC Sub-Committee.

Deputy City Manager Rottmann stated that on January 27, 2026, the City issued the Request for Proposals for the VOIP Phone Services and Equipment and scheduled a mandatory walkthrough on February 18th. The RFP was downloaded from MITN by over 94 vendors, 33 of them located in Michigan.

Thirty-seven (37) vendors participated in the mandatory walkthrough. Vendors were given an opportunity to submit questions pertaining to the RFP and the city responded to those questions on February 11, February 24 and a final response to questions were given on March 3rd. The deadline for submission for the RFP was March 16th. Thirty vendors responded to the RFP by the deadline. Some companies also submitted more than one proposal.

She, along with Chris Morrisson from Skynet, the current city's IT contractor, reviewed all proposals submitted. We reviewed them with consideration for how well they fit the needs of the city, support offered, licensing costs, ability to offer paging and doorbell requirements of the Fire Department, length of contract offered and overall costs. After this review, we have narrowed the finalist down to six (6) vendors and seven (7) proposals. Staff is requesting ITAC form a subcommittee of 3-4 members to assist in the final review of these six vendors and take a more in-depth look at the proposals offered. The goal of the subcommittee would be to narrow the RFPs to the top three proposals and ask any clarifying questions, as needed. After the subcommittee review and recommendations, the city would schedule on-site interviews with the three finalists to get an opportunity to see equipment and familiarize us with the vendors being considered. Once that takes place, we will return to ITAC with our final rankings and ask that ITAC make a final recommendation to City Council.

Discussion followed on the proposals received, pricing, timeline and needs of the city.

Motion to appoint members Kogelman, Tuller and Council Representative Alternate Fleming to a Phone RFP Subcommittee to review the Phone RFPs and make a recommendation to the full ITAC board.

Voting Yea: Member Bliss, Member Davis, Member Kogelman, Member Tuller, City Manager Marsh, Ex-Officio Member Rottmann, Council Representative Mier

Motion carried.

Deputy City Manager Rottmann stated she would send out a shared folder with the RFP finalist proposals, related questions and answers and the ranking tomorrow. It was the consensus to meet in a week or two to review the subcommittee's findings and discuss next steps.

ADJOURNMENT:

Having no further business, Chair Kogelman adjourned the meeting at 7:40 p.m.

ANNUAL PLAN AND PRICING

City of Madison Heights

A full year of GovAI for every department, and what it costs.

One annual price. Every department.

What you said is in the way

From the demo on August 27, in the words used on the call.

Are they using it correctly?

Staff across the city are already using AI. What you don't have is a way to see what they ran, or whether confidential information went into it.

Where are you putting this stuff?

Two of your own questions after something goes out: which tool was used, and what information was put into it.

A closed ecosystem

You want confidentiality held inside the city's own environment, and still be able to pull in outside information when a project needs it.

More than half your desk staff already use AI. What's missing is a governed place to do it.

The work we would start with

COUNCIL MEETINGS	Draft the agenda, pull the follow-up reports after the meeting, and work from the minutes transcript instead of reading it back.
INSTITUTIONAL KNOWLEDGE	Put the union letters of understanding and the contracts somewhere staff can ask questions of, so a costly misstep doesn't depend on who remembers.
SIGN SHOP AND COMMS	The city hall image the sign shop generated came back wrong. Work from the city's own material, so what goes out is built from what the city actually has.
EVERY DEPARTMENT	Police, fire, finance, communications, HR. Half your staff are police and fire, and the desk side is running lean everywhere else.

Departments run lean. These are the jobs that eat the hours.

What a governed platform adds

Zero ingestion

City content is not used to train the model underneath.
What staff put in stays the city's.

Data Shield

Scans for personal and sensitive information before content moves. The check runs on every file, every prompt, every time.

Access by user or group

Turn the assistant down for sensitive work, by person or by group. Admin sets it once and it holds across departments.

Ready-made for government

Minutes, staff reports, records requests. The formats local government works in are already there on day one.

You already have staff using AI. This is what makes that a decision you can defend.

One price, sized to the city

1

Sized to the organization

We size the plan on the city and the work it has to carry. Every department is inside it.



2

Everyone gets access

All staff, every department, under the one price. Police, fire, finance, communications, HR.



3

One annual price

One line item for the year, locked in the contract. Uneven use month to month doesn't turn into a surprise invoice.

Budget is tight and adding staff isn't an option. This is one line, known in advance.

Your plan for year one

RECOMMENDED

Organization-wide

12 month term

GovAI

\$16,500.00

Before discount

~~\$29,000.00~~

Early Partner Discount Program

Held at \$24,000.00 for an agreement signed by September 30, 2026. Figures are for planning and subject to final agreement.

What happens next

1

Sign by September 30

Hold the year-one price and start inside this budget year rather than the next one.

\$16,500.00

2

Stand up over three months

Onboarding, admin and access controls, then training department by department.

Included

3

First Agents on your work

Council agenda and minutes first. Then the union letters and contracts.

Included

The next step

A call about a week from the demo, with Melissa & Harley on feedback

ORDER FORM

Customer Details ("Customer")		Civia Inc. dba GovAI ("GovAI")	
Legal Name:	Madison Heights, MI	Address:	Civia / GovAI 375 Hagey Blvd, Suite 310 Waterloo ON N2L 6R5
Address:	300 East 13 Mile Road Madison Heights, Michigan 48071 United States of America	Billing Contact:	Billing@GovAI.com 888-336-1993 (ext. 110)
Billing Contact:	Melissa Marsh City Manager melissamarsh@madison-heights.org	IRS EIN #	98-1807134

Service Description
Civia Inc. dba GovAI has developed a software-as-a-service ("SaaS") product offered as a platform (the " GovAI Platform "), which provides to Customer and its Customer Personnel AI/LLM tools that include a compliance and safety layer and contextual optimizations for public sector use-cases through the GovAI website https://govai.com (the " Website ", together with the GovAI Platform and their respective features and functionality, the " Service ").

Agreement Details			
Effective Date of Agreement:	September 30, 2026	Order Form Valid If Executed By:	September 30, 2026
Subscription Period (Term):	Annual		
Subscription Currency (\$):	USD		
Subscription Fees	Line Item	Value	
	GovAI Enterprise – per year	\$29,000.00	
	Michigan Early Partner Program Discount	-\$12,500.00	
	Implementation, Training & Support Included		
	SSO & SCIM Included		
	Custom Assistants & Folios Included		
	Subtotal	\$16,500.00	
	Total	\$16,500.00	
Limitations & Additional Terms:			
• Users limited to staff directly and actively employed by Madison Heights, MI and not sub-organizations, contractors, or others • Annual Subscription Fees will automatically increase by 3.5% per annum, as set out in Section 8.7 of the Terms & Conditions			

BY SIGNING BELOW, EACH PARTY ACKNOWLEDGES THAT IT HAS READ AND UNDERSTOOD THE TERMS OF THIS THE SUBSCRIPTION AGREEMENT (INCLUDING THE ABOVE ORDER FORM AND THE TERMS SET OUT IN THE MASTER SUBSCRIPTION AGREEMENT HERETO) AND, FOR GOOD AND VALUABLE CONSIDERATION, AGREES TO BE BOUND BY THE TERMS AND CONDITIONS OF THIS SUBSCRIPTION AGREEMENT.

Madison Heights, MI

By: _____

Name: _____

Title: _____
I have authority to bind the Customer

Sign Date: _____

GovAI

By: _____

Name: _____

Title: _____

Sign Date: _____

Master Subscription Agreement

This Master Subscription Agreement (the “**Agreement**”) is an agreement between “**Customer**” (identified in the subscription order form that incorporate this Agreement by reference (“**Order Form**”)) and Civia Inc. dba GovAI, a Canadian corporation with its primary place of business located at the address set forth in the Order Form (“**GovAI**”, together with Customer, the “**Parties**” and each, a “**Party**”) entered into as of the effective date set out in Order Form (the “**Effective Date**”). BY EXECUTING AN ORDER FORM THAT REFERENCES THIS AGREEMENT, CUSTOMER AGREES TO THE TERMS OF THIS AGREEMENT.

Capitalised terms used in this Agreement are defined either in the body of this Agreement or in Section 12 below.

1. TERM AND TERMINATION.

1.1. **Term.** This Agreement commences as of the Effective Date and shall continue in effect for the term indicated on the Order Form (“**Initial Term**”). Thereafter, the term of the Agreement shall be automatically renewed for additional one year terms on each anniversary of the Effective Date (each a “**Renewal Term**”), unless either party gives written notice of non-renewal to the other party at least sixty (60) days prior to the end of the Initial Term or any Renewal Term (together, the Initial Term and any Renewal Term, are the “**Term**”).

1.2. **Termination for Cause.** A Party may terminate this Agreement for cause: (i) upon thirty (30) days written notice of a material breach to the other party if such breach remains uncured at the expiration of such period; or (ii) if the other party becomes the subject of a petition in bankruptcy or any other proceeding relating to insolvency, receivership, liquidation or assignment for the benefit of creditors.

2. USE OF THE SERVICE.

2.1. **Limited License.** Subject to the terms of this Agreement, including payment of the applicable Subscription Fees, GovAI grants Customer a non-exclusive, non-transferable, non-sublicensable limited right during the Term to access and use the Service and Documentation for Customer’s internal use (including for, governmental, public-sector and organizational purposes). As part of such right, Customer may permit its directors, officers, employees, contractors and other personnel under Customer’s direction or control (“**Customer Personnel**”) to access and use the Service. Where expressly provided for under the applicable Order Form, Customer may also make certain functionality and other features of the Service available to residents, citizens, website visitors or other members of the public (“**Public Users**”) through Customer’s websites, applications or digital services. Customer’s use of the Service remains subject to any user, account, feature, capacity or usage restrictions set out in the Order Form, this Agreement and the Documentation. Customer Personnel and

Public Users are collectively referred to as “users”.

2.2. **Provision of the Services.** GovAI will (a) make the Services available to Customer pursuant to this Agreement, and the applicable Order Forms and Documentation, (b) use commercially reasonable efforts to make the online Services available 24 hours a day, 7 days a week, except for: (i) planned downtime (of which GovAI shall give advance electronic notice), and (ii) any unavailability caused by circumstances beyond GovAI’s reasonable control, including, for example, an act of God, act of government, flood, fire, earthquake, civil unrest, act of terror, strike or other labor problem (other than one involving GovAI employees), Internet service provider failure or delay, or denial of service attack; and (c) where applicable, provide such additional support as may be provided for under the applicable Order Form.

