



STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number 1
to
Contract Number 071B1300290

CONTRACTOR	Towers Watson Delaware Inc.
	26555 Evergreen, Suite 1600
	Southfield, MI 48076
	Rita McCaskill
	248-936-7603
	Rita.mccaskill@towerswatson.com
	*****1291

STATE	Program Administrator	Lauri Schmidt	MCSC
		(517) 373-9211	
		schmidt1@michigan.gov	
	Contract Administrator	Jillian Yeates	DTMB
		(517) 284-7019	
		yeatesj@michigan.gov	

CONTRACT SUMMARY				
DESCRIPTION: Benefit Consulting & Auditing Services				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
July 10, 2011	July 9, 2016	1 - 1 Year	July 9, 2016	
PAYMENT TERMS		DELIVERY TIMEFRAME		
Net 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	1 Year	<input type="checkbox"/>		July 9, 2017
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$1,695,000.00		\$ 500,000.00	\$2,195,000.00	
DESCRIPTION:				
1. Effective June 3, 2016 this Contract is exercising the option year and is increased by \$500,000.00. The revised Contract expiration date is July 9, 2017. 2. Effective July 10, 2016, the pricing on this Contract is increased per the attached revised Attachment B – Labor Rates. Please note that the Contract Administrator has been changed to Jillian Yeates and the Contractor's address has been updated. All other terms, conditions, specifications and pricing remain the same. Per vendor and agency agreement, DTMB Procurement approval, and State Administrative Board approval on May 3, 2016.				

Attachment B – Labor Rates

Towers Watson Role	Hourly Billing Rate
Strategic Advisor/Lead HGB Consultant	\$636
Consulting Actuary	\$636
Senior Consultant	\$552
Lead Audit Consultant	\$488
Consultant/Project Manager	\$423
On-site Audit Lead	\$444
Actuarial Analyst	\$336
Field Auditor/Audit Analyst	\$244
Administrative	\$157

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
 OR
530 W. ALLEGAN, LANSING, MI 48933

June 23, 2011

NOTICE
OF
CONTRACT NO. 071B1300290
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR Towers Watson Delaware, Inc. 28411 Northwestern Highway One Northwestern Plaza Suite #500 Southfield, MI 48034		TELEPHONE Rita McCaskill Rita.mccaskill@towerswatson.com 248-936-7603
		CONTRACTOR NUMBER/MAIL CODE
		BUYER/CA (517) 241-1218 Brandon Samuel
Contract Compliance Inspectors: Refer to Contract Benefit Consulting & Auditing Services – Civil Service Commission		
CONTRACT PERIOD: 5 yrs. + one-one year option From: 7/10/2011 To: 7/9/2016		
TERMS <p style="text-align: center;">Net 45</p>	SHIPMENT <p style="text-align: center;">N/A</p>	
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>	
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>		
MISCELLANEOUS INFORMATION:		

TOTAL ESTIMATED CONTRACT VALUE: \$1,695,000.00

**STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

**CONTRACT NO. 071B1300290
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF CONTRACTOR Towers Watson Delaware, Inc. 28411 Northwestern Highway One Northwestern Plaza Suite #500 Southfield, MI 48034	TELEPHONE Ritat McCaskill Rita.mccaskill@towerswatson.com 248-936-7603
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-1218 Brandon Samuel
Contract Compliance Inspectors: Refer to Contract Benefit Consulting & Auditing Services	
CONTRACT PERIOD: 5 yrs. + one-one year option From: 7/10/2011 To: 7/9/2016	
TERMS <p style="text-align: center;">Net 45</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of ITB #1300084, this Contract Agreement and the vendor's proposal dated 3/10/2011 and final pricing dated 4/4/2011. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.	
Estimated Contract Value: \$1,695,000.00	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. I300084. Orders for delivery will be issued directly by the individual State Departments through the issuance of a Purchase Order Form.

All terms and conditions of the invitation to bid are made a part hereof.

FOR THE CONTRACTOR: Towers Watson Delaware, Inc Firm Name	FOR THE STATE: Signature Brandon Samuel, Buyer Specialist
Authorized Agent Signature	Name/Title Services Division, DTMB-Purchasing Operations
Authorized Agent (Print or Type)	Division
Date	Date



**STATE OF MICHIGAN
Department of Technology Management and Budget
Purchasing Operations**

Contract No. 071B1300290

Benefit Consulting and Auditing Services
for the Michigan Civil Service Commission

Buyer Name: Brandon Samuel
Telephone Number: 517-241-1218
E-Mail Address: samuelb@michigan.gov



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Attachment A – Proposal Pricing
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DEFINITIONS

24x7x365 means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).

Additional Service means any Services within the scope of the Contract, but not specifically provided under any Statement of Work.

Audit Period means the seven year period following Contractor's provision of any work under the Contract.

Bidder(s) are those companies that submit a proposal in response to this RFP.

Business Day means any day other than a Saturday, Sunday or State-recognized legal holiday from 8:00am EST through 5:00pm EST unless otherwise stated.

Blanket Purchase Order is an alternate term for Contract and is used in the Plan Sponsors' computer system.

CCI means Contract Compliance Inspector.

Days mean calendar days unless otherwise specified.

Deleted – N/A means that section is not applicable or included in this RFP. This is used as a placeholder to maintain consistent numbering.

Deliverable means physical goods and/or services required or identified in a Statement of Work.

DTMB means the Michigan Department of Technology Management and Budget.

Environmentally Preferable Products means a product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to: those which contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.

Hazardous Material means any material defined as hazardous under the latest version of federal Emergency Planning and Community Right-to-Know Act of 1986 (including revisions adopted during the term of the Contract).

Incident means any interruption in any function performed for the benefit of a Plan Sponsor.

Key Personnel means any personnel identified in **Section 1.031** as Key Personnel.

New Work means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, such that once added will result in the need to provide the Contractor with additional consideration. "New Work" does not include Additional Service.

Ozone-depleting Substance means any substance the Environmental Protection Agency designates in 40 CFR part 82 as: (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or (2) Class II, including, but not limited to, hydrochlorofluorocarbons.

Post-Consumer Waste means any product generated by a business or consumer which has served its intended end use; and which has been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product, and which does not include post-industrial waste.



Post-Industrial Waste means industrial by-products which would otherwise go to disposal and wastes generated after completion of a manufacturing process, but does not include internally generated scrap commonly returned to industrial or manufacturing processes.

Recycling means the series of activities by which materials that are no longer useful to the generator are collected, sorted, processed, and converted into raw materials and used in the production of new products. This definition excludes the use of these materials as a fuel substitute or for energy production.

Reuse means using a product or component of municipal solid waste in its original form more than once.

RFP means a Request for Proposal designed to solicit proposals for services.

Services means any function performed for the benefit of the State.

SLA means Service Level Agreement.

Source Reduction means any practice that reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment prior to recycling, energy recovery, treatment, or disposal.

State Location means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.

Subcontractor means a company selected by the Contractor to perform a portion of the Services, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.

Unauthorized Removal means the Contractor's removal of Key Personnel without the prior written consent of the State.

Waste Prevention means source reduction and reuse, but not recycling.

Pollution Prevention means the practice of minimizing the generation of waste at the source and, when wastes cannot be prevented, utilizing environmentally sound on-site or off-site reuse and recycling. The term includes equipment or technology modifications, process or procedure modifications, product reformulation or redesign, and raw material substitutions. Waste treatment, control, management, and disposal are not considered pollution prevention, per the definitions under Part 143, Waste Minimization, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.

Work in Progress means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

Work Product refers to any data compilations, reports, and other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of an in furtherance of performing the services required by the Contract.



Article 1 – Statement of Work (SOW)

1.010 Project Identification

1.011 Project Request

This is a Contract for benefit consulting and auditing services for the Michigan Civil Service Commission (MCSC).

1.012 Background

The MCSC administers a broad and complex array of benefits as part of the compensation program for approximately 50,000 State employees and 47,000 retirees. A broad, umbrella-type consulting contract is needed to advise staff and the MCSC concerning increases in benefit costs, changes in Federal and State laws, and analyzing current benefits. The Contractor will advise staff and the MCSC on matters related to benefits, as well as compliance with state and federal regulations on benefit programs.

The MCSC approves benefit arrangements reached through collectively bargaining for represented employees and through a compensation setting procedure for non-represented employees. Benefits for State classified employees and retirees are administered through the Employee Benefits Division (EBD) of the MCSC, including self-insured vision, dental, health, life plans and six fully insured Health Maintenance Organizations (HMOs). Employees may opt out of health and dental insurance and receive a refund. Employees may elect coverage under health and dental maintenance organizations in lieu of the State plans. The State also offers numerous voluntary benefits for which employees pay the full premium cost. EBD administers a pre-tax parking program and medical and dependent care flexible spending accounts. The COBRA program is also administered by EBD.

1.020 Scope of Work and Deliverables

1.021 In Scope

The Contractor must provide auditing and consulting services including but not limited to, the specifications specified in section 1.022 for employee benefit programs provided to eligible State employees, retirees, dependents and COBRA participants. Services will be provided occasionally and at the direction of the State. The Contractor must provide all staffing, systems and procedures required to perform all services specified in the Contract.

1.022 Work and Deliverable

The Contractor must provide Services and staff and to do all necessary or incidental work required to perform the Services set forth below:

1. The Contractor must have available, on a continual basis, the expertise necessary to provide technical assistance in designing, evaluating, and administering benefit programs, as occasionally required by the State.
2. The Contractor must advise the MCSC on implementing new and modifying existing benefits, including analyzing the current rate model for self-insured plans, funding requirements, benefit design and cost impacts.
3. The Contractor must assist in drafting RFPs for third-party administrators (TPA) of benefit plans and analyzing TPA responses.
4. The Contractor must conduct studies of existing benefit programs to evaluate cost effectiveness and recommend delivery methods to increase efficiency.
5. The Contractor must audit performance standard guarantees in TPA contracts to ensure compliance with contractual obligations.



6. The Contractor must review and evaluate data provided by the State related to HMO costs, charges and rates.
7. The Contractor must assist in the review and analysis of aggregate claims data.
8. The Contractor must communicate new developments in the law and any impact to the State.
9. The Contractor must provide an annual actuarial attestation for the Retiree Drug Subsidy (RDS) applications.
10. The Contractor must assist in annual claim trend reviews of TPAs.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

Identify all key personnel for the purpose of this Contract:

Name: _____ Title: _____ Percent of the position dedicated to the State _____%

Rita McCaskill, MS CEBS	Lead HGB Consultant and Strategic Advisor	25%
Sherri Camp	Lead Audit Consultant	25%
Aleksandar Tomic, M.B.A	Senior Consultant	15%
Michael Kaufman, M.D.,J.D.	Strategic Advisor	5%
Eric Michael, Pharm.D., MBA., MHS	Strategic Advisor	10%
Beth Lieberman, MHSA., FSA, MAAA	Consulting Actuary	10%
Paul Abdelnour	Actuarial Analyst	15%
Kristi Roncelli, ASA, MAAA	Consultant & Project Manager	10%
Kathleen Rosenow, JD	Senior Consultant	10%
Dan Pribe, FSA, MAAA	Senior Consultant	5%
Bruce Kelley, PH.D., MS	Strategic Advisor	5%
TBD	On-site Audit Lead	10%
TBD	Field Auditor/Audit Analyst	5%
TBD	Administrative	3%

1.040 Project Plan

1.041 Project Plan Management

Contractor will provide Services under the direction and control of the MCSC, EBD. Within five business days of award of the Contract, Contractor must submit a strategy plan to the Contract Compliance Inspector (CCI) for final approval. This plan must include Contractor’s project organizational structure and a staffing table with names, titles and locations of personnel assigned to the State’s account. This must match the staffing in the accepted proposal.

Contractor must be available on an on-call basis for consultation and advice on subjects not specifically identified in this Contract related to benefit administration. Contractor must respond to requests with a resolution in a reasonable amount of time.

Consultations estimated to involve over \$5,000 of billed costs should be treated as individual projects. In such cases, EBD will provide a description of the objectives of the project and the final Services expected. Contractor must, in turn, provide an individual Statement of Work (SOW) with the following information:

- A list of activities
- A list of assigned personnel with résumés
- The number of hours estimated for the project
- The total maximum price for the project based on the hourly rate in the Contract



Agreement to proceed on individual projects will be by acceptance of the SOW by EBD. The Contractor must meet all project milestones based on a mutually agreed-upon plan developed at the beginning of the project. In addition to continuous liaison with Contractor's team, staff of the State may meet periodically with Contractor's Project Manager, at the request of EBD, to review progress and provide necessary guidance for solving problems, which may arise. Contractor must submit brief written or oral summaries of projects at the request of EBD. These summaries must describe work accomplished or to be accomplished, real or anticipated problems, and notice of any significant deviation from previously agreed upon work plans.

1.042 Reports - Deleted / Not Applicable

1.050 Acceptance

1.051 Criteria – Deleted / Not Applicable

1.052 Final Acceptance – Deleted / Not Applicable

1.060 Proposal Pricing

1.061 Proposal Pricing

For authorized Services and Price List, see Attachment A & Attachment B (Labor Rates).

Prices are to be based on an all-inclusive hourly rate for each level of staff support proposed to provide Services. Travel expenses should be estimated and included in any work plan. Contractor must accept the standardized Travel Regulation Rates and Guidelines published annually by the Department of Technology, Management and Budget as the maximum reimbursable amount for travel expenses. Only the true and documented costs of any purchased materials, with prior approval of the CCI, shall be included in the price for a project.

The following are potential consultant requests over a three year period. Additional ad-hoc requests will be required throughout the year.

Year 1:

- ❖ Claim and administration audit for the State's Medical and Dependent Care Flexible Spending Account program
- ❖ Claim and administration audit for the State's Group Life Insurance program
- ❖ Contract support to include RFP reviews and recommendation and analysis of vendor responses
- ❖ Medicare Part D actuarial attestation
- ❖ HMO renewal analysis and negotiations
- ❖ Cost trend review
- ❖ PDP versus subsidy funding analysis
- ❖ Monitor new developments in the law, analyzing and communicating any impact to the State of Michigan
- ❖ Informal requests and recommendations

Year 2:

- ❖ Claim and administration audit for the State's self-insured Pharmacy retail and mail order plans
- ❖ Rebate audit for the State's pharmacy plan
- ❖ Claim and administration audit for the State's self-insured Vision Plan
- ❖ Medicare Part D actuarial attestation
- ❖ HMO renewal analysis and negotiations
- ❖ Cost trend review
- ❖ Monitor new developments in the law, analyzing and communicating any impact to the State of Michigan
- ❖ Informal requests and recommendations

**Year 3:**

- ❖ Claim and administration audit for the State self-insured PPO Plan
- ❖ Claim and administration audit for the State's self-insured Dental Plan
- ❖ Claim and administration audit for the State self-insured Mental Health and Substance Abuse Plan
- ❖ Medicare Part D actuarial attestation
- ❖ HMO renewal analysis and negotiations
- ❖ Cost trend review
- ❖ PDP versus subsidy funding analysis
- ❖ Monitor new developments in the law, analyzing and communicating any impact to the State of Michigan
- ❖ Informal requests and recommendations

Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See www.michigan.gov/dtmb for current rates.

1.062 Price Term

Prices quoted are firm for the entire length of the Contract.

1.063 Tax Excluded from Price

(a) Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices must not include the taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

(b) Federal Excise Tax: The State may be exempt from Federal Excise Tax, or the taxes may be reimbursable, if articles purchased under any resulting Contract are used for the State's exclusive use. Certificates showing exclusive use for the purposes of substantiating a tax-free or tax-reimbursable sale will be sent upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices must not include the Federal Excise Tax.

1.064 Holdback - Deleted / Not Applicable**1.070 Additional Requirements****1.071 Additional Terms and Conditions specific to this Contract - Technical Environment**

The Contractor must offer a secured system for the transfer of any protected health information or other sensitive data. Contractor must comply with all HIPAA Privacy and Security Rule requirements, including entering a Business Associate Agreement for the benefit plans. Contractor must also have access to conference call or internet-based video-conferencing technology.



Article 2, General Terms and Conditions

2.10 Contract Structure and Administration

Contractor is in agreement with Sections 2.010 through 2.170.

2.011 Definitions

- (a) "Additional Service" means any Services within the scope of the Contract, but not specifically provided under any Statement of Work, that will require additional consideration to Contractor.
- (b) "Amendment Labor Rates" means the schedule of fully loaded hourly labor rates, attached as **Article 1, Attachment C**, that establishes payment levels for any Services provided on a time and materials basis.
- (c) "Business Day" shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in civil service regulations) from 8:00am EST through 5:00pm EST.
- (d) "New Work" means any Services outside the scope of the Contract and not specifically provided under any Statement of Work that will require additional consideration to Contractor.
- (e) "Principals" means officers, directors, owners, partners, and any other persons with primary management or supervisory responsibilities in a business entity.
- (f) "Services" means any function performed for the benefit of the State under this Contract.
- (g) "Subcontractor" means a company Contractor delegates performance of a part of Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.

2.012 Attachments and Exhibits

All Attachments, Exhibits, and Statements of Work attached to or referencing this Contract are incorporated into this Contract.

2.013 Statements of Work

The parties agree that Services by Contractor under this Contract will be defined in Statements of Work. Contractor is not obliged or authorized to commence any work to implement a Statement of Work until authorized via a purchase order issued against this Contract, or an amendment to this Contract. Contractor shall perform in accordance with this Contract, including the Statements of Work executed under it. Unless otherwise agreed by the parties, each Statement of Work will include or incorporate by reference the appropriate Contract provision containing the following information:

- A description of Services by Contractor under the Statement of Work
- A project schedule, including start and end dates for all tasks
- All charges associated with the Statement of Work, the overall fixed price for such Statement of Work, and any other appropriate pricing and payment terms
- A specification of the respective performance responsibilities of the State and Contractor to complete all tasks, subtasks and deliverables
- A listing of any Key Personnel of Contractor or its Subcontractors for that Statement of Work
- Any other provisions the parties agree to include

2.014 Issuing Office

The Contract is issued by the Department of Technology, Management and Budget, Purchasing Operations for the Department of Civil Service. Where actions are a combination of Purchasing Operation and the Department of Civil Service, the authority is known as "the State." **Purchasing Operation is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract.** Purchasing Operation is the only office authorized to negotiate, amend, and clarify the specifications, terms, and conditions of the Contract. All communications covering this procurement must be addressed to:

Brandon Samuel, Buyer Specialist
DTMB, Purchasing Operation
2nd Floor, Mason Building, P.O. Box 30026
Lansing, Michigan 48909
samuelb@michigan.gov
(517) 241-1218



Upon receipt at Purchasing Operation of the properly executed Contract, the person named below will administer Contract performance on a daily basis during the term of the Contract. However, administration of the Contract implies **no authority to negotiate, amend, or clarify the terms, conditions, and specifications of the Contract. That authority is retained by Purchasing Operation.** The Contract Compliance Inspector for this project is:

Lauri Schmidt, Acting Director
Civil Service Commission, Employee Benefits Division
400 South Pine Street
P.O. Box 30002
Lansing, MI 48909
schmidtl@michigan.gov
(517) 373-9211

2.015 Contract Compliance Inspector
RESERVED

2.016 Project Manager
RESERVED

2.020 Contract Objectives/Scope/Background

2.021 Background

The Employee Benefits Division of the Michigan Department of Civil Service administers benefit programs for state employees, retirees, and other eligible enrollees. It seeks technical assistance to provide these complex programs in the most efficient manner, consistent with all relevant laws.

2.022 Purpose

The Employee Benefits Division of the Michigan Department of Civil Service seeks occasional consulting services, at its discretion, from a vendor with the expertise necessary to provide technical assistance in the design and administration of group insurance and benefit plans; to conduct studies on new or existing benefits or programs; to advise and assist in implementing new or modifying existing benefits, to audit benefits programs, and to provide other guidance to related issues that arise.

2.023 Objectives/Scope

The Employee Benefits Division of the Michigan Department of Civil Service expects prompt oral or written replies to its requests for auditing or consulting services, as described in Article 1.

2.024 Interpretation

Sections 2.021 through 2.023 provide context for this Contract and are not intended to expand the scope of obligations or alter the plain meaning of the terms of this Contract. However, to the extent the terms of this Contract are otherwise ambiguous, such terms are to be interpreted in light of the provisions of this section.

2.025 Form, Function and Utility

Descriptions of objectives, scope, and background for the Contract appear in Article 1, Statement of Work.

2.030 Legal Effect and Term

2.031 Legal Effect

The State is not liable for any cost incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract has received any required approval by the State Administrative Board, been approved and signed by all parties, and had a Purchase Order issued for it.



2.032 Term

This Contract is for the period 07/10/2011 through 07/09/2016. All outstanding Purchase Orders shall expire upon the termination or cancellation of the Contract, unless otherwise extended under the Contract. Absent an early termination, Purchase Orders issued but not expired by the end of the Contract's stated term will remain in effect for the balance of the fiscal year for which they were issued. This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for one-one year period. Successful completion of negotiations surrounding the terms of the extension, will be a prerequisite for the exercise of any option year.

2.040 Contractor Personnel

2.041 Contractor Personnel

(a) Personnel Qualifications. All persons assigned by Contractor to perform Services shall be employees of Contractor, its majority-owned subsidiaries, or a State-approved Subcontractor and shall be fully qualified to perform assigned work. Contractor shall include a similar provision in any subcontract entered with a Subcontractor.

(b) Key Personnel. The State may approve Contractor's assignment of Key Personnel to this project and recommend reassignment of personnel deemed unsatisfactory. Contractor shall not remove or reassign any Key Personnel without the State's written approval until they have completed all planned and assigned responsibilities under this Contract. Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the State may be considered a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of Contractor.

(c) Reassignment of Personnel at the State's Request. The State may require removal of personnel found unacceptable. The State's written request shall outline in reasonable detail the legitimate, good faith reasons for the request. Replacement personnel shall be fully qualified for the position. If Contractor cannot immediately replace removed personnel, the State agrees to an equitable adjustment in terms affected by the removal. If the request results in delay not reasonably anticipatable, which is attributable to the State, applicable SLAs will not be counted in §2.076 as agreed by the parties.

(d) Staffing Levels. Contractor will supply all staff required in the applicable Statement of Work or Project Plan that are not specified as State personnel. Contractor shall provide sufficient staff to complete listed tasks. If insufficient to timely complete tasks, as demonstrated by failure to meet mutually agreed to time schedules, Contractor shall promptly add qualified staff resources sufficient to timely perform all tasks at no additional charge to the State.

2.042 Contractor Identification - Reserved

2.043 Cooperation with Third Parties - Reserved

2.044 Subcontracting by Contractor

Contractor shall have full responsibility for the successful performance of all Services. Contractor is the sole point of contact for all matters under this Contract, including payment of any charges for Services. Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Purchasing Operation has given written consent. The State may require prior written approval of all Subcontractors. The State may require replacement of any Subcontractors reasonably deemed unacceptable to the State. The State's written removal request shall outline in reasonable detail the legitimate, good faith reasons for the request. Replacement Subcontractors shall be fully qualified for the position. If Contractor cannot immediately replace the removed Subcontractor, the State agrees to an equitable adjustment in terms affected by the removal. If the request results in delay not reasonable anticipatable which is attributable to the State, applicable SLAs will not be counted in §2.076 as agreed



by the parties. In any subcontracts under the Contract, Contractor shall require Subcontractors to be bound to Contractor by the terms of this Contract and to assume toward Contractor all obligations and responsibilities that Contractor assumes toward the State. The State may review all subcontracts, although Contractor may mask any proprietary information in such contracts before providing them. Contractor shall remain responsible for the performance of its Subcontractors as if Contractor had not subcontracted. Contractor shall make all payments to Subcontractors. Unless otherwise agreed in writing, the State will not be obligated to direct payments other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. Unless specifically excused in writing by the State, Contractor shall flow down the obligations in §§2.040, 2.110, 2.150, 2.160, 2.170, 2.180, 2.260, 2.297 in all agreements with any Subcontractors. Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

2.045 Contractor Responsibility for Personnel

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform Services.

2.040 State Standards

2.051 Existing Technology Standards

Contractor will adhere to all existing technology standards as described within the comprehensive listing of the State's existing technology standards at www.mi.gov/dit.

2.052 PM Methodology Standards

RESERVED

2.053 Adherence to Portal Technology Tools

RESERVED

2.054 Acceptable Use Policy

RESERVED

2.060 Deliverables

Descriptions of the required work and deliverables under the Contract appear in Article 1, Statement of Work.

2.062 Software

RESERVED

2.063 Hardware

RESERVED

2.064 Equipment to be New and Prohibited Products

RESERVED

2.070 Performance

2.071 Performance, In General

The State engages Contractor to execute the Contract and perform Services, and Contractor undertakes to execute and complete the Contract in accordance with its terms and with the participation of specified State representatives. The State may periodically review with Contractor its performance under the Contract. Upon a finding of poor performance, Contractor may respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by the State, the Contract may be canceled for default.

**2.072 Time of Performance**

Contractor shall use commercially reasonable efforts to provide the resources necessary to timely complete all Services with professional quality. Contractor shall timely notify the State upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Services. If Contractor believes that a delay in performance by the State has caused or will cause Contractor to be unable to timely perform its obligations, Contractor shall timely notify the State and use commercially reasonable efforts to timely perform its obligations notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent such delay is caused by the State.

2.073 Liquidated Damages - Reserved**2.074 Bankruptcy - Reserved****2.075 Time is of the Essence**

Time is of the essence in performance of this Contract. Late performance will be a material breach of this Contract, giving the State a right to invoke all remedies available under the Contract.

2.076 Service Level Agreements (SLAs)

The level and quality of service provided under the Contract shall be subject to any performance guarantees agreed to by the State and Contractor.

2.080 Delivery and Acceptance of Deliverables - Reserved**2.081 Delivery Responsibilities**

RESERVED

2.082 Delivery of Deliverables

RESERVED

2.083 Testing

RESERVED

2.084 Approval of Deliverables

RESERVED

2.085 Process for Approval of Written Deliverables

The State Review Period for Written Deliverables will be 10 Business Days after delivery of the final version, unless otherwise established in the applicable Statement of Work. The length of the State Review Period will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable before its submission to the State. The State shall notify Contractor in writing by the end of the State Review Period either approving the Deliverable or describing any deficiencies to be corrected before approval. Contractor will correct any described deficiencies and resubmit the Deliverable within 30 Business Days at no additional charge. The State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable for conformity and correction of deficiencies.

2.086 Process for Approval of Services

RESERVED

2.087 Process for Approval of Physical Deliverables

RESERVED

2.088 Final Acceptance

Unless otherwise stated in the Statement of Work or Purchase Order, Final Acceptance shall occur when each Deliverable or Service has been approved by the State following the State Review Periods identified in §2.080. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.



2.090 Financial

2.091 Pricing

For all Services by Contractor and any Subcontractors under this Contract, the State shall not be obligated to pay any amounts in addition to charges specified in this Contract. All time and material charges will be at the rates specified in **Article 1, Attachment A**. Each Statement of Work under this Contract shall specify the firm prices for all Services and associated payment milestones and amounts. The State may make progress payments to Contractor when requested, but not more than monthly, in amounts approved by the Contract Administrator after negotiation. Contractor must verify measurable progress when requesting progress payments. If the scope of Services under any Statement of Work is later reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges commensurate with the reduction in scope.

2.092 Invoicing and Payment Procedures and Terms

Each Statement of Work under this Contract shall list the prices for all Services to be provided and associated payment milestones and amounts. Each Contractor invoice will detail charges by Service component and location at a level of detail reasonably necessary to satisfy the State's accounting requirements. Invoices for Services performed on a time and materials basis will show the number of hours of Services performed by each individual during the billing period, billable category for such person, and applicable hourly rate. Prompt payment by the State is contingent on Contractor's invoices showing the amount owed by the State. Correct invoices are due and payable by the State, in accordance with the State's standard payment procedure in Public Act 279 of 1984, MCL 17.51 et seq., within 45 days of receipt, provided the State determines the invoice properly rendered. If any Services are to be paid monthly, the cost of such Services shall be prorated for any partial month.

Contractor acknowledges that out-of-pocket expenses incurred in performing Services are included in the fixed price for each Statement of Work. Accordingly, Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State's current travel reimbursement rates. See www.mi.gov/dmb/0,1607,7-150-9141_13132---,00.html for current rates.

Making final payment by the State to Contractor does not constitute a waiver by either party of any rights or claims as to continuing obligations, unsettled claims, or failure to comply under this Contract. Contractor's acceptance of final payment by the State shall constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those previously timely filed in writing and still unsettled.

2.093 State Funding Obligation - Reserved

2.094 Holdback - Reserved

2.095 Electronic Payment Availability

Contractor must register with the Office of Financial Management at www.cpexpress.state.mi.us so the State can make payments electronically.

