

STATE OF NORTH CAROLINA

AI ACCELERATOR

PARTICIPATION AGREEMENT

1. Purpose

As of the Effective Date, the North Carolina Department of Technology (“NCDIT”) asserts that N.C. Gen. Stat. § 143B-1350(j) allows NCDIT to operate a State Information Technology Innovation Center to develop and demonstrate technology solutions with potential benefit to the State and its citizens. NCDIT further asserts that, pursuant to this statutory authority:

- A. The AI Accelerator has been formed to facilitate the development and pilot of artificial intelligence technologies to address identified State government needs, to ultimately better serve the public in North Carolina; and
- B. The Secretary of NCDIT is responsible for ensuring that the operations of the AI Accelerator follow all State laws, rules, and policies.

Participation in the AI Accelerator by private entities shall not be construed to (i) create any type of preferred status for purposes of state procurement or (ii) abrogate the requirement that state procurement for information technology support is awarded after a competitive process following information technology procurement guidelines.

The purpose of this State of North Carolina AI Accelerator Participation Agreement (this “Agreement”) is to facilitate and govern short-term, collaborative engagements between the State and the undersigned participant (“Participant”), to determine whether and when artificial intelligence (“AI”) technologies, applications and expertise can help solve identified technical and business problems within the State’s operations. These engagements are exploratory in nature, non-binding, and non-commercial. Each engagement is expected to last approximately sixty (60) business days from commencement (“Engagement”).

2. Term

This Agreement shall become effective on the date signed by both Parties (“Effective Date”) and shall remain in effect for twelve (12) months from the Effective Date, unless terminated earlier pursuant to Section 8 or the Parties agree in a signed writing to extend the term of the Agreement beyond twelve months.

3. No Cost Engagement

3.1. Participant agrees to provide a demonstration of its commercial capabilities to the AI Accelerator at no cost to the State.

3.2. Participant acknowledges and agrees that:

- (a) No payment, commission, fee, or other compensation of any kind will be provided by the State to the Participant for its support of the AI Accelerator;
- (b) This Agreement does not constitute a procurement or obligate the State to purchase any product or service from the Participant now or in the future;
- (c) Participation in this Agreement shall not confer upon Participant any preference or advantage in future procurement processes;
- (d) Participation in the AI Accelerator does not create any current or future conflict of interest with the State of North Carolina or its agencies;
- (e) This Agreement does not abrogate the requirement that any statewide procurement for information technology support is awarded based on a competitive process that follows information technology procurement guidelines; and
- (f) Its support of the AI Accelerator will not influence or affect any current or future procurement processes, contract awards, or other business dealings with the State and does not imply or guarantee the Participant current or future business with the State.

4. Engagement Description

4.1. Unless otherwise agreed in writing and signed by the Parties, data used in the Engagements will only involve public data that can be disclosed pursuant to the N.C. Public Records Act, which may include synthetic data —artificial data that mimics real data— but not personal information, as defined by N.C. Gen. Stat. § 75-61, and meets the definition of low risk data in accordance with the Statewide Data Classification & Handling Policy. Participant acknowledges and agrees to only use the data provided under this Agreement for the purposes explicitly stated herein and shall not use the data to identify or attempt to identify any person or to take any action to otherwise re-identify the data.

If an Engagement requires data that is not public and low risk or requires access to State technology system(s) or would otherwise require the Participant to agree to additional terms or conditions, then the Parties will agree in a written addendum to any additional terms and conditions that will apply to the Engagement.

4.2. Unless otherwise agreed in writing and signed by the Parties, data will be provided to Participant via a secure file transport protocol (SFTP) or other secure methods such as Transport Layer Security (TLS) protocol.

5. Intellectual Property

5.1. Pre-existing IP: Each Party retains ownership of any intellectual property, tools, models, datasets, or other materials that it brings to the engagement (“Background IP”).

5.2. Participant Technology: Participant owns all rights, title and interest in Participant Technology. To the extent Participant Technology is incorporated into Developed IP, Participant grants the State a limited, worldwide, non-exclusive, non-transferable license to use Participant Technology in connection with the Developed IP for the States’ internal business purposes. “Participant Technology” means: (a) Participant Background IP, (b) all intellectual property and know-how applicable to Participant products and services, and (c) tools, code, algorithms, modules, materials, documentation, reports and technology developed in connection with the Participant services that have general application to Participant’s other customers, including derivatives of and improvements to Participant’s Background IP. Participant Technology does not include the State Background IP or the State Confidential Information.

5.3. Developed IP: Any new software, tools, processes, or other intellectual property created for the State by Participant personnel as part of the engagement that is not Background IP or Participant Technology (“Developed IP”) shall be the sole and exclusive property of Participant. Participant grants the State a limited, worldwide, non-exclusive, non-transferable license to use, reproduce and modify the Developed IP for the State’s internal business purposes.

5.4. Nothing in this Agreement shall be interpreted to prevent Participant from using its Background IP, methodologies, or generalized learnings that are based on public records, as defined by the N.C. Public Records Act, in future commercial or internal applications, provided that such use does not knowingly disclose the State’s confidential information.