2.3. **Restrictions.** Customer shall not and shall not permit anyone to, directly or indirectly, (i) modify, translate, adapt, disassemble, reverse assemble or engineer, reverse compile or decompile, or otherwise attempt to discover or derive the source code, object code or underlying structure, ideas, know-how or algorithms relevant to the Service and/or any Documentation (except to the extent expressly permitted by GovAI or authorized within the Service); (ii) copy, sublicense, distribute, assign, re-license, sell, lease, transfer, or otherwise use the Service for time-sharing or otherwise for the benefit of a third-party; (iii) copy, sublicense, distribute, assign, re-license, sell, lease, transfer or otherwise make the Service available to a third party, except to Customer Personnel or Public Users as expressly permitted under this Agreement and the applicable Order Form; (iv) frame or mirror any content forming part of the Service; (v) use the Service to send or store infringing, obscene, threatening, libelous, or otherwise unlawful or tortious material, including material that is harmful to children or violates third-party privacy or publicity rights; (vi) use the Service to send or store means viruses, worms, time bombs, Trojan horses and other harmful or malicious code, files, scripts, agents or programs

("Malicious Code"); (vii) have access to the Service to interfere with or disrupt the integrity or performance of the Service or the data contained therein; (viii) except to the extent permitted by applicable law, disassemble, reverse engineer, or decompile a Service or access it to (a) build a competitive offering or product, and/or (b) copy any ideas, features, functions or graphics of the Service; and/or (ix) remove any identifying marks, logos, labels, or other proprietary notice from the Service.

2.4. **Customer Responsibilities.** Customer will (a) be responsible for its users' compliance with this Agreement, Documentation and Order Forms, (b) be responsible for the accuracy, quality and legality of Customer Data, the means by which Customer acquired Customer Data, Customer's use of Customer Data with the Services, and the interoperation of any Integrations with which Customer uses Services, (c) use commercially reasonable efforts to prevent unauthorized access to or use of Services, and notify GovAI promptly of any such unauthorized access or use, and (d) use Services only in accordance with this Agreement and the Documentation, and (e) comply with terms of service of any Integration with which Customer uses Services.

2.5. **Output Use and Assessment.** Customer is responsible for its use of outputs generated by or through the Services ("Outputs"), including determining whether Output is appropriate for that use. Customer must not (and must not permit anyone else to): (i) use Output in a manner that Customer knows, or reasonably should know, violates third-party rights or Law; or (ii) represent that Output is human generated or approved or endorsed by GovAI or its subcontractors. Output is generated by artificial intelligence, including by using technology provided by third-party subcontractors ("AI Tools"). GovAI makes no warranty as to the accuracy, completeness or reliability of Output or that it does not violate third-party rights or law. Due to the nature of the Service, (i) Output may not be unique or exclusive to Customer and its users, (ii) the same or similar input may yield differing Output, and (iii) Output does not represent GovAI's or its subcontractors' views.

2.6. **Agents and Assistants.** Agents (which may also be referred to as "assistants" or similar terms) are AI Tools that Users may direct to take certain actions on behalf of Customer ("Agents"). These actions are not Output. Agents may be created by Customer, provided by GovAI, or provided by third parties as Integrations. Customer is responsible for its configuration and use of Agents, including determining what inputs Agents may access, whether any actions Agents

may take are appropriate for that use and appropriately supervising such actions. Customer must not use Agents in a manner that either violates third-party rights or law or is intended, or would reasonably be expected, to do so.

3. CUSTOMER DATA.

3.1. **Customer License.** Customer grants GovAI a non-exclusive, worldwide, royalty-free, fully paid-up license to access, collect, use, analyze, store and process Customer Data solely to provide, operate, secure and support the Service for Customer, including making Customer-specific configurations and improvements.

3.2. **Integrations.** Customer may authorize the Service to connect to Customer systems, third-party services, data sources, application programming interfaces (APIs), tools, model context protocol (MCP) and other integration protocols ("Integrations"). Customer authorizes GovAI to access, retrieve, transmit, process and, where configured, submit Customer Data to and/or through such Integrations in the provision of the Services and to perform Customer-authorized actions.

3.3. **Personal Data.** To the extent Customer Data includes Personal Data (as defined in the DPA), GovAI will process that information in accordance with this Agreement, the GovAI Data Processing Addendum <https://govai.com/legal/dpa> ("DPA") and Section 4.

3.4. **Restrictions on use.** For the avoidance of doubt: (a) the license contemplated herein shall not permit GovAI to create aggregated data sets (whether anonymized, de-identifying, statistical or otherwise) derived from Customer Data for purposes of training the GovAI Platform or any third party LLMs used by the GovAI Platform, (b) Customer Data will not be used to train the AI models of the Platform or any third party LLMs, and (c) GovAI shall opt out of, and maintain commercially reasonable controls to prevent, the use of Customer Data for training or improving any Third-Party AI Models where such opt-out mechanisms are made available by the applicable provider.

3.5. **Usage Data** Subject to section 3.4, GovAI shall have the right to collect and analyze anonymized and de-identified data and other information relating to the provision, use and performance of various aspects of the Service and related systems and technologies (collectively, the "Usage Data"). GovAI shall be the exclusive

owner of all intellectual property rights in such Usage Data and without limiting the foregoing will be free to use Usage Data: (i) to improve and enhance the Service; (ii) for other development, diagnostic and corrective purposes in connection with the Service and other GovAI offerings; and (iii) for marketing, educational, and promotional purposes, provided Usage Data do not contain any Confidential Information of Customer or identify Customer or any Personal Data.

- 3.6. **Customer Data Retention.** Customer retains full control over the retention and deletion of Customer Data throughout the contract lifecycle, including during any Pilot, the Term, and upon termination or expiration. Customer may configure data retention periods through in-app settings and may export Customer Data at any time during the Term. When Customer Data is removed from active production systems under Customer's retention settings, or upon termination or expiration, GovAI will preserve a complete export in Secure Cold Storage. Customer may retrieve that export during the Term or following termination or expiration. Exports are provided in a standard, non-proprietary flat-file format (for example, JSON or CSV), with data schema documentation describing the structure of the export. "Secure Cold Storage" means data that is archived in a secure manner and which is not otherwise readily accessible for general use through the Service. After Customer retrieves the export—or per configured retention settings, or as otherwise agreed in writing—GovAI will permanently delete remaining copies of Customer Data from its systems and sub-processors. Residual copies in backups will expire under ordinary backup cycles.

4. SECURITY.

- 4.1. **Security Standards.** GovAI will implement and maintain industry-standard technical and organizational measures to protect the security, confidentiality, and integrity of Customer Data as described in more detail in the Documentation and, including: (i) encrypting Customer Data in transit over public networks using TLS or successor protocols; (ii) encrypting Customer Data at rest using industry-standard encryption; (iii) commercially reasonable measures to logically segregate Customer Data from other customers' data, including access controls; (iv) limiting personnel access to Customer Data on a need-to-know basis; (v) periodic security assessments appropriate to the nature of the Service; and (vi) privacy and security training for personnel who may access Customer Data.
- 4.2. **Business Continuity.** GovAI will maintain commercially reasonable disaster recovery and

business continuity procedures for the Service, designed to achieve a Recovery Time Objective (RTO) of no greater than forty-eight (48) hours and a Recovery Point Objective (RPO) of no greater than twenty-four (24) hours. In the event of a confirmed unauthorized acquisition of, or access to, Customer Data for which GovAI is responsible (a "Data Breach"), GovAI will notify Customer without undue delay and in any event within seventy-two (72) hours after becoming aware of the Data Breach, and will include, to the extent then known, the nature of the incident, categories of data affected, mitigation steps taken, and measures adopted to reduce the risk of recurrence.

- 4.3. **Data Hosting Location.** Customer Data will be hosted and stored in data centers located in country listed on the Order Form.

5. PROPRIETARY RIGHTS.

- 5.1. **Customer Data.** As between GovAI and Customer, Customer owns all right, title and interest in and to Customer Data.
- 5.2. **Service and Documentation.** All Intellectual Property Rights in and to the Service and Documentation shall, at all times, remain exclusively with GovAI and its licensors. Customer shall acquire no right whatsoever to all or any part of the Service except the right to use the Service in accordance with the terms of this Agreement and GovAI and its licensors reserve all rights not expressly granted to Customer.
- 5.3. **Feedback.** Customer may from time to time provide to GovAI reasonable feedback with respect to the Service, including without limitation information on usability and evaluation of the Service and Documentation ("**Feedback**"). Customer agrees that any such Feedback, as well as any other know-how, developments, improvements, or data concerning the Service that Customer may suggest or provide to GovAI (collectively, "**Improvements**") will be the sole property of GovAI and may be used by GovAI for any purposes GovAI sees fit.

6. CUSTOMER OBLIGATIONS.

- 6.1. **General.** Customer agrees to: (i) comply and cause Customer Personnel to comply with its confidentiality obligations, and all other obligations set out in this Agreement; (ii) be responsible for all activities that occur through its accounts and Customer-configured deployments; (iii) have sole responsibility for the accuracy, quality, integrity, legality, reliability, and appropriateness of all Customer Data; (iv) use commercially reasonable efforts to prevent unauthorized access to, or use of the Service, and notify GovAI promptly of any such

unauthorized access or use; (v) use the Service solely for Customer's authorized governmental, public-sector and organizational purposes, including any public-facing use expressly permitted under the applicable Order Form, and comply with applicable law.

6.2. **Public Users.** Where Customer makes the Service available to members of the public, Customer is responsible for determining the purposes and permitted uses of the public-facing service; providing any notices, disclaimers, terms, accessibility information and privacy disclosures required by applicable law; establishing any required legal authority or consent for the collection, use and disclosure of Personal Data; and appropriately configuring the service, including its content sources, instructions, retention settings and available functionality.

6.3. **Fair Usage.** Customer will use the Service in accordance with the following fair usage principles:

6.3.1. **Permitted Usage:** Customer's use of the Service must be reasonably commensurate with the Subscription Fees and consistent with typical usage patterns of similarly situated customers at the same subscription tier and any user, seat, workspace, feature, capacity or usage entitlements specified in the Order Form.

6.3.2. **Excessive or Abusive Usage.** Customer shall not use the Service in a manner that is excessive, abusive or inconsistent with ordinary governmental, public-sector or enterprise use at Customer's purchased level, including any public-facing use expressly included in the applicable Order Form. Prohibited use includes: (a) automated high-volume generation unrelated to Customer's bona fide operations; (b) use for the benefit of third parties other than Public Users accessing an authorized customer-configured public-facing service; (c) attempts to circumvent usage, capacity or technical restrictions; or (d) usage patterns that materially degrade the Service for GovAI or other customers.

6.3.3. **Remedial Measures.** If GovAI reasonably determines that Customer's usage is inconsistent with this Section, GovAI will notify Customer and may, after providing a reasonable opportunity to cure, or immediately where necessary to protect the Service or other customers: (a) implement technical limits, including rate limiting or throttling; (b) require Customer to purchase additional capacity or upgrade to a plan commensurate with its actual usage; or (c) suspend the non-compliant use.

Persistent non-compliance following notice constitutes a material breach of this Agreement.

6.3.4. **Included Usage.** If the Order Form specifies included usage, such as messaging volume, AI processing units, storage or similar metrics, usage exceeding those amounts is not included in the Subscription Fees unless Customer purchases additional capacity. The absence of included usage metrics in the Order Form does not create an unlimited usage commitment

7. FEES & PAYMENT.

7.1. **Fees.** Customer shall pay GovAI the fees ("**Subscription Fees**") as specified in the Order Form.

7.2. **Invoicing & Payment.** Unless otherwise stated on the Order Form, Subscription Fees will be invoiced in advance, and payment is due net thirty (30) days from the invoice date. Customer is responsible for maintaining complete and accurate billing and contact information with GovAI.

7.3. **Overdue Payments.** Any payment not received from Customer by the due date may accrue, at GovAI's discretion, late charges at the rate of 1.5% of the outstanding balance per month, or the maximum rate permitted by law, whichever is lower, from the date such payment was due until the date paid.

7.4. **Taxes.** Unless otherwise stated, the Subscription Fees do not include any direct or indirect local, state, provincial, federal or foreign taxes, levies, duties, or similar governmental assessments of any nature, including value-added, goods and services, harmonized, use, or withholding taxes (collectively, "**Taxes**"). Unless otherwise exempt, Customer is responsible for paying all Taxes associated with its purchases pursuant to the Agreement, excluding taxes based on GovAI's net income or property. If GovAI has the legal obligation to pay or collect Taxes for which Customer is responsible under this section, the appropriate amount shall be invoiced to and paid by Customer, unless Customer provides GovAI with a valid tax exemption certificate authorized by the appropriate taxing authority.

7.5. **Audit Rights.** GovAI shall have the right to use the capabilities of the Service to confirm the number of users using the Service and Customer's compliance with this Agreement.

7.6. **Suspension of Service.** If Customer's account is sixty (60) days or more overdue, then in addition to any of its other rights or remedies, GovAI shall have the right to suspend the

Service provided to Customer, without liability to Customer, until such amounts are paid in full.

- 7.7. **Fee Changes; Automatic Annual Increase.** Subscription Fees shall automatically increase on the start date of each Renewal Term (each anniversary of the Effective Date) by a percentage equal to the percentage increase in the Index over the twelve (12) month period ending three (3) months prior to the start of the applicable Renewal Term. For purposes of this Section, "Index" means the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, not seasonally adjusted, as published by the United States Bureau of Labor Statistics. GovAI will provide written notice of the adjusted Subscription Fees at least sixty (60) days prior to the start of the applicable Renewal Term. Except for the foregoing automatic increase, GovAI may change any other fees upon sixty (60) days prior written notice, and such revised prices shall become applicable at the start of the next Renewal Term.

8. **CONFIDENTIALITY.**

- 8.1. **Definitions.** As used in this Section 8, "Confidential Information" shall mean and include information disclosed by GovAI or Customer (the "Disclosing Party") to the other (the "Recipient") during the term of the Agreement which would be considered confidential by someone exercising reasonable business judgment. Confidential Information includes the Service (and the results of any testing or evaluation of the Service), Documentation, and any other related information furnished by GovAI to Customer, including, without limitation, all Intellectual Property Rights, information, pricing plans, know-how, product plans, technical information and specifications.

- 8.2. **Compliance and Obligations.** The Recipient agrees to keep confidential any and all Confidential Information of Disclosing Party and shall take reasonable steps it takes to protect its own Confidential Information. Recipient shall only disclose such Confidential Information (i) to its personnel, agents, or representatives who have a need to know such information, for the purpose of performing their obligations under this Agreement, and who have entered into confidentiality agreements and are bound by confidentiality obligations no less protective as this Agreement, or (ii) to the extent required by applicable law or during the course of or in connection with any litigation, arbitration or other proceeding based upon or in connection with the subject matter of this Agreement, provided that the Recipient shall give the Disclosing Party

reasonable notice prior to such disclosure and shall comply with any applicable protective order or equivalent.

- 8.3. **Freedom of Information Requests and Public Records Laws.** Notwithstanding the obligations in this Section 8, the Customer may be subject to applicable public records laws, including but not limited to the Freedom of Information Act (FOIA) or similar state or provincial legislation, which may require disclosure of certain information. If the Customer receives a request for the disclosure of Confidential Information under such laws, the Customer shall promptly notify GovAI of the request and, to the extent legally permissible, allow GovAI to seek a protective order or other appropriate remedy to protect the Confidential Information. If GovAI fails to obtain such remedy, the Customer may disclose the requested Confidential Information in accordance with applicable law, and such disclosure will not constitute a breach of this Agreement.

- 8.4. **Exceptions.** Confidential Information shall not include information which: (i) is or later becomes publicly available without breach of this Agreement, or is disclosed by the Disclosing Party without any obligation of confidentiality; (ii) is known to the Recipient at the time of disclosure by the Disclosing Party, (iii) is independently developed by the Recipient without use of Confidential Information, (iv) becomes known or available to the Recipient without restriction from a source having the lawful right to disclose such information; (v) is generally known or readily ascertainable by Parties of ordinary skill in the business of the Recipient; or (vi) is software code in either object code or source code form that is licensed under an open source license.

9. **INDEMNIFICATION.**

- 9.1. **Indemnification by GovAI.** Subject to the terms and conditions of the Agreement, GovAI shall, at its own expense, defend Customer in any action, suit, or proceeding brought by a third party alleging that the Service infringes or misappropriates any patent, trademark, trade secret, copyright or any other intellectual property rights of such third party (an "IP Claim") and shall indemnify and hold Customer harmless from and against any settlement amounts agreed in writing by GovAI and/or any losses, damages, expenses or costs (including but not limited to reasonable attorneys' fees) awarded to such third party against Customer by a court or tribunal of competent jurisdiction in such IP Claim. As conditions for such defense and indemnification by GovAI, (i) Customer shall notify GovAI promptly in writing upon becoming

aware of all pending IP Claims; (ii) Customer shall give GovAI sole control of the defense and settlement of such IP Claims; (iii) Customer shall cooperate fully with GovAI in the defense or settlement of such IP Claims; and (iv) Customer shall not settle any IP Claims without GovAI's written consent, or compromise the defense of any such IP Claims or make any admissions in respect thereto.

9.2. **Mitigation.** If (a) GovAI becomes aware of an actual or potential IP Claim, or (b) Customer provides GovAI with notice of an actual or potential IP Claim, GovAI may (or in the case of an injunction against Customer, shall), at GovAI's sole option and determination: (I) procure for Customer the right to continue to use the Service; or (II) replace or modify the Service with equivalent or better functionality so that Customer's use is no longer infringing; or (III) if (I) or (II) are not commercially reasonable, terminate the provision of the Service and refund to Customer any pre-paid Subscription Fees for any periods after the termination of the Service, less any outstanding monies owed by Customer to GovAI.

9.3. **Exclusions.** The obligations in Sections 9.1 and 9.2 do not extend to (1) any IP Claim based upon infringement or alleged infringement of any patent, trademark, copyright, or other intellectual property right by the combination of the Service furnished by GovAI with other products, software or services not provided by GovAI; (2) any IP Claim related to any Customer Data, (3) any IP Claim related to any use or exercise of any other right in respect to the Service outside the scope of the rights granted in the Agreement; or (4) any IP Claim related to Third Party AI Models.

9.4. **Indemnification by Customer.** To the extent permitted by applicable law, Customer shall defend and indemnify GovAI against a third-party claim alleging that Customer Data, as provided to GovAI and used in accordance with the Agreement, infringes that third party's intellectual property rights, or arising directly from Customer's unlawful use of the Service. Customer shall have no obligation under this Section to the extent the claim results from GovAI's modification or misuse of Customer Data, GovAI's breach of the Agreement, or the operation of the Service itself.

10. WARRANTIES AND DISCLAIMERS.

10.1. **General Warranties.** Each party represents, warrants to the other party that: (a) it has all requisite power and authority and approvals to execute, deliver and perform its obligations under this Agreement; (b) the

execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by it and any necessary third parties; and (c) it will perform its duties and obligations hereunder in a careful, diligent, professional, proper, efficient and businesslike manner.

10.2. **GovAI Warranties.** GovAI warrants that during an applicable subscription term (a) this Agreement, the Order Forms and the Documentation will accurately describe the applicable administrative, physical, and technical safeguards for protection of the security, confidentiality and integrity of Customer Data, (b) GovAI will not materially decrease the overall security of the Services, (c) the Services will perform materially in accordance with the applicable Documentation, and (d) GovAI will not materially decrease the overall functionality of the Services (e) that GovAI is not responsible for any changes to any Integrations).

10.3. **Disclaimer.** EXCEPT FOR THE EXPRESS WARRANTIES SET OUT ABOVE, THE SERVICE AND DOCUMENTATION (IF ANY) UNDER THIS AGREEMENT ARE PROVIDED "AS IS" AND "WHERE IS" AND GOVAI EXPRESSLY EXCLUDES AND DISCLAIMS ALL REPRESENTATIONS, WARRANTIES, OR CONDITIONS OF ANY KIND, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, MERCHANTABILITY, MERCHANTABLE QUALITY, NON-INFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE. GOVAI DOES NOT REPRESENT OR WARRANT THAT THE GOVAI PLATFORM WILL PRODUCE ACCURATE OR RELEVANT CONTENT OR OUTPUT FOR THE CUSTOMER OR USERS, THAT THE AGENTS WILL PERFORM CORRECTLY OR OTHERWISE PERFORM WITHOUT INTERRUPTION OR ERROR. WHILE MAINTAINING REASONABLE DATA SECURITY MEASURES CONSISTENT WITH ITS OBLIGATIONS UNDER THIS AGREEMENT, GOVAI CANNOT GUARANTEE THAT THE GOVAI PLATFORM IS SECURE FROM HACKING OR OTHER UNAUTHORIZED INTRUSION, OR THAT CUSTOMER DATA WILL REMAIN PRIVATE OR SECURE UPON SUCH HACKING OR INTRUSION. GOVAI DOES NOT REPRESENT THAT THE OUTPUT GENERATED BY THE GOVAI PLATFORM WILL BE SATISFACTORY IN ANY WAY TO CUSTOMER. GOVAI HAS NO CONTROL OVER THE OPERATION OF THE THIRD PARTY LLMS IT ACCESSES AS PART OF ITS PROCESSING ACTIVITIES, THE OUTPUTS

THEY GENERATE, OR THE CONTINUED AVAILABILITY OF ANY THIRD PARTY AI MODELS.

11. **LIMITATION OF LIABILITY.** IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY LOSS OF PROFIT OR REVENUE BY THE OTHER, OR FOR ANY OTHER CONSEQUENTIAL, INCIDENTAL, INDIRECT OR ECONOMIC DAMAGES INCURRED OR SUFFERED BY THE OTHER PARTY ARISING AS A RESULT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGES. THE TOTAL LIABILITY OF GOVAI FOR ALL CLAIMS OF ANY KIND ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR TO ANY ACT OR OMISSION OF GOVAI, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, SHALL BE LIMITED TO DIRECT DAMAGES ACTUALLY INCURRED BY CUSTOMER AND SHALL NOT EXCEED THE EQUIVALENT OF THE FEES PAID BY CUSTOMER TO GOVAI IN THE PREVIOUS TWELVE (12) MONTHS PRECEDING THE EVENT FIRST GIVING RISE TO A CLAIM. NOTWITHSTANDING THE GENERALITY OF THE FOREGOING, THE LIMITATIONS OF LIABILITY ABOVE DO NOT APPLY TO FRAUD OR WILFUL MISCONDUCT

12. **DEFINITIONS.** As used herein:

"Customer Data" means any information, materials or content transmitted to, from or through the Service by or on behalf of Customer, Customer Personnel, or members of the public interacting with a customer-configured public-facing service; Customer Data excludes Feedback.

"Documentation" means, any written or electronic technical documentation, including user manuals, reference materials and/or release notes (if any) that is made available with the Service, and which may be updated and amended from time to time;

"Integrations" has the meaning given to it in section 3.2;

"Intellectual Property Rights" means, all proprietary rights, patents, trademarks, tradenames, trade dress, trade secrets, authorship (including expressions, designs, copyrights and copyrightable works, software and firmware, application programming interfaces, architecture, files, records,

schematics, data, data files, and databases and other specifications and documentation, all industrial and other intellectual property rights, and all modifications, translations or adaptations, improvements or developments in and of the foregoing, and all rights, interests, and protections that are associated with, equivalent or similar to, or required for the exercise of, any of the foregoing, however arising, in each case whether registered or unregistered, all registrations, rights to register or apply for registration, renewals, reversions, all waivers and assignments of moral rights, all assignments of model and property releases, and all rights to enforce such rights or interest, in any work, including without limitation, the structure, sequence and organization of the same, worldwide and in perpetuity;

"GovAI Platform" or **"Service"** means the software-as-a-service platform provided by GovAI under this Agreement, including its user interfaces, APIs, dashboards, administrative tools, and features made available under the applicable Order Form, but excluding Third-Party AI Models.;

"Third-Party AI Models" means any third-party AI or large language model services integrated with or accessed by the GovAI Platform

13. **GENERAL PROVISIONS.**

- 13.1. **Entire Agreement.** This Agreement and the Order Form, and all other applicable schedules, exhibits, and addenda to this Agreement, constitutes the entire agreement between the Parties and supersedes all prior and contemporaneous agreements, proposals or representations, written or oral, concerning its subject matter. No modification, amendment, or waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom the modification, amendment, or waiver is to be asserted. To the extent of any conflict or inconsistency between the provisions in the body of this Agreement, and the Order Form, or any schedule, exhibit, or addendum, the terms of the Order Form shall prevail. Any Data Processing Addendum entered into between the Parties is incorporated into this Agreement solely as supplementary privacy and data-processing terms and does not override this Agreement unless expressly stated in a written amendment signed by both Parties. The parties agree that any term or condition (including without limitation Customer's pre-printed terms of purchase or terms of purchase incorporated by reference) stated in a Customer purchase order or in any other Customer order documentation (excluding Order Forms) shall be of no effect and

shall not form part of any legally binding agreement between the parties.

- 13.2. Relationship.** The Parties are independent contractors and nothing in this Agreement shall create, or be construed to create, an employment or agency relationship between GovAI and Customer.
- 13.3. Governing Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws specified in the Order Form (the "Governing Law"), without regard to its conflict of laws principles. Any legal action or proceeding arising out of or relating to this Agreement shall be brought exclusively in the courts of competent jurisdiction specified in the Order Form, and each Party irrevocably submits to the personal jurisdiction and venue of those courts.
- 13.4. Waiver.** The delay or failure of either Party to exercise any rights under this Agreement will not constitute, or be deemed to constitute, a waiver or forfeiture of such rights. No waiver shall be valid unless it is in writing and signed by the Party against whom such waiver is sought.
- 13.5. Assignment.** The rights, duties, and privileges of a Party to this Agreement shall not be transferred or assigned by it, in whole or in part, without the prior written consent of the other Party. Notwithstanding the foregoing, GovAI will have the right to assign this agreement in connection with the sale of substantially all of its assets to a third party or in the event of a change of control.
- 13.6. Severability.** In case any one or more of the provisions of this Agreement should be held invalid, illegal, or unenforceable, each such provision shall be modified, if possible, to the minimum extent necessary to make it valid and enforceable, or if it cannot be so modified, then severed, and the remaining provisions contained in this Agreement shall not in any way be affected or impaired.
- 13.7. No Third-Party Beneficiaries.** Nothing in this Agreement confers any rights or remedies on any person or entity other than the Parties. Public Users may access customer-configured public-facing services where permitted under this Agreement, but are not parties to or third-party beneficiaries of this Agreement.
- 13.8. Headings.** All headings contained in this Agreement are included as a matter of convenience and shall not be deemed part of such Agreement for purposes of interpretation.

- 13.9. Notices.** All notices, demands, or other communications required or permitted to be given under this Agreement by either Party to the other may be effected either by personal delivery in writing or by email at the addresses appearing on the Order Form, but each Party may change such address by written notice to the other Party in accordance with the Order Form. Notices delivered personally will be deemed communicated as of actual receipt. Mailed notices will be deemed communicated as of three (3) days after mailing.
- 13.10. Language.** The Parties have required that this Agreement and all documents and notices resulting from it be drawn up in English.
- 13.11. Force Majeure.** Except with respect to the Customer's payment obligations, neither Party shall be responsible for its failure to perform to the extent due to unforeseen circumstances or causes beyond its control, including but not limited to acts of God, wars, terrorism, epidemics or pandemics, riots, embargoes, acts of civil or military authorities, fires, floods, accidents, or strikes, labour problems (other than those involving the employees of the affected party), computer, telecommunications, Internet service provider or hosting facility failures or delays involving hardware, software or power systems not within a Party's possession or reasonable control, provided that such Party gives the other party prompt written notice of the failure to perform and the reason therefore and uses its reasonable efforts to limit the resulting delay in its performance.
- 13.12. Export.** Customer acknowledges and agrees that the Service may be subject to export and import controls under the regulations of Canada, the United States, and other countries, and Customer shall comply with all export and import control regulations of such countries. Customer shall not use the Service for any purposes prohibited by export laws, including, without limitation, nuclear, chemical, or biological weapons proliferation. Customer shall be responsible for procuring all required permissions for any subsequent export, import, or use of the Service.
- 13.13. Surviving Provisions.** The following provisions shall survive any termination or expiration of the Agreement: Sections 5-8; and Sections 10-13.
- 13.14. Insurance.** During the term of this Agreement, GovAI shall maintain at its own expense, insurance coverage including, but not limited to, General Commercial Liability Insurance, Professional Liability/Errors and Omissions Insurance, and Cyber Liability Insurance with

coverage limits that are customary and appropriate for a company of its size and industry, and in no event shall such coverage limits be less than \$2,000,000 aggregate. Upon Customer's request, GovAI shall provide evidence of such insurance coverage.

- 13.15. **Discount Termination Clause.** Notwithstanding any prior agreement, representation, or designation of any discount as "perpetual" or otherwise continuing, any and all discounts, price reductions, or special pricing granted under this

Agreement shall automatically and irrevocably terminate upon the expiration or termination of this Agreement, for any reason. The Customer acknowledges and agrees that such discounts shall not be available in any future agreements or engagements between the Parties, including if the Customer, its affiliates, or successors re-engage with GovAI at a later date as a new or returning customer, unless expressly agreed to in writing by GovAI at its sole discretion.

TO: Information Technology Advisory Committee
FROM: Melissa Marsh, City Manager
Cheryl Rottmann, Deputy City Manager
DATE: September 4, 2026
SUBJECT: Citywide AI Implementation – GovAI

The City is ready to move forward with GovAI as our citywide, internally focused AI platform. We have spent considerable time looking at different AI options. Most of what we found was designed around one particular use, such as a resident chatbot. Those tools may have a place, but they do not address what we are trying to accomplish internally.

Our goal is to give employees a secure, City-supported AI tool that can be used across departments to improve efficiency, streamline processes, and help employees do their jobs better. We believe GovAI is the best fit for that purpose, and we have negotiated a significantly reduced implementation cost by agreeing to serve as an early Michigan implementer and participate in demonstrations for other Michigan local governments.

Staff are experimenting with and using different AI tools to varying degrees. The City does not currently have a complete understanding of who is using what, what information is being entered, or how those tools are being incorporated into individual workflows. I want to encourage the use of AI and think it is positive that employees are looking for ways to be more efficient. The problem is that everyone doing their own thing creates risk.

Rather than trying to stop employees from using AI, I believe we need to provide them with a secure, City-approved option, establish appropriate guardrails, and give employees some direction about how AI should and should not be used.

We have looked at several AI products and approaches. A number of the options were very specific in what they did. One example is a resident-facing chatbot. While a chatbot sounds appealing, our experience and review of these types of products indicates that the value does not justify making it the City's primary investment in AI.

Our main goal was simply to use AI to reduce the amount of time employees spend on repetitive work so they can spend more time on work that requires their experience, judgment and interaction with residents.

GovAI best matches what we are looking for because it is designed specifically for government and can be used across the organization rather than for one isolated function.

Key considerations for us include:

- **Security and guardrails** – GovAI provides controls designed for government use, which is important when employees are working with City information.
- **Built on ChatGPT** – It provides the capabilities of ChatGPT within a government-focused environment.
- **Citywide application** – The platform can be used across departments and for a wide range of internal functions.
- **Government integration** – GovAI is focused on the unique processes and needs of local government rather than simply providing a general AI product.
- **Partnership** – GovAI has indicated that it wants to work with local governments to identify needs and develop capabilities that are actually useful to them.
- **Learning from other communities** – GovAI hosts monthly webinars for local governments focused on implementation, best practices and how communities around the country are using the platform.
- **Opportunity to shape the product** – As an early Michigan implementer, Madison Heights will have an opportunity to provide feedback and help shape capabilities that could benefit our organization and other Michigan communities.

Financial Considerations

The initial cost presented to the City was \$29,500. An early implementation discount brought that cost down to \$24,500. We researched what other local governments paid across the nation and negotiated with GOV agreeing to participate as an early Michigan implementer, including participating in demonstrations for other Michigan local governments interested in learning about GovAI. As a result, the final negotiated cost is \$16,500. This gives us a substantial reduction in cost while also giving Madison Heights an opportunity to be involved early in the implementation of this technology in Michigan.

Implementation

If implementation is approved, purchasing the platform would only be the first step. We will also need to establish:

- Appropriate AI policies and employee expectations
- Training for employees
- Security protocols
- Guidelines for what information can and cannot be entered into an AI system
- Appropriate review of AI-generated content
- Oversight and accountability

What is Needed for ITAC

We are prepared to move forward with GovAI and begin implementation. Before doing so, I would like the Information Technology Advisory Committee to review the approach, ask questions and identify any concerns you believe we should address.

Specifically, I am looking for your perspective on whether this is the right approach to responsibly introduce AI throughout the organization while appropriately addressing security, privacy, appropriate use and accountability.

As the City Manager I recognize that AI is already finding its way into the workplace. We can either let that continue to develop independently, with employees choosing their own tools and approaches, or we can provide a secure, supported and consistent Citywide solution. I believe the latter is the better approach. I am also excited that this is a rare opportunity for Madison Heights to get ahead of the technology, rather than wait until we have to catch up.