2.100 Contract Management

2.101 Contract Management Responsibility

Contractor shall have overall responsibility for managing and successfully completing Services, subject to overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with **Article 1**, is likely to delay the timely achievement of any Contract tasks. Contractor will provide services directly or through affiliates, subsidiaries, or subcontractors. Contractor will act as a single point of contact coordinating these entities to meet the State's need for Services. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.



2.102 Problem and Contract Management Procedures - Reserved

2.103 Reports and Meetings - Reserved

2.104 System Changes

Contractor cannot change any State system without written authorization from the State. Any changes Contractor makes to State systems with the State's approval shall comply with applicable State procedures, including security, access, and configuration management procedures.

2.105 Reserved

2.106 Change Requests

The State may request changes to the specifications of the Contract and the work to be performed under the Contract. If the State needs Contractor to perform New Work, perform Additional Services, or make changes to Services affecting timelines or compensation due (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the request (a "Change Request"). Contractor may propose similar adjustments to the State that would benefit the Contract. If the State requests Contractor to perform any Services that Contractor believes in good faith to be New Work, Additional Services, or a Change Contractor must promptly notify the State before starting performance in writing. If Contractor fails to notify the State before performance, any activities performed before notice shall be considered in-scope gratuitous Services. If Contractor does not notify the State, Contractor shall have no right to thereafter claim additional compensation for New Work or Additional Services. If Contractor does notify the State, Services shall be governed by the Change Request procedure in this Section. If prices or Service levels are unacceptable to the State, Additional Services or New Work shall be subject to competitive bidding. Contractor shall examine requested or proposed Changes and submit without undue delay a written proposal for the Change that includes any associated changes in the technical specifications, Contract schedule, price, and method of pricing of Services. Contractor may recommend that a requested Change not be carried out, but shall nevertheless perform the Change as specified in the written proposal if the State so directs. The State may accept or reject Contractor's proposal for Change or reach another written agreement with Contractor. If the parties agree to a Change, Purchasing Operation shall issue a written Contract Change Notice, describing the Change and its effects on Services and any affected components of this Contract. No proposed Change shall be performed until specified in a duly executed Contract Change Notice.

2.107 Management Tools

RESERVED

2.110 Records and Inspections

2.111 Records and Inspections

a. Inspection of Work Performed. The State's authorized representatives may, upon 10 days written notice, enter Contractor's premises, or any other place where Services are performed, and access, upon reasonable request, interim drafts of work-in-progress.

b. Examination of Records. Once per year upon 20 days written notice, the State may examine and copy any of Contractor's print or electronic records and documents to establish Contractor's compliance with the terms of the Contract. This provision also applies to information held by any parent, affiliated, or subsidiary organization or Subcontractor of Contractor performing Services.

c. Retention of Records. Contractor shall maintain for at least seven years all pertinent financial and accounting records pertaining to the Contract in accordance with generally accepted accounting principles and other procedures in this Section. Financial, accounting, and other records related to performance under the Contract shall be made available to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records begins before the Audit Period ends, the records must be retained until all issues arising out of the action are resolved or the Audit Period ends, whichever is later.



d. Audit Resolution. If necessary, Contractor and the State shall meet to review each audit report promptly after issuance. Contractor will respond in writing within 30 days from receipt, unless the report specifies a shorter response time. Contractor and the State shall agree on an action plan to promptly resolve any deficiencies, concerns, or recommendations in such report.

2.112 Errors

If the audit demonstrates any errors in statements provided to the State, the amount in error shall be reflected as a credit or debit in subsequent invoices until the amount is paid or refunded in full. If a balance remains after one year, the remaining amount will be due as a payment or refund within 45 days of the one-year anniversary or termination of the Contract, whichever is earlier. In addition to other remedies, if the difference between the payment received and the correct payment exceeds ten percent, Contractor shall pay all reasonable audit costs.

2.120 State Responsibilities

2.121 State Performance Obligations

(a) Equipment and Other Resources. To facilitate Contractor's performance of Services, the State shall provide such equipment and resources as identified in Statements of Work or other Contract Exhibits as to be provided by the State.

(b) Facilities. The State shall designate space as available and as provided in Statements of Work to house Contractor's personnel whom the parties agree will perform Services at State Facilities. Contractor shall have reasonable access to and shall observe and comply with all rules and regulations relating to the State Facilities used by Contractor in providing Services. Contractor will not, without prior written consent, use any State Facilities or access any State information systems other than to provide Services to the State.

(c) Return. Contractor shall return to the State any State-furnished equipment, facilities, and other resources when no longer required for the Contract in the same condition as when provided by the State.

(d) Effect. Except as provided in §2.220, the State's failure to perform its responsibilities as set forth in this Contract shall not be grounds for termination by Contractor. However, Contractor will not be liable for any default or delay in the performance of its obligations under this Contract to the extent such default or delay is caused by nonperformance of the State's obligations under this Contract, if Contractor provides the State reasonable written notice of such nonperformance and uses commercially reasonable efforts to perform notwithstanding the State's failure to perform. In addition, if the State's nonperformance of its responsibilities under this Contract materially increases the time required for or cost of performance, Contractor may seek an equitable extension via the Change Request process in §2.106.

2.130 Security

2.131 Background Checks

Contractor shall authorize the investigation of its personnel proposed to have access to State facilities and systems on a case-by-case basis. The scope of the background check is at the discretion of the State and will determine Contractor personnel eligibility for working within State facilities and systems. Such investigations will include Michigan State Police Background checks (ICHAT) and may include National Crime Information Center (NCIC) Fingerprints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Fingerprint Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested. All Contractor personnel shall comply with the State's security and acceptable use policies for State IT equipment and resources. See www.mi.gov/ditservice/0,1607,7-179-25781-73760--,00.html. Furthermore, Contractor personnel shall agree to the State's security and acceptable use policies before acceptance to perform work for the State. Contractor is expected to present these documents to prospective employee before presenting the person to the State as a proposed resource. Contractor staff shall comply with all Physical Security procedures in place within the facilities where they are working.

2.140 Reserved



2.150 Confidentiality

2.151 Freedom of Information Act

All information in a vendor's proposal and the Contract is subject to the Freedom of Information Act (FOIA), 1976 Public Act No. 442, as amended.

2.152 Confidentiality

Contractor and the State acknowledge that the other possesses confidential information it has developed or received. Confidential Information of Contractor means all non-public proprietary information of Contractor marked confidential, restricted, proprietary, or with a similar designation. Confidential Information of the State means any information (1) retained in confidence by the State, (2) required to be held in confidence by the State under applicable law or regulations, or (3) provided to Contractor by the State under this Contract marked as confidential by the State. Confidential Information excludes any information publicly available under FOIA.

2.153 Protection of Confidential Information

The State and Contractor will use reasonable care to avoid unauthorized dissemination of the other's confidential information. Neither Contractor nor the State will (i) use Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) refuse any request to promptly return the other's Confidential Information. Each party will limit disclosure of the other's Confidential Information to employees requiring access to fulfill the purposes of this Contract. Contractor shall obligate the subcontractor in a written Contract to maintain the State's Confidential Information in confidence before allowing access. At the State's request, any employee of Contractor and any subcontractors having access to the State's Confidential Information may be required to execute an acknowledgment of Contractor's and subcontractors' obligations under this Section and the employee's obligation to protect such Confidential Information from unauthorized use or disclosure.

2.154 Exclusions

This Section will not apply to any particular information which the State or Contractor can demonstrate was (i) in the public domain when disclosed to it; (ii) published or became part of the public domain through no fault of the receiving party after disclosure; (iii) possessed by the receiving party when disclosed to it without an obligation of confidentiality; (iv) received after disclosure to it from a third party who had a lawful right to disclose such information to it without any obligation to restrict its further disclosure; or (v) independently developed by the receiving party without reference to Confidential Information of the furnishing party. The provisions of this Section will not apply to any Confidential Information a party is required by law to disclose, if the party (i) promptly provides the furnishing party notice of the request, and (ii) assists the furnishing party in limiting disclosure as reasonably requested.

2.155 No Implied Rights

Nothing in this Section shall be construed as obligating a party to disclose Confidential Information to the other party or conferring on a party any right or license to Confidential Information of the other party.

2.156 Remedies

Each party acknowledges that breach of obligations under this Section may cause irreparable harm. Accordingly, if a court of competent jurisdiction finds that a party has breached or attempted or threatened to breach any such obligations, the non-breaching party may seek an injunction to prevent such.

2.157 Security Breach Notification

If Contractor breaches this Section, it shall take prompt corrective action to cure any deficiencies and any action pertaining to such unauthorized disclosure required by applicable federal and state law. Contractor and the State will cooperate to mitigate the effects of any breach or unauthorized use or disclosure. Contractor shall report to the State in writing any unauthorized use or disclosure of Confidential Information, whether suspected or actual, within 10 days of becoming aware or sooner, as reasonable under the circumstances.

**2.158 Survival**

The parties' respective obligations under this Section shall survive termination or expiration of this Contract.

2.159 Destruction of Confidential Information

Promptly upon termination or cancellation of the Contract, Contractor shall certify destruction of all Confidential Information of the State.

2.160 Proprietary Rights**2.161 Ownership**

RESERVED

2.162 Source Code Escrow

RESERVED

2.163 Rights in Data

The State is the owner of all data made available to Contractor or its agents under the Contract. Contractor will only use the State's data to provide Services. No part of the State's data will be disclosed, sold, assigned, leased or otherwise disposed of to the general public or third parties or commercially exploited by or on behalf of Contractor. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, Contractor shall only use personally identifiable information as strictly necessary to provide Services and shall disclose such information only to its employees who have a strict need to know such information. Contractor shall comply at all times with all laws and regulations applicable to such personally identifiable information. The State is the owner of all State-specific data under the Contract. The State may use data provided by Contractor for any purpose. The State will not possess or assert any lien or other right against Contractor's data. Without limiting the generality of this Section, the State shall only use personally identifiable information as strictly necessary to utilize Services and shall disclose such information only to its employees who have a strict need to know such information, except as provided by law. The State shall comply at all times with all laws and regulations applicable to such personally identifiable information. Other material developed and provided to the State shall remain the State's sole and exclusive property.

2.164 Ownership of Materials

RESERVED

2.165 Standard Software

RESERVED

2.166 Pre-existing Materials for Custom Software Deliverables

RESERVED

2.167 General Skills

RESERVED

2.170 Warranties and Representations**2.171 Warranties and Representations**

The Contract will contain customary representations and warranties by Contractor, including, without limitation, the following:

- Contractor is capable of and will fulfill all its obligations under this Contract. Contractor will perform all Services in accordance with high professional standards, with an adequate number of qualified people with suitable education, experience, and skill.



- Contractor will use its best efforts to perform Services in the most cost effective manner consistent with the required level of quality and performance. No work or Services provided by Contractor under this Contract nor their use by the State will infringe the any intellectual property or proprietary rights of any third party.
- Contractor will perform Services in compliance with all applicable laws and regulations and without infringing the proprietary rights of any third party.
- Contractor has duly authorized the execution, delivery, and performance of the Contract, can fulfill all its obligations under the Contract, and will fulfill them.
- The Contract signatory has the power and authority, including any necessary corporate authorizations, to enter the Contract, on behalf of Contractor.
- Contractor is qualified and registered to transact business in all locations where required.
- Neither Contractor nor any Affiliates, nor any employee of either, has or shall have any contractual, financial, or other interest, direct or indirect, that would conflict in any manner with performance of duties and responsibilities to the State under this Contract or create an appearance of impropriety in the award or performance of this Agreement. Contractor shall notify the State within two days of any such interest that may be incompatible with the interests of the State.
- All financial statements and other information furnished by Contractor to the State fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor for the respective periods covered by such documents. Since the respective periods, there have been no material adverse changes in the operations of Contractor. All information furnished to the State on behalf of Contractor, including its bid, is true, accurate, and complete, and omits no material fact necessary to comprehend such information.

9. Contractor will notify the State of the use or incorporation of third-party software into deliverables. All licensed copies of software provided to the State will be free from physical defects. No copy of licensed Software provided to the State will contain any surreptitious code or software routines designed to disable or harm software, systems, or data. All software provided to the State shall not experience abnormalities due to date-oriented processing.

2.172 Software Warranties
RESERVED

2.173 Equipment Warranty
RESERVED

2.174 Physical Media Warranty
RESERVED

2.175 Standard Warranty
RESERVED

2.176 Consequences for Breach

In addition to any remedies available in law, if Contractor breaches any warranty in this Section, such breach may be considered as a default in the performance of a material obligation of this Contract.

2.180 Insurance

2.181 Liability Insurance

Contractor must provide proof of the minimum levels of insurance coverage indicated below to protect the State from claims resulting from Contractor’s performance of Services, whether performed by Contractor, a subcontractor, anyone directly or indirectly employed by either, or anyone for whose acts they may be liable. Contractor waives all rights against the State, its departments, agencies, commissions, officers, employees, and agents for recovery of damages if these damages are covered by the General Liability or Automobile Liability insurance policies that the Contractor must maintain under this Contract, except where the State is grossly negligent. All insurance coverage provided relative to this Contract is **primary and non-contributing** to any comparable liability insurance including self-insurances carried by the State. If Contractor’s policy



contains higher limits, the State is entitled to coverage to the extent of such higher limits. The insurers selected by Contractor shall have an A.M. Best rating of A or better or be approved in writing by the State. Companies approved to do business in Michigan shall issue all policies required in this Contract. Before entering the Contract, Contractor must furnish certificates of insurance verifying insurance coverage required by this Section (Certificates) or satisfactory evidence of adequate self-insurance to Purchasing Operation. The Certificates must be on the standard accord form or equivalent. **The Contract number must appear on the Certificates to assure correct filing.** All Certificates must be prepared and submitted by the Insurance Provider. All Certificates shall indicate that coverage under the policies **will not be cancelled, materially changed, or ended without 30 days written notice**, except for 10 days for non-payment of premium, to the Director of Purchasing Operation. The notice must include the Contract number and be mailed to: Director of Purchasing Operation, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. The State may terminate the Contract for failure to provide evidence of coverage.

Contractor must pay for and provide the type and amount of insurance listed below:

1. Commercial General Liability with the following minimum coverage:

\$2,000,000 General Aggregate Limit other than Products/Completed Operations

\$2,000,000 Products/Completed Operations Aggregate Limit

\$1,000,000 Personal & Advertising Injury Limit

\$1,000,000 Each Occurrence Limit

\$500,000 Fire Damage Limit (any one fire)

Contractor must list the State of Michigan, its departments, agencies, commissions, officers, employees and agents as additional insureds on the Commercial General Liability certificate.

Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

2. If a motor vehicle is used to provide Services, Contractor must have vehicle liability insurance on any auto including hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

Contractor must list the State of Michigan, its departments, agencies, commissions, officers, employees and agents as additional insureds on the vehicle liability certificate. Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

3. Workers' compensation coverage must be provided in accordance with applicable laws governing work activities in the state of Contractor's domicile. If a self-insurer provides the applicable coverage, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside the state of qualification, Contractor must provide appropriate Certificates proving mandated coverage levels for the jurisdictions where the employees' activities occur. Any Certificates must also provide a list of states where the coverage is applicable. Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

4. Employers liability insurance with the following minimum limits:

\$100,000 each accident

\$100,000 each employee by disease

\$500,000 aggregate disease

Subcontractors

Contractor shall require all subcontractors under this Contract to maintain insurance coverage as described in this Section for Contractor in connection with performance of work by those subcontractors. Alternatively, Contractor may include any subcontractors under its insurance on the coverage required in this Section. Subcontractors shall fully comply with the insurance coverage required in this Section. Failure of subcontractors to comply does not limit Contractor's liability or responsibility.



Certificates of Insurance and Other Requirements

Contractor shall furnish Purchasing Operation with certificates of insurance verifying coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, Contractor shall provide evidence that the State and its agents, officers, and employees are listed as additional insureds under each commercial general liability and automobile liability policy. If the State approves representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan. Contractor shall maintain all required insurance coverage for the term of the Contract and any extensions thereto and, for claims-made Commercial General Liability policies, shall secure tail coverage for three years after termination. The coverage minimums above shall not be construed to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other people. Contractor is responsible for all deductibles for such insurance. If Contractor fails to pay any premium or if any insurer cancels or significantly reduces any insurance required in this Contract without the State's written consent, the State may, after giving Contractor thirty days written notice, pay such premium or procure similar insurance coverage. Contractor shall pay the entire cost upon demand by the State or the State may deduct the entire cost from any payment due Contractor.

2.190 Indemnification

2.191 Indemnification

To the extent permitted by law, Contractor shall indemnify, defend, and hold harmless the State and its departments, agencies, commissions, officers, employees, and agents, from all losses, liabilities, penalties, damages, claims, and all related costs and expenses in connection with any claim, demand, action, citation, or legal proceeding arising out of, resulting from, or related to the following:

- The product provided or performance of the work, duties, responsibilities, actions or omissions of Contractor or any of its subcontractors under this Contract.
- A breach by Contractor of any representation or warranty made by Contractor in the Contract.
- Any occurrences that Contractor must insure against as provided in this Contract.
- The death or bodily injury of any person, or the damage, loss, or destruction of any real or tangible personal property, in connection with performance of Services by Contractor, any of its subcontractors, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable.
- Any act or omission of Contractor or its subcontractors in its or their capacity as an employer.
- Any use or reproduction of any equipment, software, commodity, service, or documentation supplied by Contractor that infringes any patent, copyright, trade secret or other proprietary right of any person or entity. In any claims against the State, or any of its agents or employees, by any employee of Contractor or its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in subclauses, or greater specificity as to some categories of risk, is not intended to limit the scope of indemnification under any other subclause.

2.192 Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect, notwithstanding the expiration or early termination of the Contract, for any claims based on facts or conditions that occurred before termination.

2.193 Indemnification Procedures

RESERVED

2.200 Limits of Liability and Excusable Failure

2.201 Limits of Liability

If any of Contractor's services do not conform to the requirements of this Contract, the State shall notify Contractor promptly and Contractor shall reperform such services at no additional charge or, at Contractor's option, shall refund the portion of the fees paid with respect to such services. If



reperformance of the services or refund of the applicable fees would not provide an adequate remedy for damages arising from the performance, nonperformance, or breach of this agreement, Contractor's maximum total liability, including that of any employee, affiliate, agent or contractor, relating to the services, regardless of the cause of action (including but not limited to tort, contract, indemnity, ect.), will be limited to the value of the Contract. Neither Contractor nor the State shall be liable to the other for indirect, consequential, or special damages. The limitations of damages stated above shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; claims for personal injury or damage to property caused by the gross negligence or willful misconduct of Contractor; The State's liability for damages to Contractor is limited to the value of the Contract.

2.202 Excusable Failure

Neither party shall be liable for any default or delay in performance under the Contract to the extent caused by acts of God; civil disorders; failure of the other party to perform material responsibilities under the Contract; injunctions; or any other cause beyond the reasonable control of such party, if the non-performing party and its subcontractors are without fault and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by other means. In such event, the non-performing party will be excused from further performance or observance of obligations while such circumstances prevail and the party continues to use its best efforts to recommence performance or observance to whatever extent possible without delay, if the party promptly notifies the other in writing of the excusable failure and its abatement or cessation. If any of the above circumstances substantially hinders performance of Services needed to perform the State's functions for 14 consecutive days and the State determines that resumed performance is unlikely within a period satisfactory to the State in its reasonable discretion, the State may (a) procure affected Services from other sources without liability for unperformed Services while the delay continues; (b) cancel any part of the Contract so affected and equitably adjust charges to reflect Services canceled; or (c) cancel the Contract without liability to Contractor as of the date specified in a written notice of cancellation. Contractor will not receive any additional payments from the State because of any excusable failure occurrence or for Services not rendered because of the excusable failure. Defaults or delays in performance by Contractor caused by acts or omissions of subcontractors will not relieve Contractor of its obligations under the Contract.

2.203 Disaster Recovery

RESERVED

2.210 Termination/Cancellation by the State

The State may cancel this Contract without further liability or penalty to the State and its departments, agencies, commissions, officers, employees, and agents for any of the following reasons:

2.211 Termination for Cause

If Contractor breaches any material duty or obligation under the Contract, which cannot be cured, is not cured within the period in the written notice of breach, or poses a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of real or tangible personal property, the State may, having provided written notice, cancel this Contract, in whole or in part, for cause as of the date specified in the notice of cancellation. If this Contract is cancelled for cause, in addition to remedies otherwise available to the State by law or equity, Contractor shall be responsible for all costs incurred by the State in canceling the Contract, including administrative costs, attorneys' fees, court costs, and additional costs to procure Services in this Contract from other sources. All excess re-procurement costs and damages are not consequential, indirect, or incidental, and are not excluded by any other terms in the Contract. If the State partially cancels this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect Services cancelled. If this Contract is cancelled for cause and it is determined that Contractor was not in breach, that cancellation shall be deemed to have been for convenience, effective the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.

**2.212 Termination for Convenience**

The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation are left to the sole discretion of the State. The State may cancel the Contract by giving written notice 30 days before termination. If the State chooses to cancel this Contract in part, charges payable shall be equitably adjusted to reflect those cancelled Services.

2.213 Non-Appropriation

Contractor acknowledges that this Contract is payable solely from appropriated funds and that its continuation is subject to appropriation or availability of funds. If funds are not appropriated or available, the State may cancel this Contract at the end of the last period for which funds are available by giving written notice of cancellation to Contractor. The State shall give Contractor written notice within 30 days after its notice of such unavailability.

2.214 Criminal Conviction

The State may terminate the Contract immediately and without further liability if Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense incident to application for or performance of a contract; of a criminal offense, including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State employees; under State or federal antitrust statutes; or of any other criminal offense that the State deems reflects badly upon Contractor's business integrity.

2.215 Approvals Rescinded

The State may terminate this Contract without further liability or penalty if any final administrative or judicial decision disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, §5, and Civil Service Commission Rule 7. Termination may be in whole or in part and may be immediate upon written notice to Contractor or effective as of the date stated in such written notice.

2.216 Rights and Obligations upon Termination

If this Contract is terminated by the State, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action necessary, or that the State may direct, to preserve and protect Deliverables or other property under this Contract in Contractor's possession, (c) return all property provided directly or indirectly to Contractor by any entity, agent, or employee of the State, (d) if Contractor maintains title in equipment and software intended to be transferred to the State at the termination of the Contract, transfer title in and deliver to the State, unless otherwise directed, all Deliverables and other Developed Materials intended to be transferred to the State at termination of the Contract that result from the Contract on an as-is basis unless amounts paid by the State included compensation to Contractor for warranty services for such materials, and (e) take any action to mitigate and limit any potential damages or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting subcontracts and outstanding orders. If the State terminates this Contract for its own convenience, the State shall pay Contractor all charges due for Services provided before the date of termination and, separately for any partially completed Deliverables on a prorated basis. All completed or partially completed Deliverables prepared by Contractor under this Contract shall, at the option of the State, become the State's property, and Contractor shall receive equitable compensation for such Deliverables. Regardless of the basis for termination, the State is not obligated to compensate Contractor for any lost expected future profits, costs, or expenses incurred for Services not actually performed for the State. If any such termination by the State is for cause, the State may deduct any damages for which Contractor is liable to the State under this Contract or under law or equity from any amounts due Contractor. Upon a good faith termination, the State may assume any subcontracts and agreements for Services and materials provided under this Contract, and may further pursue completion of Services by replacement contract or otherwise as the State deems expedient.



2.217 Reservation of Rights

Any termination of the Contract or any Statement of Work shall be with full reservation of, and without prejudice to, any rights or remedies otherwise available for any claims arising before or because of such termination.

2.218 Contractor Transition Responsibilities

If the Contract is terminated or expires, Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or its designee. Upon termination or expiration, Contractor agrees to make all reasonable efforts to effect an orderly transition of Services within a reasonable period of time of less than 90 days. These efforts shall include the following:

1. **Personnel** - Contractor shall work with the State or its designee to develop a transition plan setting forth the specific tasks and schedule for the transition. Contractor shall allow as many personnel as practicable to remain on the job to help the State or its designee maintain the continuity of Services required by the Contract. In addition, during or following the transition period, Contractor agrees to reasonably work with the State to use its subcontractors.

2. **Knowledgeable Personnel** - Contractor will make available to the State or its designee knowledgeable personnel familiar with the operational processes used to deliver Services to the State. Contractor personnel will work with the State or its designee to develop a mutually agreeable transition plan and transition the provision of Services to the State.

3. **Information** - Contractor agrees to provide reasonable detailed specifications for all services needed to properly provide Services required under the Contract. Contractor will also provide any licenses required to perform Services.

4. **Software** - Contractor shall reasonably assist the State in acquiring any Contractor software required to perform Services. This includes any documentation used by Contractor to perform Services. If the State transfers any software licenses to Contractor, those licenses shall, upon termination of the Contract, transfer back to the State.

5. **Payment** - If the termination provisions of the Contract govern the transition results from a termination, reimbursement. If the transition results from expiration, Contractor is reimbursed for all reasonable transition costs. The hourly rates or fixed price to be charged will be agreed upon before the work starts.

6. **Single Point of Contact** - Contractor will maintain a Single Point of Contact (SPOC) for the State after termination of the Contract until all obligations have expired.

2.219 State Transition Responsibilities

If this Contract is terminated or rendered unenforceable, the State agrees to reconcile all accounts, complete any pending post-project reviews, and perform any others obligations upon which the State and Contractor agree.

2.220 Termination by Contractor

2.221 Termination by Contractor

If the State materially breaches its obligation to pay Contractor undisputed amounts due under §2.090 of this Contract or if the State breaches other obligations under this Contract to an extent that makes it impossible or commercially impractical for Contractor to perform Services, and if the State does not cure the breach within the time period specified in a written notice of breach provided to the State (not to be less than 30 days), then Contractor may terminate this Contract based on the Statement of Work for cause, as of the date in the notice of termination. However, Contractor must discharge its obligations under §2.250 before any termination.

2.230 Stop Work

2.231 Stop Work Orders

The State may require Contractor to stop any work under the Contract for up to 90 calendar days by written stop work order to Contractor and for any further period to which the parties agree. Upon receipt, Contractor shall immediately comply and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order. Within the period of the stop work order,



the State shall either cancel the stop work order or terminate the work covered by the stop work order as provided in §2.210.

2.232 Cancellations or Expiration of Stop Work Orders

If a stop work order is canceled or expires, Contractor shall resume work. The parties shall agree on an equitable adjustment in schedule, price, or both. The Contract shall be modified in writing if (a) the order increases the time required for or Contractor's costs allocable to performance under the Contract and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the stoppage ends. Any adjustment will conform to the requirements of §2.106.

2.233 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, such termination shall be deemed a termination for convenience under §2.212 and the State shall allow reasonable costs resulting from the order in arriving at the termination settlement. The State shall not be liable to Contractor for loss of profits because of a stop work order issued under this §2.230.

2.240 Reserved

2.250 Dispute Resolution

2.251 In General

Any dispute between the State and Contractor over the Contract or any Statement of Work shall be resolved as follows. For all Contractor claims seeking an increase in amounts payable or time for performance under the Contract, Contractor's Contract Administrator shall execute a letter certifying that (a) the claim is in good faith, (b) the amount claimed accurately reflects adjustments in amounts payable or time for performance for which Contractor believes the State is liable and covers all costs to which Contractor is entitled for the claimed event, and (c) the supporting data provided with the affidavit is current and complete to Contractor's best belief.

2.252 Informal Dispute Resolution

If the parties cannot resolve disputes after formal meetings, the parties shall meet with the Director of Purchasing Operation or a designee to attempt to resolve the dispute without formal legal proceedings. Representatives of Contractor and the State shall meet to furnish each other all information believed germane to the dispute's resolution. Representatives shall discuss the problem and negotiate in good faith to resolve the dispute without any formal proceeding. During negotiations, all reasonable requests for non-privileged information reasonably related to the Contract will be honored so the parties may be fully advised of the other's position. The specific format for discussions will be left to the discretion of the designated representatives, but may include preparation of agreed upon statements of fact or written statements of position. Following this process, the Director of Purchasing Operation or a designee, shall issue a written opinion on the issues in dispute within 30 calendar days. The opinion on the dispute shall be considered the State's final action and exhaust administrative remedies.

This Section will not be construed to prevent either party from instituting formal proceedings to avoid the expiration of any applicable limitations period, preserve a superior position with respect to other creditors, or seek rights under §2.253. The State will not mediate disputes between Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

2.253 Injunctive Relief

A dispute will not be subject to §2.252 only if a party determines in good faith that a breach of the Contract is such that damages resulting from the breach will be so immediate, severe, and incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.



2.254 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance and without limiting the right to terminate the Contract under §§2.210 and 2.220.

2.260 Federal and State Contract Requirements

2.261 Nondiscrimination

Contractor shall not, in performing Services, discriminate against any employee or applicant for employment, over any matter directly or indirectly related to employment, because of religion, race, color, national origin, age, sex, sexual orientation, height, weight, marital status, partisan considerations, or a disability or generic information unrelated to a person's ability to perform the duties of a particular job or position. Contractor further agrees that every subcontract entered into for performance of Contract will contain a provision requiring non-discrimination in employment, as herein specified, binding each Subcontractor. Any breach of this provision may be regarded as a material breach of the Contract.

2.262 Unfair Labor Practices

Under Public Act 278 of 1980, as amended, the State shall not award a contract or subcontract to an employer whose name appears in the current register compiled under the Act of employers failing to correct an unfair labor practice. Contractor, in relation to the Contract, shall not enter into a contract with a subcontractor, manufacturer, or supplier whose name appears in this register. The State may void the Contract if Contractor or the name of a subcontractor, manufacturer, or supplier of Contractor appears in the register.

2.263 Workplace Safeties and Discriminatory Harassment

In performing Services for the State, Contractor shall comply with Civil Service Commission Rules 2-20 on Workplace Safety and 1-8.3 on Discriminatory Harassment. In addition, Contractor shall comply with MDCS regulations and any applicable agency rules provided to Contractor. For civil service rules and regulations, see www.mi.gov/mdcs/0,1607,7-147-6877---,00.html.

2.270 Litigation

2.271 Disclosure of Litigation

Contractor must disclose any material litigation, investigations or proceedings under criminal laws or the Sarbanes-Oxley Act involving Contractor (and each Subcontractor) or any of its officers or directors. In addition, each Contractor (and each Subcontractor) must disclose to the State any material civil litigation, arbitration, or proceeding that arises during the term of the Contract and extensions thereto, to which Contractor (or any Subcontractor hereunder) is a party involving (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor hereunder or (ii) a claim or written allegation of fraud against Contractor or any Subcontractor hereunder by a governmental or public entity arising out of dealings with governmental or public entities. Any such litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") must be disclosed in a written statement to the Contract Administrator and Issuing Office within 30 days of its occurrence. Details of settlements that are prevented from disclosure by the terms of the settlement may be annotated as such. Information provided to the State from Contractor's publicly filed documents referencing its material litigation would be deemed to satisfy the requirements of this Section. Contractor shall provide the State all reasonable assurances requested to demonstrate that: (a) Contractor or its subcontractors can continue to perform this Contract in accordance with its terms, (b) Contractor or its subcontractors will not engage in conduct in performing Services similar to conduct alleged in litigation or other proceedings. Contractor's failure to fully and timely comply with this Section, including providing reasonable assurances satisfactory to the State, constitutes a material breach of this Contract. Contractor shall notify Purchasing Operation within 30 days in writing if a change in its ownership or officers has occurred, or will occur, that could change the valuation of its capitalized assets or if changes to asset valuations or other cost changes have occurred or will occur because of a change in ownership or officers. Contractor shall also notify Purchasing Operation within 30 days whenever changes to company affiliations occur.

**2.272 Governing Law**

The Contract is governed by and construed in accordance with the laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.273 Compliance with Law

Contractor shall **keep informed of and comply** with all federal, state, and local laws, ordinances, rules, regulations, orders, and decrees of bodies having authority that affect the work done under this Contract. The Michigan Civil Service Commission retains the plenary authority granted in Article 11, §5 of the Michigan Constitution. No provision of this Contract is intended to, or may be interpreted to, delegate, rescind, limit, or modify the authority of the Civil Service Commission. If this Contract and the authority of the Civil Service Commission conflict, the Civil Service Commission or State Personnel Director may take any appropriate action to cure the conflict.

2.274 Jurisdiction

Any dispute arising from the Contract shall be resolved in the State of Michigan. For any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections to such jurisdiction on the grounds of lack of personal jurisdiction of such court or the laying of venue of such court or on the basis of forum non convenience or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.280 Environmental Provision - Reserved**2.281 Environmental Provision****2.290 General****2.291 Amendments**

The Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties.

2.292 Assignment

Contractor cannot assign this Contract, assign its rights under the Contract, or delegate any duties or obligations under the Contract (whether by operation of law or otherwise), without written consent of the State. Any purported assignment in violation of this Section is null and void. Further, Contractor cannot assign the right to receive money due under the Contract without written consent of the Director of Purchasing Operation. Contractor shall not delegate any duties or obligations under the Contract to a subcontractor unless named and approved in the bid or given written consent by the Director of Purchasing Operation.

2.293 Entire Contract; Order of Precedence

The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to such subject matter and as additional terms on the purchase order shall apply as limited by §2.061. If the terms of the Contract and a Statement of Work are inconsistent, the terms of the Statement of Work will take precedence as to that Statement of Work. However, a Statement of Work may not modify or amend the terms of §§2.110 through 2.220 of the Contract, which may be modified only by a formal Contract amendment.

2.294 Headings

Captions and headings in the Contract are for informational and organizational purposes. Captions and headings, including inaccurate references, do not define or limit the requirements or terms of this Contract.

**2.295 Relationship of the Parties (Independent Contractor Relationship)**

The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its subcontractors shall be or be deemed an employee, agent, or servant of the State for any reason. Contractor is solely and entirely responsible for its acts and the acts of its agents, employees, servants, and subcontractors during performance of this Contract.

2.296 Notices

Any notice to a party under this Contract must be written and properly addressed and is deemed effective upon (i) hand delivery; (ii) receipt of a confirmed transmission by fax if the notice is also sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system. Either party may change its address where notices are to be sent by giving notice in accordance with this Section. Representatives of Contractor identified in **Exhibit I** shall have the authority to make binding commitments on Contractor's behalf within the bounds set forth in such table. Contractor may change such representatives from time to time upon written notice.

2.297 Media Releases and Contract Distribution

News releases, public announcements, or public disclosures related to the Contract or projects shall not be made without written State approval. No results of activities associated with the Contract may be released without written approval of the State and then only as designated. Purchasing Operation retains the sole right of contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operation.

2.298 Reformation and Severability

Each provision of the Contract is severable from all others. If any provision is declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

2.299 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, such consent or approval shall be in writing and shall not be unreasonably withheld or delayed.

2.300 No Waiver of Default

The failure of a party to insist upon strict adherence to any term of the Contract shall not waive or deprive the party of the right to insist upon strict adherence to that or any other term of the Contract.

2.301 Survival

Any provisions of the Contract that impose continuing obligations on the parties, shall survive the expiration or cancellation of the Contract.

2.302 Covenant of Good Faith

Each party agrees that in dealings in connection with the Contract it shall act reasonably and in good faith. The parties will not unreasonably delay, condition, or withhold any consent, decision, or approval requested or reasonably required of them for the other party to perform its responsibilities under the Contract.

2.303 Permits

Contractor shall obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of Services. The State shall pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

**2.304 Website Incorporation**

State expressly states that it will not be bound by any content on Contractor's website, even if Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

2.305 Taxes

Vendors shall collect and pay all applicable federal, state, and local employment taxes for all persons involved in the Contract. The State may refuse to award a contract to any vendor who has failed to pay applicable State taxes. The State may refuse to accept Vendor's bid, if Vendor has any outstanding debt with the State.

2.306 Prevailing Wage - Reserved**2.307 Call Center Disclosure - Reserved****2.308 Future Bidding Preclusion**

Contractor acknowledges that, to the extent this Contract involves the creation of a future RFP, it may be precluded from bidding on the RFP. The State may disqualify any vendor that the State determines used its position (whether as an incumbent vendor, or as a contractor hired to assist with the RFP development, or as a vendor offering free assistance) to gain an edge on the competitive RFP.

2.310 Reserved**2.320 Extended Purchasing****2.321 MiDEAL
RESERVED****2.322 State Employee Purchases
RESERVED****2.330 Federal Grant Requirements****2.331 Federal Grant Requirements - Reserved**



Attachment A – Proposal Pricing

Year 1:	Staff Position(s) Required per Deliverable	Estimated # of Staff Hours Required per Position per Deliverable	Hourly Rate per Staff Position	Total Cost per Staff Member per Deliverable	Total Cost of Deliverable (w/o Expenses)
Vendor claim and administration audit for the State's Medical and Dependent Care Flexible Spending Account program	Strategic Advisor/Lead HGB Consultant	7	\$600	\$4,200	\$49,500
	Lead Audit Consultant	21	\$460	\$9,660	
	On-site Audit Lead	44	\$419	\$18,436	
	Field Auditor/Audit Analyst	73	\$230	\$16,790	
	Administrative	3	\$148	\$444	
<input type="checkbox"/>	<input type="checkbox"/>				
Vendor claim and administration audit for the State's Group Life Insurance program	Strategic Advisor/Lead HGB Consultant	7	\$600	\$4,200	\$49,500
	Lead Audit Consultant	21	\$460	\$9,660	
	On-site Audit Lead	44	\$419	\$18,436	
	Field Auditor/Audit Analyst	73	\$230	\$16,790	
	Administrative	3	\$148	\$444	
<input type="checkbox"/>	<input type="checkbox"/>				
Contract support to include RFP reviews and recommendation and analysis of vendor responses	Strategic Advisor/Lead HGB Consultant	21	\$600	\$12,600	\$32,200
	Consulting Actuary	6	\$600	\$3,600	
	Consultant/Project Manager	15	\$399	\$5,985	
	Actuarial Analyst	14	\$317	\$4,438	
	Senior Consultant	7	\$521	\$3,647	
	Administrative	13	\$148	\$1,924	
<input type="checkbox"/>	<input type="checkbox"/>				
Medicare Part D actuarial attestation	Consulting Actuary	3	\$600	\$1,800	\$5,600
	Actuarial Analyst	6	\$317	\$1,902	
	Senior Consultant	3	\$521	\$1,563	
	Administrative	2	\$148	\$296	
<input type="checkbox"/>	<input type="checkbox"/>				
HMO renewal analysis and negotiations	Strategic Advisor/Lead HGB Consultant	8	\$600	\$4,800	\$54,400
	Consulting Actuary	14	\$600	\$8,400	
	Consultant/Project Manager	10	\$399	\$3,990	
	Actuarial Analyst	52	\$317	\$16,484	
	Senior Consultant	39	\$521	\$20,319	
	Administrative	3	\$148	\$444	
<input type="checkbox"/>	<input type="checkbox"/>				
Cost trend review	Strategic Advisor/Lead HGB Consultant	1	\$600	\$600	\$6,600
	Consulting Actuary	2	\$600	\$1,200	
	Actuarial Analyst	8	\$317	\$2,536	
	Senior Consultant	4	\$521	\$2,084	
	Administrative	1	\$148	\$148	
<input type="checkbox"/>	<input type="checkbox"/>				



	Strategic Advisor/Lead HGB Consultant	10	\$600	\$6,000	
	Consulting Actuary	10	\$600	\$6,000	
	Consultant/Project Manager	6	\$399	\$2,394	
	Actuarial Analyst	25	\$317	\$7,925	
	Senior Consultant	16	\$521	\$8,336	
PDP versus subsidy funding analysis	Administrative	5	\$148	\$740	\$31,400
<input type="checkbox"/>	<input type="checkbox"/>				
Monitor new developments in the law, analyzing and communicating any impact to the State of Michigan	Strategic Advisor/Lead HGB Consultant	44	\$600	\$26,400	
	Administrative	2	\$148	\$296	\$26,700
<input type="checkbox"/>	<input type="checkbox"/>				
Continuous availability, ad hoc projects, and project management	As needed				\$31,000

Year 2:	Staff Position(s) Required per Deliverable	Estimated # of Staff Hours Required per Position per Deliverable	Hourly Rate per Staff Position	Total Cost per Staff Member per Deliverable	Total Cost of Deliverable (w/o Expenses)
Vendor claim and administration audit for the State's self-insured Pharmacy retail and mail order plans	Strategic Advisor/Lead HGB Consultant	28	\$600	\$16,795	\$59,600
	On-site Audit Lead	19	\$419	\$7,960	
	Administrative	5	\$148	\$741	
	Subcontractor (Caribou)			\$34,100	
<input type="checkbox"/>	<input type="checkbox"/>				
Rebate audit for the State's pharmacy plan	Strategic Advisor/Lead HGB Consultant	29	\$600	\$17,395	\$89,000
	On-site Audit Lead	20	\$419	\$8,379	
	Administrative	5	\$148	\$741	
	Subcontractor (KPMG)			\$62,500	
<input type="checkbox"/>	<input type="checkbox"/>				
Claim and administration audit for the State's self-insured Vision Plan	Strategic Advisor/Lead HGB Consultant	7	\$600	\$4,200	\$49,500
	Lead Audit Consultant	21	\$460	\$9,660	
	On-site Audit Lead	44	\$419	\$18,436	
	Field Auditor/Audit Analyst	73	\$230	\$16,790	
	Administrative	3	\$148	\$444	
<input type="checkbox"/>	<input type="checkbox"/>				
Medicare Part D actuarial attestation	Consulting Actuary	3	\$600	\$1,800	\$5,600
	Actuarial Analyst	6	\$317	\$1,902	
	Senior Consultant	3	\$521	\$1,563	
	Administrative	2	\$148	\$296	
<input type="checkbox"/>	<input type="checkbox"/>				
HMO renewal analysis and negotiations	Strategic Advisor/Lead HGB Consultant	8	\$600	\$4,800	\$54,400
	Consulting Actuary	14	\$600	\$8,400	



	Consultant/Project Manager	10	\$399	\$3,990	
	Actuarial Analyst	52	\$317	\$16,484	
	Senior Consultant	39	\$521	\$20,319	
	Administrative	3	\$148	\$444	
<input type="checkbox"/>	<input type="checkbox"/>				
	Strategic Advisor/Lead HGB Consultant	1	600	\$600	
	Consulting Actuary	2	600	\$1,200	
	Actuarial Analyst	8	317	\$2,536	
	Senior Consultant	4	521	\$2,084	
Cost trend review	Administrative	1	148	\$148	\$6,600
<input type="checkbox"/>	<input type="checkbox"/>				
Monitor new developments in the law, analyzing and communicating any impact to the State of Michigan	Strategic Advisor/Lead HGB Consultant	44	\$600	\$26,400	
	Administrative	2	\$148	\$296	\$26,700
<input type="checkbox"/>	<input type="checkbox"/>				
	Strategic Advisor/Lead HGB Consultant	20	\$600	\$12,000	
	Consulting Actuary	7	\$600	\$4,200	
	Consultant/Project Manager	15	\$399	\$5,985	
	Actuarial Analyst	15	\$317	\$4,755	
	Senior Consultant	8	\$521	\$4,168	
Strategy and additional benefits studies	Administrative	11	\$148	\$1,628	\$32,700
<input type="checkbox"/>	<input type="checkbox"/>				
Continuous availability, ad hoc projects, and project management	As needed				\$31,000



Year 3:	Staff Position(s) Required per Deliverable	Estimated # of Staff Hours Required per Position per Deliverable	Hourly Rate per Staff Position	Total Cost per Staff Member per Deliverable	Total Cost of Deliverable (w/o Expenses)
Vendor claim and administration audit for the State self-insured PPO Plan	Strategic Advisor/Lead HGB Consultant	7	\$600	\$4,200	\$58,100
	Lead Audit Consultant	28	\$460	\$12,880	
	On-site Audit Lead	53	\$419	\$22,207	
	Field Auditor/Audit Analyst	80	\$230	\$18,400	
	Administrative	3	\$148	\$444	
<input type="checkbox"/>	<input type="checkbox"/>				
Vendor claim and administration audit for the State's self-insured Dental Plan	Strategic Advisor/Lead HGB Consultant	7	\$600	\$4,200	\$58,100
	Lead Audit Consultant	28	\$460	\$12,880	
	On-site Audit Lead	53	\$419	\$22,207	
	Field Auditor/Audit Analyst	80	\$230	\$18,400	
	Administrative	3	\$148	\$444	
<input type="checkbox"/>	<input type="checkbox"/>				
Vendor claim and administration audit for the State self-insured Mental Health and Substance Abuse Plan	Strategic Advisor/Lead HGB Consultant	7	\$600	\$4,200	\$49,500
	Lead Audit Consultant	21	\$460	\$9,660	
	On-site Audit Lead	44	\$419	\$18,436	
	Field Auditor/Audit Analyst	73	\$230	\$16,790	
	Administrative	3	\$148	\$444	
<input type="checkbox"/>	<input type="checkbox"/>				
Medicare Part D actuarial attestation	Consulting Actuary	3	\$600	\$1,800	\$5,600
	Actuarial Analyst	6	\$317	\$1,902	
	Senior Consultant	3	\$521	\$1,563	
	Administrative	2	\$148	\$296	
<input type="checkbox"/>	<input type="checkbox"/>				
HMO renewal analysis and negotiations	Strategic Advisor/Lead HGB Consultant	8	\$600	\$4,800	\$54,400
	Consulting Actuary	14	\$600	\$8,400	
	Consultant/Project Manager	10	\$399	\$3,990	
	Actuarial Analyst	52	\$317	\$16,484	
	Senior Consultant	39	\$521	\$20,319	
	Administrative	3	\$148	\$444	
<input type="checkbox"/>	<input type="checkbox"/>				
Cost trend review	Strategic Advisor/Lead HGB Consultant	1	\$600	\$600	\$6,600
	Consulting Actuary	2	\$600	\$1,200	
	Actuarial Analyst	8	\$317	\$2,536	
	Senior Consultant	4	\$521	\$2,084	
	Administrative	1	\$148	\$148	



	Strategic Advisor/Lead HGB Consultant	10	\$600	\$6,000	
	Consulting Actuary	10	\$600	\$6,000	
	Consultant/Project Manager	6	\$399	\$2,394	
	Actuarial Analyst	25	\$317	\$7,925	
	Senior Consultant	16	\$521	\$8,336	
PDP versus subsidy funding analysis	Administrative	5	\$148	\$740	\$31,400
Monitor new developments in the law, analyzing and communicating any impact to the State of Michigan	Strategic Advisor/Lead HGB Consultant	44	\$600	\$26,400	
	Administrative	2	\$148	\$296	\$26,700
	Strategic Advisor/Lead HGB Consultant	20	\$600	\$12,000	
	Consulting Actuary	7	\$600	\$4,200	
	Consultant/Project Manager	15	\$399	\$5,985	
	Actuarial Analyst	15	\$317	\$4,755	
	Senior Consultant	8	\$521	\$4,168	
Strategy and additional benefits studies	Administrative	11	\$148	\$1,628	\$32,700
Continuous availability, ad hoc projects, and project management	As needed				\$31,000

Total Cost for Year 1 Deliverables	\$286,900
Estimated Travel Costs for Year 1	\$12,200
Total Cost for Year 1 Including Travel	\$299,100

Total Cost for Year 2 Deliverables	\$355,100
Estimated Travel Costs for Year 2	\$7,600
Total Cost for Year 2 Including Travel	\$362,700

Total Cost for Year 3 Deliverables	\$354,100
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Attachment B – Labor Rates

State of Michigan RFP - All Inclusive Billing Rates

Towers Watson Role	Hourly Billing Rate
Strategic Advisor/Lead HGB Consultant	\$600
Consulting Actuary	\$600
Senior Consultant	\$521
Lead Audit Consultant	\$460
Consultant/Project Manager	\$399
On-site Audit Lead	\$419
Actuarial Analyst	\$317
Field Auditor/Audit Analyst	\$230
Administrative	\$148