6. Publicity and Confidentiality

6.1. The State may, at its sole discretion, choose to publicly share the outcomes, experiences, and stories of the Engagement, including Participant’s involvement.

6.2. The State shall not be obligated to publicize any information, and Participant shall not independently make public statements about or publicize in any way the Engagement without prior written approval from the State.

6.3. In accordance with the N.C. Public Records Act, the State may maintain the confidentiality of certain types of information described in N.C. Gen. Stat. §132-1 et seq. Such information may include trade secrets defined by N.C. Gen. Stat. § 66-152 and other information exempted from the N.C. Public Records Act pursuant to N.C. Gen. Stat. §132-1.2. Information must be identified as confidential, consistent with and to the extent permitted under the Statutes set forth above, by marking the top and bottom of pages containing confidential information with a legend in boldface type

“CONFIDENTIAL”. The State agrees to promptly notify the Participant in writing of any action seeking to compel the disclosure of Participant’s confidential information.

6.4. The Participant warrants to the best of its knowledge that in the participation of the AI Accelerator:

1. The Services do not infringe any intellectual property rights of any third party; and
2. There are no actual or threatened actions arising from, or alleged under, any intellectual property rights of any third party.

6.5. The Participant agrees to treat and consider all information involving the Engagement(s) as confidential and shall not disclose any information concerning their work with the AI Accelerator without prior written approval from the NCDIT Deputy Secretary of Artificial Intelligence and Policy.

6.6. Care of Information: Participant agrees to use commercial best efforts to safeguard and protect any data, documents, files, and other materials received from the State during participation of any obligation from loss, destruction or erasure. Participant agrees to abide by all facilities and security requirements and policies of the agency where work is to be performed, subject to North Carolina law. Any Participant personnel shall abide by such facilities and security requirements and shall agree to be bound by the terms and conditions of the Agreement.

7. No Commitment or Obligation

7.1. Participant acknowledges and agrees that it will not receive monetary compensation or reimbursement via bonuses, commissions, fees or gratuity, etc. for their efforts. Additionally, participation in any aspect of the AI Accelerator does not imply or guarantee future business with the State.

7.2. The State shall have no liability to Participant with respect to the disclosure of Participant’s confidential information ordered by a court of competent jurisdiction pursuant to N.C. Gen. Stat. §132-9 or other applicable law.

7.3. Participant’s involvement is entirely voluntary and subject to withdrawal by terminating this Agreement under the terms of Section 8.

8. Termination

Either Party may terminate this Agreement for any reason upon five (5) days’ written notice to the other Party. Upon termination and subject to the N.C. Public Records Act, N.C.G.S. §132-1 et seq. each Party shall return or destroy any confidential information received, learned or generated from the other Party and cease use of the other Party’s Background IP and Developed IP, except as permitted herein.

9. Compliance with Law

9.1. Participant agrees to comply with all applicable laws, ordinances, codes, rules, regulations, and licensing requirements, including but not limited to the State of North Carolina's Public Records Act, audits, procurement, verification of work authorization, privacy, security, the conduct of business and ethics laws.

9.2. Participant affirms that:

- (a) No gratuities or inducements have been offered in connection with any Engagement;
- (b) No expectation exists for future compensation or contractual award based on any Engagement;
- (c) No commission or other payment has been or will be received from or paid to any third-party contingent, except as shall have been expressly communicated to the AI Accelerator in writing prior to commencing work through the AI Accelerator; and
- (d) Subsequent discovery by the State of non-compliance with these provisions shall constitute sufficient cause for immediate termination of any future participation. Violations of this provision may result in debarment of the Participant(s) as permitted by 9 NCAC 06B .1206, or other provision of law.

10. No Agency or Partnership

Nothing in this Agreement creates a joint venture, agency, or partnership between the Parties. Each Party is acting independently and shall not have the authority to bind the other. Each Party shall be responsible for its own acts and omissions under this Agreement.

11. No Offshore Access

Participant shall not perform work hereunder using employees, contractors, interns, externs, students, volunteers or any other resource hired or utilized to perform under the Agreement, who are located outside the United States without the prior written permission of NCDIT. No state in the United States shall be considered offshore.

12. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina. The place of this Agreement, its situs and forum, shall be Wake County, North Carolina, where all matters relating to this Agreement shall be determined.

13. Participant Resources

The resources utilized by Participant to perform work hereunder may include employees, contractors, interns, externs, students and volunteers. Participant shall ensure that all of its resources comply with the terms of this Agreement.

14. Liability

Each Party shall be responsible for its own acts and omissions under this Agreement, including their respective resources.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates written below. Each individual signing below warrants that he or she is legally authorized to execute this Agreement on behalf of their respective organization and to bind their organization to the terms and conditions of this Agreement.

STATE OF NORTH CAROLINA

NORTH CAROLINA DEPARTMENT OF INFORMATION TECHNOLOGY

Address: 3700 Wake Forest Road, Raleigh, NC 27609

By: _____

Name:

Title:

Date:

PARTICIPANT

Legal Entity Name: _____

Legal Entity Address: _____

By: _____

Name:

Title:

Date: