

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

January 17, 2008

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B5200223
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR ACS Unclaimed Property Clearinghouse 260 Franklin Street, 11th Floor Boston, MA 02110		TELEPHONE (612) 722-9648 Michelle Colbert
		VENDOR NUMBER/MAIL CODE (002)
		BUYER/CA (517) 373-1080 Melissa Castro
Contract Compliance Inspector: Gonzalo Llano UPD Securities Custodian – Department of Treasury		
CONTRACT PERIOD: From: February 1, 2005 To: January 31, 2010		
TERMS N/A	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately, this Contract is hereby **EXTENDED** through January 31, 2010, and **INCREASED** by \$150,000.00. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per request of the Department of Treasury, Ad Board approval dated January 15, 2008, and DMB/Purchasing Operations' approval.

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$308,368.00

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

February 28, 2005

NOTICE
TO
CONTRACT NO. 071B5200223
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THE STATE OF MICHIGAN
and

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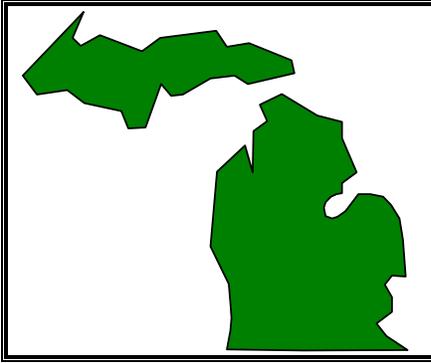
Estimated Contract Value: \$158,368.00

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

CONTRACT NO. 071B5200223
between
THE STATE OF MICHIGAN
and

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Contract Compliance Inspector: Gonzalo Llano <p style="text-align: center;">UPD Securities Custodian – Department of Treasury</p>	
CONTRACT PERIOD: From: February 1, 2005 To: January 31, 2008	
TERMS <p style="text-align: center;">N/A</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: <p>Estimated Contract Value: \$158,368.00</p>	

<p>FOR THE VENDOR:</p> <p style="text-align: center;">ACS Unclaimed Property Clearinghouse _____ Firm Name</p> <p style="text-align: center;">_____ Authorized Agent Signature</p> <p style="text-align: center;">_____ Authorized Agent (Print or Type)</p> <p style="text-align: center;">_____ Date</p>	<p>FOR THE STATE:</p> <p style="text-align: center;">_____ Signature Melissa Castro, CPPB, Buyer Specialist _____ Name IT Division, Acquisition Services _____ Title</p> <p style="text-align: center;">_____ Date</p>
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**STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services**

Unclaimed Property Custodian

Buyer Name: [Melissa Castro](#)
Telephone Number: [517-373-1080](#)
E-Mail Address: castrom@michigan.gov



UNCLAIMED PROPERTY CUSTODIAN

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- A PRICE PROPOSAL**
- B Contractor's Proposal**



Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

The Michigan Department of Treasury, Unclaimed Property Division (UPD) requires the services of a contractor to serve as custodian for securities received from holders that report unclaimed property. The property consists of securities and the dividends or interest associated with these securities. The custodian will also be involved in the liquidation or transfer of securities as instructed by the Contract Compliance Inspector or designee.

1.002 RESERVED

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

Services of a qualified securities custodian to account for securities and related dividends and interest remitted by holders of unclaimed property to the UPD to include, but are not limited to the following:

1. To accept and deposit securities and related dividends/interest remitted to the UPD.
2. To account for securities and related dividends/interest remitted to the UPD.
3. To liquidate or transfer securities to unclaimed property owners at the direction of the Contract Compliance Inspector or designee.
4. To account for all corporate actions, including mergers, stock splits, cash and stock dividends, spinoffs, etc.

1.102 OUT OF SCOPE

Optional – Remote Computer Access

The UPD staff to have opt to have inquiry access from a remote computer into the proposed custodian account. See Appendix B.

1.103 RESERVED

1.104 WORK AND DELIVERABLE

Contractor shall provide Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

- 1) Establish a custodian account for the Michigan Department of Treasury, Unclaimed Property Division. Contractor will not deduct charges and fees from the custodian account, except in those instances where the charges stem from redemption or sale transactions. These charges and fees shall be billed separately. Please provide a sales commission chart for the charges stemming from a redemption or sale transactions.
- 2) Use same account for the duration of contract.
- 3) Record each security by CUSIP number, name of issue, number of shares, and type of security (i.e. common stock, preferred stock, bonds, debentures and warrants).
- 4) Provide accounting for the following types of securities: stocks, mutual funds, bonds, debentures and warrants (see section 1.003.2 for report requirements).
- 5) Accept securities through DTC (Depository Trust Company) from holders and reporting entities.
- 6) Accept and deposit securities registered in either custodian's name, State of Michigan's name, its nominee name, or unclaimed property owner's name.



- 7) Secure physical stock and bond certificates in a vault.
- 8) Inventory securities at the current market value upon receipt. Contractor will also conduct research of old securities for potential value; furthermore, Contractor will return to the UPD, any worthless or non-transferable securities with an explanation within thirty (30) calendar days after the contractor becomes aware of the issue. Contractor will assist Contract Compliance Inspector or designee in determining market value of securities not maintained by the contractor, if requested.
- 9) Inventory securities at par value for those that do not have a market value upon receipt.
- 10) Collect and record dividends, interest, and other cash receipts.
- 11) Deposit dividends, interest, and other cash receipts in a money market account. These funds plus interest shall be transmitted, via wire transfer, at the end of each calendar month to the Michigan Department of Treasury.
- 12) Account for all corporate actions, such as mergers, stock splits, cash and stock dividends, etc. Custodian will conduct research as requested by the Contract Compliance Inspector or designee, on corporate actions such as mergers, name changes, discontinued corporations, etc. (see section 1.003.2 for report requirements).
- 13) Liquidate securities at the direction of the Contract Compliance Inspector or designee.
- 14) Re-register shares from State of Michigan's name to unclaimed property owners at the direction of the Contract Compliance Inspector or designee.
- 15) Send notifications or confirmations of securities sales, redemptions, or transfers to the Contract Compliance Inspector or designee, within five (5) business days of the transaction.
- 16) Custodian will provide for medallion signature guarantee.
- 17) Security lending will not be allowed in this contract.

See Appendix B, Contractor's Proposal, for detailed information regarding Contractor fulfillment of deliverables.

1.2 RESERVED

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

1. The Contractor will carry out this project under the direction and control of the Department of Treasury.
2. Although there will be continuous liaison with the Contractor team, the Contract Compliance Inspector or designee will meet as needed with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
3. The Contractor will submit brief written summaries, as requested, of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated which should be brought to the attention of the Contract Compliance Inspector or designee; and notification of any significant deviation from previously agreed-upon work plans.
4. Within five (5) business days of the award of the Contract, the Contractor will submit to the Contract Compliance Inspector or designee for final approval a work plan. This final implementation plan must be in agreement with Section IV-C subsection 2 as proposed by the bidder and accept by the State for Contract, and must include the following:



- a. The Contractor's project organizational structure.
- b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
- c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
- d. The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

1.302 REPORTS

Monthly reports required by the State must be on paper and electronically available if requested. They are due within ten (10) business days after the end of each month.

a. Monthly Transaction Report

The Monthly Transaction Report must list all transactions/corporate actions during the month. The listing must be sorted by date order first, then by issue name.

The Monthly Transaction Report must indicate the total cash receipts for the month, as well as a breakdown summary for the following types of cash receipts:

1. Dividends
2. Interest
3. Maturities/Sales.

b. Monthly Securities Inventory

The Monthly Securities Inventory report must include the month-end inventory and be listed in alphabetical order by security name. The Monthly Securities Inventory report must list all securities held as of the last day of the month and must include the following:

1. Name of issue in alpha order.
2. CUSIP number.
3. Number of shares per issue.
4. Market value per share of each issue.
5. Total market value of each issue.
6. Total market value of all securities in portfolio.

1.4 RESERVED

1.5 RESERVED

1.6 Compensation and Payment

All prices/rates in this Contract be firm for the duration of the Contract. No price changes will be permitted.

Authorized Services and Price List are attached in Appendix A (Price Proposal).

1.7 RESERVED



Article 2 – General Terms and Conditions

2.0 Introduction

2.001 GENERAL PURPOSE

The Contract is for an unclaimed property custodian service for the State of Michigan. Orders will be issued directly to the Contractor by various State Agencies on the Purchase Order Contract Release Form.

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

The Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for the Department of Treasury, hereinafter known as Department of Treasury. Where actions are a combination of those of Acquisition Services and the State agencies, the authority will be known as the State.

Acquisition Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the commodities and/or services described herein. Acquisition Services is the only office authorized to negotiate, change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of the Contract. Acquisition Services will remain the SOLE POINT OF CONTACT throughout the procurement process.

Contractor proceeds at its own risk if it takes negotiation, changes, modification, alterations, amendments, clarification, etc., of the specifications, terms, or conditions of the contract from any individual or office other than Acquisition Services and the listed contract administrator

All communications covering this procurement must be addressed to contract administrator indicated below:

Department of Management and Budget
Acquisition Services
Attn: Melissa Castro
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
(517) 373-1080
castrom@michigan.gov

2.003 NOTICE

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) 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.

2.004 CONTRACT TERM

The term of this Contract will be for three (3) years and will commence with the issuance of a Contract. This will be approximately February 1, 2005 through January 31, 2008.

Option. The State reserves the right to exercise two (2) one-year options, at the sole option of the State. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

Extension. At the sole option of the State, the contract may also be extended. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.



Written notice will be provided to the Contractor within 30 days, provided that the State gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension. If the Government exercises this option, the extended contract shall be considered to include this option clause.

2.005 GOVERNING LAW

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. By signing this agreement, vendor consents to personal jurisdiction in the state of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

2.006 APPLICABLE STATUTES

The following statutes, rules, and laws are applicable to the performance of this contract; some statutes are reflected in the clauses of this contract. This list is NOT exhaustive.

MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)

MI OSHA MCL §§ 408.1001 – 408.1094

Freedom of Information Act (FIOA) MCL §§ 15.231, et seq.

Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.

MI Consumer Protection Act MCL §§ 445.901 – 445.922

Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.

Department of Civil Service Rules and regulations

Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.

Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.

MCL §§ 423.321, et seq.

MCL § 18.1264 (law regarding debarment)

Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.

Contract Work Hours and Safety Standards Act (CWHSSA) 40 USCS § 327, et seq.

Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795

Rules and regulations of the Environmental Protection Agency

Internal Revenue Code

Rules and regulations of the Equal Employment Opportunity Commission (EEOC)

The Civil Rights Act of 1964, USCS Chapter 42

Title VII, 42 USCS §§ 2000e et seq.

The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.

The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.

The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.

The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.

The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.

Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106

Sherman Act, 15 U.S.C.S. § 1 et seq.

Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.

Clayton Act, 15 U.S.C.S. § 14 et seq.

2.007 RELATIONSHIP OF THE PARTIES

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

**2.008 HEADINGS**

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

2.009 MERGER

This document constitutes the complete, final, and exclusive agreement between the parties. All other prior writings and negotiations are ineffective.

2.010 SEVERABILITY

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

2.011 SURVIVORSHIP

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of the Contract for any reason.

2.012 NO WAIVER OF DEFAULT

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

2.013 PURCHASE ORDERS

Orders for delivery of commodities and/or services may be issued directly by the State Departments through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Contractor is asked to reference the Purchase Order Number on all invoices for payment.

2.1 Vendor/Contractor Obligations**2.101 ACCOUNTING RECORDS**

The Contractor and all subcontractors shall maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on the Contract or extension thereof.

2.102 NOTIFICATION OF OWNERSHIP

The Contractor shall make the following notifications in writing:

1. When the Contractor becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify Acquisition Services within 30 days.
2. The Contractor shall also notify the Acquisition Services within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.



The Contractor shall:

1. Maintain current, accurate, and complete inventory records of assets and their costs;
2. Provide Acquisition Services or designated representative ready access to the records upon request;
3. Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership or officer changes; and
4. Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership or officer change.

2.103 SOFTWARE COMPLIANCE

The vendor warrants that all software for which the vendor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure year 2000 compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

2.104 RESERVED

2.105 RESERVED

2.106 PREVAILING WAGE

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Consumer and Industry Service, Bureau of Safety and Regulation, Wage/Hour Division schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Consumer and Industry Services, the office responsible for enforcement of the wage rates and fringe benefits. You shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

**2.107 PAYROLL AND BASIC RECORDS**

Payrolls and basic records relating to the performance of this contract shall be maintained by the Contractor during the course of the work and preserved for a period of 3 years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made, and actual wages paid. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

The Contractor shall submit a copy of all payrolls to the Contract Administrator upon request. The payrolls submitted shall set out accurately and completely all of the information required to be maintained as indicated above.

The Prime Contractor is responsible for the submission of copies of payrolls by all subcontractors upon request from the Contract Administrator

The Contractor or subcontractor shall permit the Contract Administrator or representatives of the Contract Administrator or the State of Michigan to interview employees during working hours on the job.

If the Contractor or subcontractor fails to submit required records or to make them available, the Contract Administrator may, after written notice to the Contractor, take such action as may be necessary to cause the suspension of any further payment. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment.

2.108 COMPETITION IN SUB-CONTRACTING

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the contract.

2.109 CALL CENTER DISCLOSURE

Vendor and/or all subcontractors involved in the performance of this contract providing call or contact center services to the State of Michigan must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of this agreement.

2.2 Contract Performance**2.201 TIME IS OF THE ESSENCE**

Contractor/Vendor is on notice that time is of the essence in the performance of this contract. Late performance will be considered a material breach of this contract, giving the State a right to invoke all remedies available to it under this contract.

2.202 CONTRACT PAYMENT SCHEDULE

All invoices should reflect actual work done. The Contractor will submit a monthly invoice of completed work accomplished during the reporting period which includes an itemized listing of tasks completed; furthermore, the invoice must list the contract number and/or purchase order number.

All invoices must be submitted to the following address (failure to do so may result in late payment):

Michigan Department of Treasury
Unclaimed Property Division
Attn: Gonzalo Llano
PO Box 30756
Lansing, MI 48909.

**2.203 POSSIBLE PROGRESS PAYMENTS**

The Government may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.204 RESERVED**2.205 ELECTRONIC PAYMENT AVAILABILITY**

Electronic transfer of funds is available to State contractors. Vendors are encouraged to register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at www.cpexpress.state.mi.us.

2.206 RESERVED**2.3 Contract Rights and Obligations****2.301 INCURRING COSTS**

The State of Michigan is not liable for any cost incurred by the Contractor prior to signing of the Contract. The State fiscal year is October 1st through September 30th. The Contractor(s) should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.

2.302 CONTRACTOR RESPONSIBILITIES

The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve subcontractors and to require the Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract. Any change in subcontractors must be approved by the State, in writing, prior to such change.

2.303 ASSIGNMENT AND DELEGATION

The Contractor shall not have the right to assign this Contract, to assign its rights under this contract, or delegate any of its duties or obligations under the Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Acquisition Services.

The Contractor shall not delegate any duties or obligations under the Contract to a subcontractor other than a subcontractor named and approved in the bid unless the Director of Acquisition Services has given written consent to the delegation.

Bidder must obtain the approval of the Director of Acquisition Services before using a place of performance that is different from the address that bidder provided in the bid.

2.304 TAXES

Sales Tax: For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.



Federal Excise Tax: The State of Michigan may be exempt for Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to the Contractor upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.

The State's Tax Exempt Certification is available for vendor viewing upon request to the Contract Administrator.

2.305 INDEMNIFICATION

General Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

1. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract.
2. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
5. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States.



In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of 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 the 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 sub clauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other sub clause.

Continuation of Indemnification Obligation

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

Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract.

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to so notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the Defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim



and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor shall promptly reimburse the State for all such reasonable costs and expenses.

2.306 LIMITATION OF LIABILITY

Except as set forth herein, neither the Contractor nor the State shall be liable to the other party for indirect or consequential damages, even if such party has been advised of the possibility of such damages. Such limitation as to indirect or consequential damages shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; to Contractor's indemnification obligations (2.305); or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

2.307 CONTRACT DISTRIBUTION

Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Acquisition Services.

2.308 FORM, FUNCTION, AND UTILITY

If the Contract is for use of more than one State agency and if the good or service provided under this Contract do not meet the form, function, and utility required by a State agency, that agency may, subject to State purchasing policies, procure the good or service from another source.

2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the bidder hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.

2.310 RESERVED

2.311 TRANSITION ASSISTANCE

If this Contract is not renewed at the end of this term, or is canceled prior to its expiration, for any reason, the Contractor must provide for up to three (3) months after the expiration or cancellation of this Contract, all reasonable transition assistance requested by the State, to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees.



Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this Contract, (notwithstanding this expiration or cancellation) except for those Contract terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for Contract performance.

2.312 WORK PRODUCT

Work Products shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State. If by operation of law any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon creation thereof, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights. The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.

Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies (collectively, the "Development Tools") created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to exercise its rights in the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein. The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.

2.313 RESERVED

2.314 WEBSITE INCORPORATION

State expressly states that it will not be bound by any content on the Contractor's website, even if the 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.

2.4 Contract Review and Evaluation

2.401 CONTRACT COMPLIANCE INSPECTOR

Upon receipt at Acquisition Services of the properly executed Contract Agreement(s), the person named below will be allowed to oversee the Contract performance on a day-to-day basis during the term of the Contract. However, overseeing the Contract implies **no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Acquisition Services.** The Contract Compliance Inspector for this project is:

Gonzalo Llano, Administrator
Michigan Department of Treasury
Unclaimed Property Division
7285 Parsons Dr.
Dimondale, MI 48821
Phone: 517- 636-5307
E-mail: LlanoG@michigan.gov.



2.402 PERFORMANCE REVIEWS

Acquisition Services in conjunction with the Department of Treasury may review with the Contractor their performance under the Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Contractor's past performance with the State. Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.

Upon a finding of poor performance, which has been documented by Acquisition Services, the Contractor shall be given an opportunity to respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by Acquisition Services, the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS

The Contractor agrees that the State may, upon 24-hour notice, perform an audit at Contractor's location(s) to determine if the Contractor is complying with the requirements of the Contract. The Contractor agrees to cooperate with the State during the audit and produce all records and documentation that verifies compliance with the Contract requirements.

2.5 Quality and Warranties

2.501 PROHIBITED PRODUCTS

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Acquisition Services has approved a change.

2.502 RESERVED

2.503 RESERVED

2.504 GENERAL WARRANTIES (goods)

Warranty of Merchantability – Goods provided by vendor under this agreement shall be merchantable. All goods provided under this contract shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the vendor or on the container or label.

Warranty of fitness for a particular purpose – When vendor has reason to know or knows any particular purpose for which the goods are required, and the State is relying on the vendor's skill or judgment to select or furnish suitable goods, there is a warranty that the goods are fit for such purpose.

Warranty of title – Vendor shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by vendor shall be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by vendor, under this agreement, shall be delivered free of any rightful claim of any third person by of infringement or the like.

2.505 CONTRACTOR WARRANTIES

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



1. The Contractor will perform all services in accordance with high professional standards in the industry;
2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;
3. The Contractor will use its best efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;
4. The Contractor will use its best efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
5. The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;
6. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
7. The Contractor has duly authorized the execution, delivery and performance of the Contract;
8. The Contractor is capable in all respects of fulfilling and shall fulfill all of its obligations under this contract.
9. The contract appendices, attachments, and exhibits identify all equipment and software services necessary for the deliverable(s) to perform and operate in compliance with the contract's requirements.
10. The Contractor is the lawful owner or licensee of any Deliverable licensed or sold to the state by Contractor or developed by Contractor under this contract, and Contractor has all of the rights necessary to convey to the state the ownership rights or license use, as applicable, of any and all Deliverables.
11. If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items as set forth in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
12. The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter this contract, on behalf of Contractor.
13. The Contractor is qualified and registered to transact business in all locations where required.
14. Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
15. All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the ITB or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor.



All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.

2.506 RESERVED

2.507 SOFTWARE WARRANTIES

(a) Performance Warranty

The Contractor represents and warrants that Deliverables, after Final Acceptance, will perform and operate in compliance with the requirements and other standards of performance contained in this Contract (including all descriptions, specifications and drawings made a part of the Contract) for a period of ninety (90) days. In the event of a breach of this warranty, Contractor will promptly correct the affected Deliverable(s) at no charge to the State.

(b) No Surreptitious Code Warranty

The Contractor represents and warrants that no copy of licensed Software provided to the State contains or will contain in any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in this Contract as the "No Surreptitious Code Warranty."

As used in this Contract, "Self-Help Code" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than the licensee of the software. Self-Help Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

As used in this Contract, "Unauthorized Code" means any virus, Trojan horse, spyware, worm or other Software routines or components designed to permit unauthorized access to disable, erase, or otherwise harm software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code.

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the State.

(c) Calendar Warranty

The Contractor represents and warrants that all software for which the Contractor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure calendar year rollover compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.



(d) Third-party Software Warranty

The Contractor represents and warrants that it will disclose the use or incorporation of any third-party software into the Deliverables. At the time of Delivery, the Contractor shall provide in writing the name and use of any Third-party Software, including information regarding the Contractor's authorization to include and utilize such software. The notice shall include a copy of any ownership agreement or license that authorizes the Contractor to use the Third-party Software.

2.508 RESERVED

2.509 PHYSICAL MEDIA WARRANTY

Contractor represents and warrants that each licensed copy of the Software provided by the Contractor is free from physical defects in the media that tangibly embodies the copy. This warranty does not apply to defects discovered more than thirty (30) days after that date of Final Acceptance of the Software by the State. This warranty does not apply to defects arising from acts of Excusable Failure. If the Contractor breaches this warranty, then the State shall be entitled to replacement of the non-compliant copy by Contractor, at Contractor's expense (including shipping and handling).

2.6 Breach of Contract

2.601 BREACH DEFINED

Failure to comply with articles, sections, or subsections of this agreement, or making any false statement in this agreement will be considered a material breach of this agreement giving the state authority to invoke any and all remedies available to it under this agreement.

In addition to any remedies available in law and by the terms of this contract, if the Contractor breaches Sections 2.508, 2.509, or 2.510, such a breach may be considered as a default in the performance of a material obligation of this contract.

2.602 NOTICE AND THE RIGHT TO CURE

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.

2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.



2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.7 Remedies

2.701 CANCELLATION

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

1. Material Breach by the Contractor. In the event that the Contractor breaches any of its material duties or obligations under the Contract, which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all costs incurred by the State in canceling the Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any additional costs the State may incur to procure the services required by this Contract from other sources. All excess re-procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.

In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of 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. Cancellation For Convenience By the State. 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 shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.



3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.
4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to 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 of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.
5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

2.702 RIGHTS UPON CANCELLATION

Termination Assistance. If this Contract (or any Statement of Work issued under it) is terminated for any reason prior to completion, Contractor agrees to provide for up to six (6) months after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of this Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. Such termination assistance shall be at no additional charge to the State if the termination is for Contractor's Default pursuant to Section 2.602; otherwise the State shall compensate Contractor for such termination assistance on a time and materials basis in accordance with the Amendment Labor Rates identified within this Contract agreement.

2.703 RESERVED

2.704 RESERVED

2.705 SUSPENSION OF WORK

The Contract Administrator may order the Contractor, in writing, to suspend, delay, or interrupt all or any part of the work of this contract for the period of time that the Contract Administrator determines appropriate for the convenience of the Government.

If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of the Contract Administrator in the administration of this contract, or (2) by the Contract Administrator's failure to act within the time specified in this contract (or within a reasonable time if not specified), an adjustment shall be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the contract modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Contractor, or for which an equitable adjustment is provided for or excluded under any other term or condition of this contract.

A claim under this clause shall not be allowed:



- (1) For any costs incurred more than 20 days before the Contractor shall have notified the Contract Administrator in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order); and
- (2) Unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under the contract.

2.8 Changes, Modifications, and Amendments

2.801 APPROVALS

The Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

2.802 TIME EXTENTIONS

Time extensions for contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of performance as described in the statement of work. The change order granting the time extension may provide that the contract completion date will be extended only for those specific elements related to the changed work and that the remaining contract completion dates for all other portions of the work will not be altered. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.

2.803 MODIFICATION

Acquisition Services reserves the right to modify this contract at any time during the contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases. **IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.**

The State reserves the right to add an item(s) that is not described on the item listing and is available from the Contract vendor. The item(s) may be included on the Contract, only if prior written approval has been granted by Acquisition Services.

2.804 AUDIT AND RECORDS UPON MODIFICATION

DEFINITION: records includes books, documents, accounting procedures and practices, and other data, regardless of whether such items are in written form, electronic form, or in any other form

Contractor shall be required to submit cost or pricing data with the pricing of any modification of this contract to the Contract Administrator in Acquisition Services. Data may include accounting records, payroll records, employee time sheets, and other information the state deems necessary to perform a fair evaluation of the modification proposal. Contract Administrator or authorized representative of the state shall have the right to examine and audit all of the contractor's records, including computations and projections, related to:

1. The proposal for modification;
2. The discussions conducted on the proposal, including those related to negotiation;
3. Pricing of the modification; or
4. Performance of the modification.

Contractor shall make available at its office at all reasonable times the materials described in the paragraphs above.

If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

**2.805 CHANGES**

- (a) The Contract Administrator may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the contract, including changes:
 - (1) In the specifications (including drawings and designs);
 - (2) In the method or manner of performance of the work;
 - (3) In the Government-furnished facilities, equipment, materials, services, or site; or
 - (4) Directing acceleration in the performance of the work.

- (b) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contract Administrator that causes a change shall be treated as a change order under this clause; Provided, that the Contractor gives the Contract Administrator written notice stating:
 - (1) The date, circumstances, and source of the order; and
 - (2) That the Contractor regards the order as a change order.

- (c) Except as provided in this clause, no order, statement, or conduct of the Contract Administrator shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment.



Article 3 – Additional Terms and Conditions

3.1 Disclosure Issues

3.101 CONFIDENTIALITY

Contractor and the State each acknowledge that the other possesses and will continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor shall mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) that is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State shall mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State pursuant to applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State pursuant to its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. In the case of information of either Contractor or the State "Confidential Information" shall exclude any information (including this Contract) that is publicly available pursuant to the Michigan FOIA.

Protection of Confidential Information

The State and Contractor will each use at least the same degree of care to prevent its closing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the 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) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access thereto in order to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect such Confidential Information from unauthorized use or disclosure.

News releases

News releases (including promotional literature and commercial advertisements) pertaining to the ITB and Contract or project to which it relates shall not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the ITB and Contract are to be released without prior written approval of the State and then only to persons designated.

Exclusions

Notwithstanding the foregoing, the provisions of this Section will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was 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) was independently developed by the receiving party without reference to Confidential Information of the furnishing party.



Further, the provisions of this Section will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose such Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of such disclosure as reasonably requested by the furnishing party.

No Implied Rights

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

Remedies

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).

Survival

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

Destruction of Confidential Information

Promptly upon termination or cancellation of the Contract for any reason, Contractor shall certify to the State that Contractor has destroyed all State Confidential Information.

3.102 FREEDOM OF INFORMATION ACT

All information in a bidder's proposal and the Contract is subject to the provisions of the Freedom of Information Act. 1976 Public Act No. 442, as amended, MCL 15.231, et seq

3.2 Vendor/Contractor Compliance with Laws

3.201 GENERALLY

Contractor/vendor shall keep informed of federal, state, and local laws, ordinances, rules, regulations, orders, and decrees of bodies or tribunals having any jurisdiction/authority that in any manner affects those engaged in or employed on the work done under this agreement or that in any manner affects the conduct of the work done under this agreement. Contractor shall observe and comply with such laws, ordinances, rules, regulations, orders, and decrees. Contractor shall indemnify the state for any civil claim or liabilities arising from a violation of such laws, ordinances, rules, regulations, orders, or decrees, whether by itself or its employees, even if wholly or in part caused by a violation of such laws, ordinances, rules, regulations, orders, or decrees by the state or its agents or representatives.

3.307 LIABILITY INSURANCE

A. Insurance

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether such services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.



The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract.

All insurance coverage provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance shall be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. Companies that have been approved to do business in the State shall issue all policies of insurance required in this Contract.

See www.michigan.gov/cis

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits.

Before both parties sign the Contract or before the purchase order is issued by the State, the Contractor must furnish to the Director of Acquisition Services, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverage afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

The Contractor is required to pay for and provide the type and amount of insurance checked **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)

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED(S) on the Commercial General Liability certificate. The 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 or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The 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 the employees and employers work activities in the state of the 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 of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The 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

B. Subcontractors

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) shall fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

C. Certificates of Insurance and Other Requirements

Contractor shall furnish to the Office of Acquisition Services certificate(s) of insurance verifying insurance 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, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds, but only to the extent of liabilities assumed by Contractor as set forth in Indemnification Section of this Contract, under each commercial general liability and commercial automobile liability policy. In the event the State approves the 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 throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract.



The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice,

the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.



Appendix A			
Price Proposal for Unclaimed Property Custodian			
Tasks	Monthly Unit Cost	Estimated Monthly Volume	Estimated Monthly Subtotals
1. Monthly Maintenance Fee			
a. for securities held at DTC	\$6	300	\$1,800
b. for physical securities held	\$6	30	\$180
2. Corporate Actions			
a. for securities held at DTC	\$0	20	\$0
b. for physical securities held	\$0	5	\$0
3. Receipt of Securities			
a. through DTC account	\$15	40	\$600
b. physical securities	\$15	20	\$300
4. Liquidation of Securities			
a. for securities held at DTC	\$15	50	\$750
b. physical securities	\$15	10	\$150
5. Transfer of Securities to Claimant's name			
a. for securities held at DTC	\$20	10	\$200
b. for physical securities	\$20	5	\$100
6. Medallion Signature Guarantee Requests			
	\$0	2	\$0
7. Other Charges (please explain)			
	\$		\$
	\$		\$
	\$		\$
Estimated Monthly Grand Total			\$4,080
Annual Account Charge*			
	\$1,500		
*ACS will assign two User ID's for access to Workbench as we feel that this is a valuable tool to be utilized by the State to assist in maintaining an unclaimed property portfolio. ACS will provide training to the State of Michigan on-site or via WEBEX in order to ensure that the State understands the uses of Workbench.			

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APPENDIX B, Contractor's Proposal

1.101 IN SCOPE

Services of a qualified securities custodian to account for securities and related dividends and interest remitted by holders of unclaimed property to the UPD to include, but are not limited to the following:

1. To accept and deposit securities and related dividends/interest remitted to the UPD.
 2. To account for securities and related dividends/interest remitted to the UPD.
 3. To liquidate or transfer securities to unclaimed property owners at the direction of the Contract Compliance Inspector or designee.
 4. To account for all corporate actions, including mergers, stock splits, cash and stock dividends, spinoffs, etc.
-

ACS currently provides and will continue to provide all of these services to the Michigan Department of Treasury, Unclaimed Property Division if awarded this contract, in the manner set forth in the following sections. Each of these requirements and the way in which ACS provides these services is described in full detail in the following Section Work and Deliverables.

ACS will furnish all labor, materials and resources necessary to provide the Treasury with all aspects of unclaimed securities management and custody services. ACS will receive, deposit, account for, sell and remit proceeds of publicly traded securities as well as thinly traded, closely held or private securities.

ACS will continue to collect all dividends and all cash related items and remit to the UPD at the end of each month. ACS will continue to liquidate and transfer securities to unclaimed property owners at the direction of the Contract Compliance Inspector or designee on behalf of the UPD. ACS will also continue to account for all corporate actions including mergers, stock splits, cash, stock dividends, spinoffs, etc. Throughout the next section, we have provided full detail on the method and approach that ACS has developed in order to provide these services and continue to be the leading unclaimed property custodian in the nation.



1.102 OUT OF SCOPE**Optional – Remote Computer Access**

Please indicate if it is possible for the UPD staff to have inquiry access from a remote computer into the proposed custodian account. If so, please indicate the cost/charges involved and provide a list of the computer equipment, network environment and resources needed by the State in order to accomplish this.

ACS currently provides Remote Computer Access using an internet-based connection and will continue to provide this access to the Michigan Department of Treasury, if awarded this contract.

ACS will provide the Treasury with the ability to connect electronically to Workbench, Mellon's Internet-based product for institutional clients and their investment managers. ACS has sent the UPD paperwork to obtain user ID's and passwords and has not yet received a response. Currently, ACS performs all inquiries into the account and communicates that information to UPD. ACS strongly encourages the UPD to obtain user ID's in order to access account information. Workbench can also be used to monitor ACS and response to the input of transaction requests and sales.

Workbench is an integrated site on the web that allows the State to have inquiry-only access to a variety of intellectual properties, reports, and transactions. This Client Reporting application is placed on a secure site on the World Wide Web. Using an existing Internet connection, this system operates directly from your Internet Explorer or Netscape Navigator browser, and requires no additional software installation. This allows the Treasury access without installing separate applications and requires no updates to be made thus allowing access for the Treasury immediately once we receive the required information.

All report information is additionally available to the State on a 24x7 basis using Workbench. ACS will provide on-site training for more full utilization of Workbench, can schedule a conference call or use Webex to providing training. This training is included in our current services and we encourage the Treasury to participate in a training session to see the full potential of utilizing a robust tool such as Workbench to provide assistance in maintaining the State's portfolio and for other related tasks.

The Treasury is be required to complete a list which ACS will provide an additional copy of, identifying any authorized individuals to have the ability to gain access to view information contained in the Treasury's accounts. The Treasury can select from a library of available reports to query, sort and download account data. The Treasury may run these reports on demand or schedule them to run at a later time or on a permanent basis, for assistance with the reconciliation process. Workbench Reporting offers the enhanced reporting capabilities of quickly changing the logical sort order within a report and drilling down as many as two levels to see selected data in greater detail.

A sample of the reports available has been provided in Exhibit E, Workbench/Online Capabilities.



This system provides the UPD with online access to a powerful, flexible, and fully integrated system of custody, and accounting information. With online access to our system, the Treasury can easily retrieve any type of information required about a particular portfolio, a particular investment, even a single transaction. Our state-of-the-art information delivery management system, delivers reliable and timely information in a daily world. The system's architecture leverages and integrates the most advanced mainframe and personal computer technologies and combines information from all of our databases into a single database management system. Thus, the Treasury will be able to access information and reports required to effectively administer, manage, reconcile, evaluate and report on your account. With online access, the Treasury will easily retrieve the account cash balances (cash and security value); account history (activity dating back two years); and current positions. In addition to those items, a wealth of information including the following types of data is also available:

- Domestic and global holdings (access to 15 months of historical holdings)
- Real-time cash and custody activity (such as cash forecast, cash availability, settled transactions, status of security registration, and failed trades)
- Dividends and Interest Received
- Foreign Exchange Transactions
- Tax Reclaims



- Shows all corporate actions, e.g., stock splits, mergers, dividends, etc. as they occur; including the period of time between trade date and settlement date
- Full multicurrency reporting in up to four currencies per transaction
- One statement detailing all investments, regardless of origin
- Marketed list of assets available in local and/or base currency

Additional features include the following:

- Provides online, on-demand access to comprehensive trust and custody information
 - Customized menus
- Leverages Microsoft Windows environment providing:
 - Graphical user interface
 - Multi-tasking capability
 - Common user access
 - Full integration of data with industry standard software packages
- Fully exploits ease of use and the presentation-quality report creation capabilities of personal computers
- Information can be automatically downloaded on demand
- Compatible with a Local Area Network so multiple users can use the system simultaneously
- Full service, support and training provided at no extra cost

Please refer to Exhibit E for sample standard reports available through Workbench.

1.104 WORK AND DELIVERABLE

- 1) Establish a custodian account for the Michigan Department of Treasury, Unclaimed Property Division. Contractor will not deduct charges and fees from the custodian account, except in those instances where the charges stem from redemption or sale transactions. These charges and fees shall be billed separately. Please provide a sales commission chart for the charges stemming from a redemption or sale transactions.

The Michigan Department of Treasury, Unclaimed Property Division has been assigned its own unique account number AUZF0241702 that holders can use to remit securities to and for ACS to maintain all securities on behalf of the Treasury. The account is maintained by ACS solely for the State of Michigan and will be used for no other purpose than to receive, deliver, transfer, and liquidate shares on behalf of the State. ACS will continue using this account on behalf of the Treasury to receive, transfer, and liquidate securities; all corporate actions will occur in this account; and all income will be posted to this account, if awarded this contract.



ACS will not deduct charges and fees from this account except in those instances in which the funds stem from redemption or sale transactions. Any charges will be billed separately. A sales commission chart has been provided as part of the Compensation and Payment section of this proposal which is Section G.

All accounts, including that of the Treasury, are reconciled on a daily basis to ensure that all income is properly allocated and credited and all securities transactions are settled properly. The Unclaimed Property Division will have access to view this account at any time using our Workbench product described throughout this proposal and in detail in Exhibit E.

ACS will maintain a segregated account of all net balances in the name of the Treasurer, which shall not be available for general use of anyone but exclusively for use of the Treasurer as the registration would prevent another individual from using such account. ACS maintains strict guidelines for these accounts as the majority of unclaimed property accounts may not be invested. ACS ensures that these accounts are maintained in the way in which the Treasurer directs. ACS will act upon instructions of the Treasurer to transfer funds or issue checks out of the Treasurer's account.

ACS requests authorized signer's lists including signature samples and dollar limits for any individuals authorized to initiate transactions. These lists are incorporated into our daily procedures. ACS requires such lists to ensure that we meet not only our internal audit guidelines but those audit guidelines of our state clients such as the State of Illinois as well.

The cash balance in this account will be reflected in the monthly statements that the Treasurer receives or is available on-line at any time for authorized individuals to access for current balance information and to assist with reconcilements.

Custody Management System

Due to the knowledge gained from providing unclaimed securities custody for over a dozen years, ACS has ensured that the system we utilize to perform custody services for our clients is tailored to meet the unusual needs of an unclaimed securities portfolio and properly supports the staff servicing our clients.

Mellon's Custody Management System (CMS) is the internally developed, online security movement and control system, which provides real-time trade status, security positions, and multicurrency cash movements.

As the initial transaction repository, CMS is the most thorough information processor in the industry. CMS allows the user to monitor a trade from inception to settlement. CMS provides:

- Real-time asset positions
- Cash availability and forecasting



- Trade monitoring
- Intra-day interface with multicurrency accounting system

It transmits data in a real-time mode to Mellon's securities lending, investment accounting, and online reporting systems. CMS was created exclusively for the institutional trust and custody business and was designed to integrate new security types while becoming Mellon's informational foundation.

CMS has automated links with all the major depositories including the Fed Book Entry System, DTC and Euroclear. In addition, most inbound and all outbound communications with the Contractors sub-custodian network are fully automated on the system. CMS can also accommodate the receipt of trade information from clients through PC to CMS uploads and/or mainframe-to-mainframe transmissions.

2) Use same account for the duration of contract.

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

The UPD has been assigned a unique account number and nominee name for use by the Michigan Department of Treasury only. ACS sets up account for each of its clients, keeps these accounts separate and uses these only upon instruction of the state to receive, deliver and liquidate unclaimed securities. These accounts are used for no other purpose and will not be used for any other purpose for the duration of the contract.

3) Record each security by CUSIP number, name of issue, number of shares, and type of security (i.e. common stock, preferred stock, bonds, debentures and warrants).

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS records each security received by cusip number, name if issue or security, number of shares, type of security, date received and the method of receipt. The method of receipt may be directly from the state or directly from transfer agent or holder in physical form, via DTC with information on the delivering broker, and from the Clearinghouse which will include information from the report to provide easier tracking for the UPD.

ACS includes all of this information on each transaction to provide a full description of all activity. This allows the UPD to match this information against the holder reports and ensure that Treasury has received all of the securities that the holder indicated they were reporting or delivering. If the UPD does not see the delivery of a position that the holder



indicated they were reporting, the UPD can go back to the holder and ascertain the reason that they are not in compliance.

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- 4) Provide accounting for the following types of securities: stocks, mutual funds, bonds, debentures and warrants (see section 1.003.2 for report requirements).
-

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS currently provides all aspects of maintaining an unclaimed securities portfolio including physical, DTC and mutual funds processing for the State of Michigan. To simplify this process ACS has assigned an account administrator for this state that handles both lines of the business. The administrator performs all transfers, deliveries, deposits and liquidations for this account. Centralizing the work to one person has simplified the process for the state.

ACS offers online access for the state to view the activity on their account. All transactions are available on-line so that they may be viewed once they are posted and settled to the account. The Treasury can use this reports to update their internal claims' system periodically.

This section will describe in detail the process that ACS has created for the receipt, maintenance, delivery and liquidations that are required in maintaining an unclaimed securities portfolio.

Securities Safekeeping

ACS has a fiduciary responsibility to ensure that all assets are properly held in safekeeping and that all assets are accurately reported on our system. These two objectives are accomplished as a result of constant interaction via electronic links with our physical vaults, international sub-custodians, and various domestic and international depositories. Our extensive and consummate automated communication links with these depositories, as well as our sound reconciliation processes, give us extreme confidence in the cash and security positions being tabulated and reported on our custody system.

Upon research and deposit of the certificates for the State, there may be instances in which the security has undergone a corporate action. ACS will process the corporate action so that the State is in receipt of the currently entitled security position in order to make that eligible for transfer to an owner or to be liquidated. Depending upon the length of time that the State holds the positions, there may additionally corporate actions that occur while the security positions are being held in the Treasury's account. ACS will process these transactions as well. There are voluntary corporate actions as well as mandated corporate actions. Both are described in details throughout this section.

ACS will provide record keeping of keeping of securities, deposit dates, trade dates and settlement dates. As stated previously, ACS has assigned Montana its own unique account number in order to keep track of all the State's assets. The Custody Management



System previously described on Page 11, *Custody Management System*, maintains all records of securities including the date of deposit and dates of any movement or changes to the security. The State has direct access to this information by accessing Workbench, our on-line inquiry tool.

The depositories that Mellon currently uses are as follows:

Depository	Membership Since	Membership Type
Depository Trust Company (DTC)	1975	Direct Participant
Federal Reserve Book Entry System	1976	Direct Participant
Euroclear	1981	Direct Participant
First Chicago Clearing Center	1983	Direct Participant
Canadian Depository for Securities (CDS)	1990	Direct Participant

All depository eligible securities are held in our account at each depository. Mellon's DTC Participant number is #954. This account is used to maintain all positions at DTC for the State and will continue to be used if awarded this contract.

ACS will collect all income including but not limited to coupons, dividends, cash in lieu, cash exchanges, etc., and allocate all income to the Treasury's account. All income balances are reconciled on a daily basis to ensure that the Treasury's account has been properly credited with the appropriate income. All income will be posted to the Treasury's account on payable date. More information on the settlement policies was provided in Settlement Policies on Page 16.

All transactions are available on-line so that they may be viewed once they are posted and settled to the account. Information such as the number of shares or units that the income is being paid on, the record and payable date, income amount and market value of asset may be viewed to assist with any reconciliements. This is further described and illustrated in Exhibit E. All of these transactions will be included in the monthly reporting package, a sample of which is provided as Exhibit F.

ACS will post physical income received for certificates that are being held in the vault. Depending upon the registration of these certificates, the physical checks would come directly to ACS and we would post the income or the checks may be delivered to the Treasury if the registration address is that of the Treasury. ACS will also post this income from the physical checks to the Treasury's account once received.

Additionally, ACS understands that with unclaimed property, there are instances in which physical income may be received when neither the Treasury nor the custodian is in receipt of the underlying shares. Holders may issue the certificate and not deliver it, it may be in transit, or may be lost. ACS will act upon instructions from the Treasury in this instance. ACS will post the income to the Treasury's account and assist the Treasury with identifying the underlying property or shares to ensure that the Treasury will be able to track the property for eventual deposit of said property. This is a tool that the Treasury can utilize to trace property that was never received by holders and ACS will assist the



Treasury in identifying this property.



ACS can deliver these proceeds within seven business days of receipt of the dividend or interest but our current operating agreement provides for delivery on a monthly basis with all reports and sale proceeds. Delivering these payments within a specific number of days of settlement may require that ACS issue a check or wire on a daily basis to deliver to the State which increases costs and may create more work for the State. The price that ACS has submitted accounts for operating under the current agreement but ACS can develop other models to comply with this agreement and adjust our fees accordingly.

-
- 5) Accept securities through DTC (Depository Trust Company) from holders and reporting entities.
-

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS accepts securities in physical form as well as through DTC from holders, agents and other reporting entities. ACS will coordinate receipt of all securities based upon the instructions provided by the Unclaimed Property Division. ACS will receive securities via DTC using our Participant #0954 and settle these positions to the Division of Revenue's account. ACS will also receive the physical securities delivered to the Unclaimed Property Division and deposit those securities immediately to DTC whenever possible. Any certificate being received for re-registration and deposit to DTC will be delivered to our vault facility in New York City and follow the procedures for Physical Securities Processing listed in this section.

If there is additional paperwork required in order to deposit these securities to DTC, ACS will coordinate with the Unclaimed Property Division to ensure the timely deposit of such securities. In an instance in which a security is ineligible for DTC deposit, ACS will inform the Unclaimed Property Division of the reason for the rejection by DTC and deposit to the vault unless otherwise instructed by the Unclaimed Property Division.

DTC Receipt

ACS believes that the use of central depositories and book entry processing offers significant benefits to our clients in terms of both timeliness and security. Thus, we clear and deposit 100% of all depository eligible securities through the appropriate depository. We receive electronic position and activity transmissions from these depositories on a *daily* basis, therefore all depository positions and activities can be reconciled immediately.

ACS' subcontractor Mellon, was among the first custodian banks to position all eligible securities in the Depository Trust Company in 1975, and will continue to be totally committed to the use of central depositories and book-entry processing for all eligible securities. They participate *directly* with *all* domestic depositories and are linked to foreign depositories through their sub-custodian banks in their global network.



The depositories that Mellon currently uses are as follows:

Depository	Membership Since	Membership Type
Depository Trust Company (DTC)	1975	Direct Participant
Federal Reserve Book Entry System	1976	Direct Participant
Euroclear	1981	Direct Participant
First Chicago Clearing Center	1983	Direct Participant
Canadian Depository for Securities (CDS)	1990	Direct Participant

All depository eligible securities will be held in our account at each depository. ACS/Mellon's DTC Participant number is #0954. This account will be used to maintain all positions at DTC for the Unclaimed Property Division if awarded this contract.

In order to ensure timely settlement of positions in the Unclaimed Property Division's account that are being delivered via DTC, ACS typically will receive a list of securities being delivered to the State daily via fax machine or other agreed upon communication method. ACS requests that you or the holder notify your Client Liaison, Joseph Scorzoni at least 48 hours in advance of sending the assets for deposit so that ACS will then set up the instructions for the securities to be received and settled into the Treasury of Treasury's account. If a position comes in via DTC for the Treasury's account, ACS can then set up the instructions to receive the position and it will then settle. If a receipt is set up prior to the position being delivered, it will automatically settle to the Treasury's account. This ensures timely settlement and eliminates any possibility of securities coming in without enough information to settle to the Division of Revenue's account.

The State or holder may send these listings of securities to Montana's dedicated Client Liaison, Lindsay Corcoran at (617) 722-9660. Lindsay is responsible for the day-to-day maintenance of the Treasury's account. All contractual matters should be forwarded to Michelle Colbert, Vice President, ACS Unclaimed Property Clearinghouse, 260 Franklin Street, Boston, MA 02110.

ACS would encourage the delivery of securities to claimants using DTC as well. This decreases the turnaround time and reunites the owner with their property within 24 hours of receipt of the transaction rather than waiting for a certificate to be issued. ACS would encourage that a claimant be asked for their brokerage account information so as to speed this process. ACS currently has a field on our online request form which is described in further detail on Exhibit E asks for this information.

Actual Settlement Policy

U.S. Settlement Policy

We offer actual settlement processing services for all U.S. based depository eligible securities. We require that instructions be received before our trading deadlines for settlement. This is an important requirement for state unclaimed property programs as



there are many instances in which ACS will receive instructions that a holder is reporting securities on behalf of the Treasury. ACS will set up the receipt and wait for the securities to be received in order to settle the trade. Due to the nature of unclaimed property, those receipts may remain pending on our system for weeks until the holder actually reports the property to the State. In a contractual settlement arrangement, those securities would appear in the State's account and the State may want to liquidate or pay a claimant on those securities when in fact, they are not currently holding that position.

Actual settlement will apply to both purchase and sale transactions. In an actual settlement environment, we will debit or credit cash from/to your account based on the actual settlement date of the security transaction.

ACS offers a timely income credit schedule for all security types. Our income collection system enables us to account for all income before the payable date. All interest and dividends, collected through a domestic depository and/or paid by wire, are credited and available for investment on the payable date. All income collected on non-depository eligible securities will be credited to the State upon receipt.

Non-U.S. Settlement Policy

ACS offers actual settlement for foreign security transactions. We define "actual settlement" processing as affecting the cash portion of the trade on its actual settlement date.

We offer actual settlement of buys, sells, foreign exchange transactions, maturities for issues that are publicly traded on recognized exchanges in the *United States* and the following markets:

Australia	Denmark	Hungary	New Zealand	Slovenia
Austria	Ecuador	Ireland	Norway	South Africa
Bangladesh	Egypt	Israel	Panama	Spain
Belgium	Estonia	Italy	Peru	Sweden
Bermuda	Euroclear*	Japan	Philippines	Switzerland
Canada	Finland	Jordan	Poland	Turkey
China (Shanghai)	France	Luxembourg	Portugal	United Kingdom
China (Shenzen)	Germany	Malaysia	Romania	United States
Czech Republic	Greece	Mauritius	Singapore	Uruguay
	Hong Kong	Netherlands	Slovak Republic	Thailand

***In csd-eligible markets**



Euro currency and all countries that use Euro are processed on a CSD basis.

Our Actual Settlement Date offering will credit or debit cash from or to your account on the actual settlement date of the transaction.

The State currently sends securities to the Mellon Bank Vault located in the heart of the financial district in New York via overnight delivery. A dedicated messenger will deliver the securities to DTC where they will be reviewed for negotiability and deposited. The security position will then be updated in your custody account. If the State wishes to monitor the deposit process, you may either contact your Account Administrator, Lindsay, Corcoran or you also have the ability to access the information using Workbench, our online inquiry system.

-
- 6) Accept and deposit securities registered in either custodian's name, State of Michigan's name, its nominee name, or unclaimed property owner's name.
-

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS will receive all physical certificates registered in the name of the State of Michigan and will deposit those certificates to DTC. These certificates require legal documentation or paperwork in order to make them negotiable and eligible for ACS to deposit to DTC. ACS works with the State to obtain the required stock powers and letter of incumbency for each certificate being deposited. ACS understands the process can be somewhat time consuming for the State to complete and obtain signatures. Because of this time consuming requirement, ACS has set up a nominee name that was chosen by the Treasury, Spartans & Co. This nominee is assigned to the State of Michigan solely and is used by the holders to register the securities to the State. By using this nominee name, ACS is able to deposit the securities without obtaining the legal documentation from the State. This makes the deposits a much simpler and faster process. The positions may also be received via DTC using the account number above with our DTC participant # 0954.

Annually, ACS reviews each state's reporting instructions to make sure that they are accurate and recommends any changes that other states have received positive feedback from. ACS will ensure that reporting the securities is as simple as possible to encourage more holders to remit as well as encourage them to remit via DTC. A full detailed description of the receipt and deposit process is provided throughout this section.

Physical Securities Processing

ACS will continue to work with the Unclaimed Property Division and its holders to decrease the number of physical certificates received and deposited to our vault facility located at Mellon Securities Trust Co., in New York City. ACS would encourage the



Treasury of Treasury to update the holder reporting instruction to reflect the vault address for all physical certificates being reported by holders to the Treasury of Treasury. This will decrease the amount of time that the security would be registered physically in the state's name and decrease the tracking of income that is associated with physical certificates. If the Unclaimed Property Division receives certificates, to provide a secure means of delivery, we propose that a daily shipment of securities be couriered or delivered via overnight, insured mail from the Department of Treasury to our vault facility in New York, New York depending upon volumes. We understand that there are peak times associated with the receipt of unclaimed property. Unlike most firms that may have a limit in the number or receipts they can process daily, we have modified our procedures to allow for those receipts and to be able to provide our clients with timely receipts and deposits at all times without interruption.

ACS researches each certificate or position to ensure that it is current, valid and negotiable. This provides assurance that the State will not oversell a position or sell a position that is not actually in the Treasury's account and then be responsible for providing transaction. As ACS works each day with not only the 20 state unclaimed property programs that we provide custody services to, we work with 49 state unclaimed property programs and additionally the Commonwealth of Puerto Rico and District of Columbia as part of other services. This provides ACS with full exposure to the uniqueness of unclaimed property and the exception processing associated. There are many instances in which ACS will receive a certificate which has since been cancelled, exchanged, stopped and replaced, is worthless, chilled or has undergone some type of corporate action. ACS investigates and has created procedures to ensure that the State is protected against liquidating any positions that DTC may not recognize as valid or that they identify are no longer negotiable or hold a value. ACS deals with large volumes of certificates that were issued decades ago and are just being reported to the State or that may have been locked away in the State's vault facility and the State would like to deposit or liquidate the positions.

ACS uses many different resources to gather information on the current status of a certificate such as Mellon's corporate action team, DTC direct, Financial Stock Guide, CCH, Xcitek, Bloomberg, Interactive Data – Remote Plus, to name a few. This provides the ability to provide the State with the information of negotiability and liquidity for the State to make a decision on whether to deposit and hold the certificate, to wait for a chill to lift, to liquidate, etc. This also allows the State to immediately update the owner database with the new issue name and value in order to provide up to date information to any owners that may be inquiring if they have a claim or the status of their pending claim.

Mutual Funds

ACS currently provides mutual fund custody services to 8 states. ACS maintains these mutual fund accounts on behalf of the state.

Mutual fund accounts are maintained in the same account as the state's other securities. All securities are able to be viewed on one report; therefore the client does not need to retrieve information from different sources.



All mutual fund positions which are held in Mac & Co are coded UNI in the Security Valuation, however a small number of mutual funds are not eligible to be held in Mac & Co. These funds are coded ANH in the Security Valuation and are processed differently than funds held in Mac & Co. These mutual funds must be processed manually.

Each eligible fund is registered to Mac & Co with the individual state account number. The holders are able to remit directly to Mac & Co and should be instructed to send interested party statements to ACS. The reporting instructions for mutual funds are:

Mac & Co.
 State's account number
 Mutual Fund Operations
 PO Box 3198
 Pittsburg, PA 15230-3198

ACS and the state are able to monitor these deposits on Workbench. Workbench is Mellon's internet-based product; please refer to the section of Sample Reports and the Appendix for more details. ACS will then perform, at the client's request, transfers and liquidations. The following report can be obtained from Workbench to provide confirmations for the receipts of new escheatment:

Mellon		Custody Security Transactions Actual Settle Date Within 8/1/2004 - 10/7/2004			Report ID: ICUS0002 Base Currency: USD
Trans Type	Description		Trade Date Contract Settle Date Actual Settle Date	Shares/Per Local Price/Trade Status Local Net Amt/Comments	
			Total SALE (14)	-2,460.358 31,917.87	Shares/Per Local Net Amt
SD	SECURITY DEPOSIT				
	AIM PREMIER EQUITY FD CL A Broker: NON-BROKER TRADE, BOSTON SecID: 008879306	CMS	1041130022001 4/22/2004 4/22/2004 9/21/2004	7.847 SETTLED 0.000000 PENDING SETTLEMENT CONFIRMATIO 0.00 RECEIVE FOR ACS MUTUAL	
SD	COLUMBIA FDS TR II FED SECS FD CL A Broker: NON-BROKER TRADE, BOSTON SecID: 197640858	CMS	1042590084350 9/15/2004 9/15/2004 9/16/2004	43.117 SETTLED 0.000000 RE-INVESTURE-INVEST 0.00	
SD	MERRILL LYNCH READY ASSET TR SH BEN INT Broker: NON-BROKER TRADE, BOSTON SecID: 590194108	CMS	1042280061688 4/22/2004 4/22/2004 8/31/2004	1.020 SETTLED 0.000000 FUND REREGISTRATION 0.00 RECEIVE FOR ACS MUTUAL	
SD	MERRILL LYNCH READY ASSET TR SH BEN INT Broker: NON-BROKER TRADE, BOSTON SecID: 590194108	CMS	1041130022117 4/22/2004 4/22/2004 8/31/2004	905.390 SETTLED 0.000000 PENDING SETTLEMENT CONFIRMATIO 0.00 RECEIVE FOR ACS MUTUAL	
			Total SECURITY DEPOSIT (4)	957.374 6.88	Shares/Per Local Net Amt

This method of processing mutual funds has reduced the amount of time required to process transfers and liquidations. Because the new method is primarily electronic, there are few delays. Delays in getting documents signature guaranteed, receiving mailed confirmations and the physical handling of checks have been eliminated. Consequently, as the illustration in the following diagram



shows, the time frame for transfers has been reduced from 21 business days to 3-5 business days and the time for liquidations has been reduced to 2-4 business days.

Once ACS receives the transfer or liquidation request from the state, ACS will set up the trade on Workbench. The states can utilize Workbench to monitor the status of each request. The reports can be obtained in Workbench are Pending Trades and Custody Security Transactions. The request will appear in Pending Trades if it is being processed or in Custody Security Transactions if it is completed.

Transactions pending

Mellon		Pending Trades		Report ID: ICUS0040
		All Pending as of 10/5/2004		Base Currency: USD
Tran Type	Description	Contract	Trade Date / Actual Settle Date	Shares/Par / Local Price / Trade Status / Local Net Amt / Comments
SW	AIM EQUITY FDS INC WENGARTEN FD CL A SHS Broker: NON-BROKER TRADE, BOSTON SecID: 001413301	CMS REF: 1042530109498	9/9/2004 / 9/9/2004	1.247 FAILING TRADE - FAILED 0.000000 PENDING SETTLEMENT CONFIRMATIO 0.00 R. MCPHAL WESTI SS: 00
SD	AMERITOR INVT FD SH BEN INT Broker: NON-BROKER TRADE, BOSTON SecID: 03072W106	CMS REF: 1040080049103	1/8/2004 / 1/8/2004	119.838 FAILING TRADE - FAILED 0.000000 PENDING SETTLEMENT CONFIRMATIO 0.00 RECEIVE FOR ACS MUTUAL
SW	EATON VANCE GROWTH FD A Broker: NON-BROKER TRADE, BOSTON SecID: 277902102	CMS REF: 1042880046948	9/24/2004 / 9/24/2004	21.864 FAILING TRADE - FAILED 0.000000 PENDING SETTLEMENT CONFIRMATIO 0.00 BILL CODE MT THEODORE S CUSTODIAN MURITANO D FAX
SW	EVERGREEN FDS HIGH GRADE TAX FREE PORTFOLIO CL 1 Broker: NON-BROKER TRADE, BOSTON SecID: 300237458	CMS REF: 1040920048220	4/1/2004 / 4/1/2004	77.462 FAILING TRADE - FAILED 0.000000 PE TLEMENT CONFIRMATIO 0.00 ST JARROW Q... NV 13820 SS 00

Transfer Completed

Mellon		Custody Security Transactions		Report ID: ICUS0002
		Actual Settle Date Within		Base Currency: USD
		5/10/2004 - 6/8/2004		
Tran Type	Description	Contract	Trade Date / Actual Settle Date	Shares/Par / Local Price / Trade Status / Local Net Amt / Comments
U.S. DOLLAR at TRANSFER AGENT AS UNISSUED SHARES (MUTUAL FUNDS) (DCO) (USD at UNI)				
SECURITY WITHDRAWAL				
SW	EVERGREEN FD INC CLY MD COM Broker: NON-BROKER TRADE, BOSTON SecID: 300238106	CMS 1041400072677	5/19/2004 / 5/19/2004 / 5/26/2004	-80.110 SETTLED 0.000000 PENDING SETTLEMENT CONFIRMATIO 0.00 BILL CODE MT MENOMONEE FALLS SS
Report Total (1)				-80.110 Shares/Par

Liquidation Completed



Mellon		Custody Security Transactions			Report ID: ICUS0002	
		Actual Settle Date Within			Base Currency: USD	
		6/1/2004 - 6/9/2004				
Trade Type	Description	Contract	Settle Date	Trade Date	Shares/Par	Local Price Trade Status
		Actual Settle Date	Actual Settle Date	Local Net Amt	Comments	
U.S. DOLLAR at TBC MUTUAL FUNDS - BOOKENTRY (DCO)(USD at BED)						
SALE						
SELL	DREYFUS FD INC			6/4/2004	-84.286	SETTLED
	Broker: NON-BROKER TRADE, BOSTON	CMS	1041580029918	6/7/2004	9.630069	DAVE MURRAY - 63155
	SecID: 262003106			6/7/2004	612.65	FULL SHARE REDEMPTION
						JM 4-8320
						BILL CODE MS
				Report Total (1)	-84.286	Shares/Par

The dividends are updated automatically on the payable date. ACS does not need to wait for confirmation statements to post dividends to the accounts as before. This new procedure ensures that the dividends are updated in a timely and accurate manner. The state is able check all dividends on Workbench.

7) Secure physical stock and bond certificates in a vault.

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS will secure all physical stock certificates and bond certificates in our vault located at Mellon’s vault facility in New York City. This NYC location makes it easier to deliver securities to agents and DTC for most are located within a few blocks of the facility. This improves processing by decreasing mailing and turnaround times. When any physical security is received at the reception area of the vault, an employee verifies the full description and amount of the security. After passing through the verification process, the security is delivered to the vault’s transfer area where its details are rechecked once again before it is sent out for re-registration and eventual deposit to DTC or other such depository. If there are discrepancies, they will be noted and the UPD contact or designee will be notified for follow up and resolution. ACS will continue to work with UPD to resolve the discrepancy.

From the time of receipt, the securities are coded on our custody system by specific location. The custody system tracks physical certificates through every step of the process (transfer, floor, vault, etc.). Our systems are designed to accommodate all known securities regardless of asset type, currency and settlement location. All trade instructions are processed immediately upon receipt. Our New York vault has real-time access to the *Custody Management System* (previously described in this proposal) and to our central processing units.

ACS understands the variety of registrations that the Department of Treasury may receive from holders or reporting organizations. If the Treasury does not reject the certificates and return to the holders for re-registration, and depending upon those registrations, the



Treasury may be required to provide legal paperwork in order to deposit the securities to DTC such as stock powers, stock resolutions and transfer agent letters in some cases. We would suggest that in the case where these are required, that these documents be delivered under separate cover from the original instruments. We would make this suggestion as anyone who is in receipt of both the original instrument and the supporting documentation may act with his or her own instructions as the bearer to deposit, transfer or liquidate the security. If certificates are received and we are not in possession of the required paperwork to process an item for re-registration, we will follow up with the Treasury to inform of what paperwork is required. While we await the receipt of the requested paperwork, the certificates will be deposited to the Treasury’s account, maintained in the vault and coded as such.

We will deposit all eligible securities to the Treasury’s account. If a security is ineligible for DTC deposit, we will re-register to the state’s nominee name if one is assigned or to the Treasury if a nominee name will not be used. If a certificate is not eligible for transfer or re-registration, or does not currently have an assigned market value, we will communicate said information with detailed explanations to the Treasury and place the securities in the vault. The Treasury may provide further instruction as to whether we should hold the certificate in our vault or if the Treasury wants to return the certificate to the holder. If the transfer agent confiscates the certificate, ACS will obtain documentation confirming the confiscation and inform the Treasury of the confiscation so that the owner database may be updated accordingly.

When a physical security is acquired and reflected on the Custody Management System, the vault area reconciles the actual physical certificate to the instruction on CMS. If all of the transaction criteria is met and verified, the security is sent out for re-registration or placed in the vault for safekeeping. Once the security is re-registered and returned from the transfer area, it is verified by two vault employees and then deposited into the vault.

Our security movement and control system is a real-time processing system that reports interim status to track all security movements. The vault area will update the security location on our custody system when the security is delivered into/out of the vault for transfer and registration. Our standards for security registration are as follows:

From / To	Registration Duration
Physical to Depository	24 hours
Depository to Depository (i.e. Euroclear)	24 hours
Physical to Physical*	Agent within NYC – 72 hours
	Agent outside NYC – 15 days
Depository to Physical	Agent within NYC – 72 hours
	Agent outside NYC – 15 days

** This is only for standard securities. Unique investments, such as limited partnerships, have no set time.*



If a security re-registration for deposit exceeds ten business days, we immediately contact the transfer agent to determine the cause of the delay and its anticipated return date. If it appears for any reason that the re-registration will exceed the normal turnaround time, we will communicate the reasons for the excessive time to the Treasury while we continue to follow up with the transfer agent on a daily basis.

Mellon's custody and settlement groups are part of the Global Securities Services Operations Group. This group provides custody services for ACS and its clients. The custody activities, including trade settlement, income collection and corporate action processing, are segregated into two distinct operational areas: Domestic and Global Custody. The nature of various settlement practices internationally and the sheer volume of activity that occurs in the U.S. market foster this segregation of operations.

-
- 8) Inventory securities at the current market value upon receipt. Contractor will also conduct research of old securities for potential value; furthermore, Contractor will return to the UPD, any worthless or non-transferable securities with an explanation within thirty (30) calendar days after the contractor becomes aware of the issue. Contractor will assist Contract Compliance Inspector or designee in determining market value of securities not maintained by the contractor, if requested.
-

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS determines the value of the security on the date that the certificate or position is received and deposited. Upon entering instructions to deposit to the system, the transaction is assigned a value. That value may change depending upon whether the security is a thinly traded security and is not priced on a daily basis, if the security has undergone a corporate action, etc. When the security settles into the account, there is an actual value assigned that the state may use for accounting purposes if that is something that the State would like to utilize.

The State may view the current market value using Workbench at any time.

Worthless or Low Value Positions

ACS will identify and provide documentation with the certificate for all securities that will be classified as worthless upon determination that there is no or low market value. These securities, if in physical form can be returned to the State or ACS can maintain these positions.

Any securities that have been deposited to DTC and are classified as worthless upon determination of no market or low market value will be liquidated for a penny per share to remove the securities from the State's portfolio. The State can then update the owner database to identify any owners of the worthless



stock and record that the shares have no value. This eliminates unnecessary work on the part of the State and reduces costs for ACS.

9) Inventory securities at par value for those that do not have a market value upon receipt.

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS currently inventories securities that do not current have a market value at \$1.00. Once the research is performed on these securities and the issue has undergone any corporate actions, the new price pre share will be assigned. There are securities that are listed on our system that require extensive research in order to determine if they are worthless. ACS performs this research which is described in further detail in our response to requirement 8. ACS will then assign a market value if one is found or if the position is worthless or potentially worthless, ACS can liquidate the position so that the Treasury does not incur a cost to maintain valueless securities.

10)Collect and record dividends, interest, and other cash receipts.

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS collects and records all dividends, interest, cash from corporate actions such as exchanges and all other cash receipts.

ACS collects all dividends and interest income and allocates all income to the appropriate cusip numbers with the UPD's account. All income balances are reconciled on a daily basis to ensure that the UPD's account has been properly credited with the appropriate income. All income will be posted to the UPD's account on payable date. More information on the settlement policies was provided in Settlement Policies.

ACS also collects and allocates all corporate restructuring activity such as stock splits, stock dividends, mergers, etc. ACS will process and post all corporate actions made by issuers of securities which are held in ACS' custody. As with any settlements, all receipts are reconciled at the end of each day to ensure that each account has received what was due.

ACS systematically processes all actions for items being held at DTC for the Unclaimed Property Unit. ACS will also process all physical corporate actions for items being held in the vault on behalf of the Office of the Treasurer. The actions on these items take longer to process as they need to be mailed to the agents for any exchanges, etc. Any physical certificates received as the result of a stick split, etc will automatically be deposited to the UPD's account.



Additionally, ACS processes all corporate actions on items being submitted for deposit. These items, from the time that they were issued, may have undergone a corporate event or action. ACS ensures that all actions are properly credited to the UPD including older certificates being submitted for deposit.

ACS provides the UPD with information of any corporate actions that have been transacted in the account(s). This information will be available online as well as in the hard copy statements delivered to the UPU. Information such as the number of shares or units that the income is being paid on, the record and payable date, income amount and market value of asset may be viewed to assist with any reconcilments. The description of the corporate action will be part of the transaction in order to assist the UPD with any reconciliation. These transactions are also provided as part of the electronic submission provided and the standard monthly reporting package that the UPD receives each month.

ACS will post physical income received for certificates that are being held in the vault. Depending upon the registration of these certificates, the physical checks would come directly to ACS and we would post the income or the checks may be delivered to the Unclaimed Property Unit if the registration address is that of the UPD. ACS will also post this income from the physical checks to the Treasury's account once received.

Additionally, ACS understands that with unclaimed property, there are instances in which physical income may be received when neither the Unclaimed Property Unit nor ACS is in receipt of the underlying shares. Holders may issue the certificate and not deliver it, it may be in transit, or may be lost. ACS will act upon instructions from the UPD in this instance. ACS will post the income to the account and assist the UPD with identifying the underlying property or shares to ensure that the UPD will be able to track the property for eventual deposit of said property. This is a tool that can be utilized to trace property that was never received by holders and ACS will assist the UPD in identifying this property.

11) Deposit dividends, interest, and other cash receipts in a money market account. These funds plus interest shall be transmitted, via wire transfer, at the end of each calendar month to the Michigan Department of Treasury.

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS will deposit all income and principle, comprised of dividends, interest and other cash receipts in a money market account on a daily basis. These funds plus interest will be delivered to the Treasury via wire transfer at the end of each calendar month.

ACS currently provides the option of sweeping all income and principle into a money market investment vehicle to all of our clients. Not all of our clients elect to invest these funds. ACS provides our clients with Dreyfus money market accounts, some of which



are AAA-rated. Prospectuses for these funds have been provided in Exhibit G.

At the end of each day, the balance in the Treasury's account will automatically sweep into the state's chosen investment vehicle. This transaction will appear on the Treasury's statement each day and UPD can also see this using Workbench. On the first business day of each month, the accrued interest for the previous 30 days will be posted to the Treasury's account. This transaction will also appear in the statement and on Workbench.

At the end of each month, ACS will wire all funds from this account to the Treasury.

12) Account for all corporate actions, such as mergers, stock splits, cash and stock dividends, etc. Custodian will conduct research as requested by the Contract Compliance Inspector or designee, on corporate actions such as mergers, name changes, discontinued corporations, etc. (see section 1.003.2 for report requirements).

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS accounts for all corporate actions, such as mergers, stock splits, cash and stock dividends, etc. ACS will conduct research on corporate actions such as mergers, name changes, discontinued corporations, etc.

Unlike a typical custodian, ACS is accustomed to the amount of research involved with receiving unclaimed securities and has trained our staff and modified our procedures accordingly. ACS will receive and deposit all physical certificates and process all corporate actions in order to ensure the Treasury is in receipt of all additional corporate actions associated with the original certificate.

ACS will additionally process all transactions for securities that are currently being maintained by the Treasury. Additional information on corporate actions is also provided in our response to requirement 10. These corporate actions fall into two categories, both of which are described below:

Mandatory Corporate Actions

ACS will continue to process all mandatory corporate actions made by issuers of securities which are held in ACS' custody for the Treasury. These mandatory or involuntary Corporate Actions will automatically post and settle to the Treasury's account as these are mandatory actions. As with any settlements, all receipts are reconciled at the end of each day to ensure that each account has received what was due.

ACS will systematically process all actions for items being held at DTC for the State. ACS will also process all physical corporate actions for items being held in the vault on behalf of the Treasury. The actions on these items take longer to process as they need to



be mailed to the agents for any exchanges, etc. Any physical certificates received as the result of a stick split, etc will automatically be deposited to the Treasury's account.

Additionally, ACS processes all corporate actions on items being submitted for deposit. These items, from the time that they were issued, may have undergone a corporate event or action. ACS will ensure that all actions are properly credited to the Treasury including older certificates being submitted for deposit.

Voluntary Corporate Actions

ACS will continue to process all voluntary corporate actions at the direction of the Treasury. Voluntary Corporate Actions are any actions that the Treasury has a right to choose which option they would like to exercise. These actions include but are not limited to: tender offers, purchase offers, exchange offers, mergers, called bonds, right exercises, etc. ACS will provide a detailed explanation of the offer, the number of shares involved and any cash associated. This information will be made available to UPD as part of the online access, or also may be faxed if the Treasury so chooses. ACS will provide a date as to when the State needs to select the option and communicate the chosen option to ACS. ACS will follow up with the State to ensure that the options are understood and an educated choice can be made. ACS will then enter the instruction as received from the Treasury and the action will be processed.

An example of the on-line notification is provided as part of Exhibit E. The Treasury would receive notification of the corporate action once it has been posted to the password protected website. This will inform the Treasury at any time as to what voluntary corporate actions are pending, what has expired and what options were chosen as these files are maintained on the website for as long as the Treasury would like to see them.

As stated previously, the State may also receive these notifications by mail or fax but due to the time-sensitive nature of these notifications, ACS would recommend utilizing the ACS website which also ensures proper audit trails.

This information will be available to the Treasury at the end of each month either online or in the hard copy statements received within the first 10 business days of each month. The complete description of the corporate action will be part of the transaction in order to assist the Treasury with any reconciliation. These transactions will also be provided as part of the electronic submission provided.

13) Liquidate securities at the direction of the Contract Compliance Inspector or designee.

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS will sell or liquidate securities at the direction of the Contract Compliance Inspector, or authorized representatives or designees of the State. At the beginning of each month, ACS creates a report of all securities that have been held for thirty days or are eligible for sale. ACS records the date that each security position is received in order to be able to track the sale eligibility for each position. ACS forwards this list of



securities eligible for sale to the UPD for sign off and approval. ACS will receive approval to execute the sales from an authorized UPD designee and will begin the sale process.

ACS checks the position to ensure that the Treasury is still in possession of the security and that there are currently no chills or holds on the position in order to avoid any possible oversell situation. ACS will then execute the trade on behalf of the Treasury. If the UPD is liquidating for an owner and the owner's name and/or claim number is provided to ACS, we will record that information on the transaction to provide an easier tracking method for the Treasury. The UPD is currently providing the claim number for ease in tracking and reconciliation. This information is also available on Workbench so that the UPD can track the status of all trades as well perform reconciliations with UPS 2000 whenever required.

ACS has requested that the Treasury provide a list of authorized individuals or designees that may act on behalf of the State in all capacities, to initiate all transactions or for specific transactions such as corporate actions or sales. ACS reviews this authorized signers list prior to initiating a trade request and will update this list at a minimum of once per year.

Trade Communication Method

ACS will execute all securities sales on behalf of the Treasury immediately upon receipt of approved instructions from an authorized designee of the State. As stated previously, the Treasury will provide a list of authorized individuals that may instruct ACS to liquidate securities (or initiate any transaction). Our current agreement provides the standing instructions for ACS to liquidate all positions after we have determined negotiability, positions are recognized by DTC and have been held for 30 days. Once the trade has been executed and settled, at the end of the month ACS will wire funds to the Treasury with a full detail of the sale including name of issue, cusip number, number of shares sold, price per share, and net proceeds. The State may also access this information using Workbench, our on-line reporting tool which is described in further detail in Exhibit E.

ACS will input the trade instructions received by the State which will then be sent to the depository to await verification and settlement. Any unverified trades will be reviewed and the status will be updated to enable the trade to automatically settle with depository. The trades will be settled and sale proceeds deposited to the Treasury's account. We typically will request that a State Treasurer's office supply ACS with wire instructions. This will include bank name, ABA routing# and the account number at the bank. We have the Treasury's wire instructions and are currently wiring the funds to the State of Michigan. This allows the state to have the funds from the sale of the stock the same day after the liquidations have settled in the account. All settlement will occur using the industry standard of T + 3. Our settlement policies are described in detail in our response to requirement 5.

All sale transactions will be recorded on the system with the: issue name and security



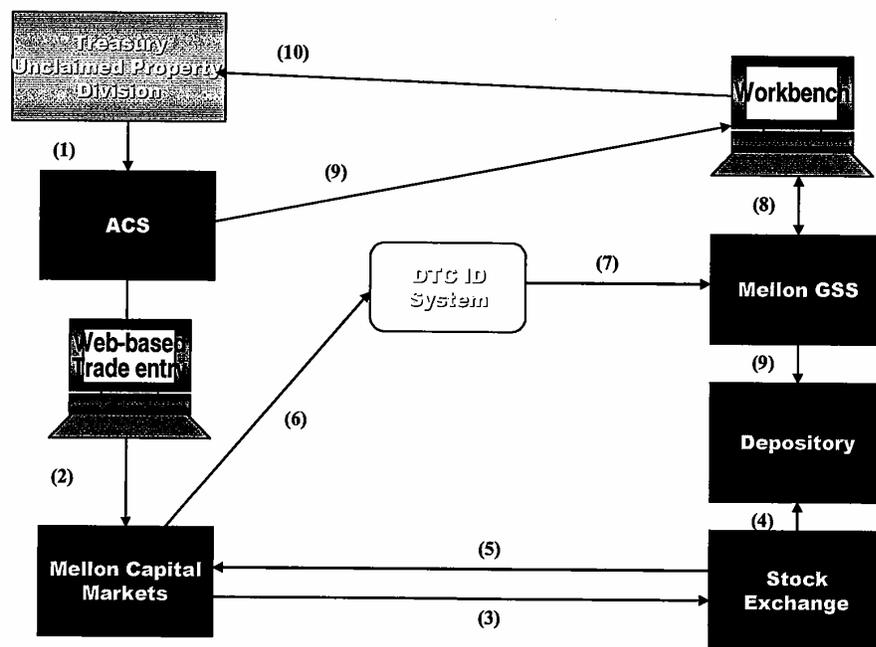
type, CUSIP number, number of shares/units sold, trade and settlement date, price per share/unit and gross sale amount, proceeds, and commissions.

Upon settlement and delivery of proceeds, the Treasury will have access to a report and/or data file detailing the particulars of the sale for each sale date including all information recorded with the transaction such as: issue name including security type, CUSIP number, number of shares/units sold, trade and settlement date, price per share/unit and gross sale amount, proceeds, commission rate per transaction and any other fees that may be uploaded to update UPS 2000 and owner records accordingly.

The Treasury may also see trades that are pending settlement, trades that have settled for the current date as well as trades that have settled within the last two years as the Treasury's account history information will be available for two years using Workbench.

This is our current flow diagram for the processing of UPD's security liquidations:

Trade Processing Flow



- An authorized individual informs ACS of trade order for sale into our web-based trade entry system
- ACS verifies position; informs Treasury if any discrepancies/problems are identified
- Trade is executed
- Executed trades are sent to the depository to await settlement



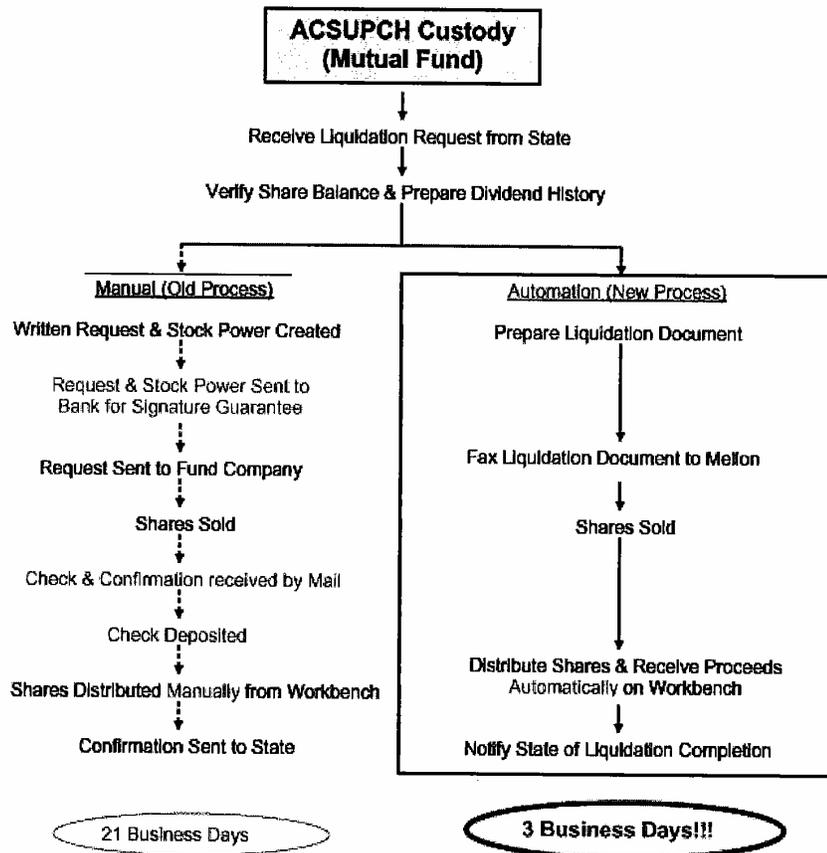
- ACS receives trade details
- Trade details are entered into DTC ID system
- ACS automatically posts unverified trades into custody system from ID system
- Unverified trades will be viewed online through web-based Workbench Real-time Custody product
- ACS affirms trades online in Workbench for all DTC-eligible securities
- Trade status is updated to 'verified' in ACS custody system to enable trade to automatically settle with depository The Treasury may view this information at any time during the process using online access via Workbench.

Mutual Funds

ACS can additionally execute sale transactions for all mutual fund accounts.

ACS has a mutual fund unit within State Services that is dedicated to processing mutual fund transactions on behalf of our state custody clients. As with any other securities, ACS would post all mutual fund accounts to the State's account, allocate and post all income transactions to those mutual fund accounts and transfer or liquidate upon request as we would for all other securities.

Mutual fund accounts are maintained in the same account as the state's other securities. All securities are able to be viewed on one report; therefore the UPD does not need to retrieve information from different sources such as Excel files or filing cabinets. This method of processing mutual funds has reduced the amount of time required to process transfers and liquidations. Because the new method is primarily electronic, there are few delays. Any delays attributed to obtaining signature guarantees, receiving mailed confirmations and the physical handling of checks, have been eliminated. Consequently, as the illustration in the following diagram shows, the time frame for liquidations has been reduced from 21 business days to 2-4 business days. This reduces the amount of time that a claimant can call the UPD and inquire about the status thereby increasing the amount of time UPD staff can dedicate to other tasks associated with the management of an unclaimed property program.



Reports

ACS will provide record keeping of all sales including sales proceeds, gross and net of commissions. ACS currently provides and will continue to provide a detailed explanation of the sales if awarded this contract. The detailed list includes the issue name, cusip number, number of shares sold, date settled, price per share, and net proceeds. ACS will additionally provide a breakdown on the commission charge for each sale if requested by the State.

ACS currently provides this report when we are delivering the sale proceeds to the Treasury. The State may also access this information at any time without having to request such a report from ACS. These reports may be used to see the progress of a sale or to monitor ACS' turnaround time on sale execution. By using Workbench to access the information, UPD may sort it in a number of different ways depending upon the reason for the report. Workbench will illustrate a pending status on the report for any securities that have been sold for Trade Date up to Trade plus 2. On Trade Date plus 3 (settlement date) the securities will settle into the State's account and the proceeds are available to be delivered to the Treasury or invested in a money market account depending upon the preference of the Treasury. Additional information on Workbench is provided in Exhibit E.



With the information available in the Workbench reports, the UPD may find that there is a report that could be used on a daily basis to assist with the maintenance of the unclaimed securities portfolio or UPS 2000. UPD can schedule a report to run and be available each morning which will identify all securities sold and settled to the Treasury's account. This information can then be updated to UPS 2000 so that if at any time a claimant were to call the State, the current information and value of claim can be communicated if UPD wishes to do so.

If awarded this contract, ACS would review the current guidelines with the State and modify any standards for the future if required. Once securities meets the requirements set forth by the State and agreed to by ACS, your dedicated Client Liaison, Lindsay Corcoran, will follow the liquidation procedures developed specifically for UPD.

Automation

ACS is quite familiar with the Wager's system UPS 2000 that the UPD utilizes to maintain the unclaimed property accounts, holder information and for claims processing. ACS currently utilizes that system to provide claims processing services to other states as well as securities management services to another state; the same processes that the UPU has to follow for maintaining their securities portfolio and database to return property to owners. Because ACS understands the database and can also understand the needs of the State in maintaining an unclaimed property program, ACS can provide assistance with automation and recommendations on processes or changes that we have seen other states implement. ACS Wagers & Associates have successfully developed a systematic update of corporate actions to a Wagers database. This may be an option that the State could find beneficial in automating some of the manual processes. ACS has made several recommendations for which we have identified there would be a time savings or cost savings to the UPD. Working so closely together each day and understanding the reasons for certain procedures provides a method to allow the creation of efficiencies and process improvements.

14) Re-register shares from State of Michigan's name to unclaimed property owners at the direction of the Contract Compliance Inspector or designee.

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS has created specific procedures to assist our clients with the high volume of transfers or re-registrations that are so common to unclaimed property yet are so uncommon in a typical custody environment. ACS understands the need to expedite the payments of these claims to its constituents and has developed our procedures accordingly. At any time, the UPD may access Workbench to ensure that ACS has entered the transaction and to see the status of the transaction for instances in which the claimant may be calling the Treasury or just to monitor ACS' performance. ACS will record all claimant information and claim number on all transfer transactions so that the



state will be able to better track their payments. The UPD does not currently provide ACS with this information but if it were to be provided, the Treasury would have another method of tracking these transfers. An example of a transfer transaction has been provided in Reports, Section E, Scope of Work and Deliverables, Reports.

ACS will transfer securities by certificate or deposit directly into a claimants account via DTC to satisfy all claimant requests. ACS can provide the Treasury with the online access to initiate and track these transfers utilizing the ACS website, www.acsupch.com. An example of a transfer request using the website is provided in Exhibit E.

The Treasury or Contract Compliance Inspector will provide ACS with a list of individuals or designees that are authorized to initiate disbursements or transfers to claimants. ACS will receive the request for the transfer of a security to an owner in writing including: the claimant name; social security number; mailing address and/or DTC number, receiving agents name and customer account number; issue name; CUSIP number; and number of shares/units to be transferred. All of the information provided on this request is required, as it will be used to transfer shares to the owner.

Using this system decreases the duplication effort in which the information would need to be keyed several times and also allows tracking of all requests submitted. Upon submitting a request on the website, the user receives a confirmation that the transaction has been received along with a tracking number. The information that has been requested is displayed with the user name, time and date of request. To resemble the current procedures of dual authorization in which one individual would create the request and another review, authorize and sign the request, we offer a second confirmation of receipt to be delivered to another separate authorized user via email. This ensures that more than one individual is involved with all transaction requests and that all information being requested may be tracked. By initiating a transfer request online, using our website, the Treasury will be able to track the number of requests being generated by user, may verify at any time how the information was requested, will be able to track the turnaround time until the transaction is completed, and ensure that proper audit procedures for dual authorization are being followed.

With any transaction that ACS would initiate in behalf of its clients, there are strict guidelines and procedures that are followed. These procedures are put in to place to protect both ACS and its clients. As the State typically would utilize dual authorization to initiate a transaction, ACS follows the same procedures. Once a transaction is input by one individual, another individual will be required to authorize it prior to initiation.

If the UPD chooses to submit the request in written format rather than using the online submission, the request will be verified using the authorization letter the Treasury provided for individuals authorized to make such transfer requests. ACS will ensure that the Treasury is currently maintaining the position in the UPD account prior to initiating any transactions. Upon receipt and verification of request, ACS will initiate the transfer within 24 hours.



If there are any discrepancies with the number of shares/units requested to transfer and the number of shares/units currently being held, or if there are questions on the registration instructions, ACS will coordinate with the Treasury for problem resolution. Once the discrepancy is resolved, ACS will update the request and confirm with the Treasury for final authorization.

For physical certificates being issued and delivered, ACS will confirm that the registration is correct prior to delivering the certificates to the Treasury or directly to the claimant if the Treasury chooses to have ACS deliver directly to the claimant. This decreases the amount of time and the costs associated with transferring certificates to owner's names for the Treasury. ACS will ensure accuracy as issued by the agent. If there are any discrepancies, ACS will resolve the matter prior to involving the Treasury. If, for any reason, the adjustment of the error appears to possibly extend beyond the agreed upon turnaround time, ACS will inform the Treasury of the issue and the reason, and follow up with the agent until problem is resolved and the certificate is issued and delivered.

Upon successful transfer of securities, ACS will settle the transaction to the Treasury's account with a complete description of the transaction including information such as claim number if provided, registration name or owner name, along with the date of transaction, security and number of shares/units. This owner information will also be included on the monthly statements ensuring easy tracking of the claim transfers for reconciliation and follow up. The claim number also may be tracked which could provide an automated means of updating the state's owner database to reflect payments upon the creation of a file and interface.

ACS expects to meet and exceed any expectation of the Treasury with respect to turnaround times. A chart containing the current registration duration is provided below:

From / To	Registration Duration
Physical to Depository	24 hours
Depository to Depository (i.e. Euroclear)	24 hours
Physical to Physical*	Agent within NYC – 72 hours
	Agent outside NYC – 15 days
Depository to Physical	Agent within NYC – 72 hours
	Agent outside NYC – 15 days

These timelines are for registering the security once the request has been received, verified and input. ACS will receive, verify and input the instructions within 24 hours of receipt for normal registration volumes. Once the certificates are issued and received and verified by Mellon, they will be mailed to ACS for final verification, to the State or to the claimant directly depending upon the requirements of the UPD.



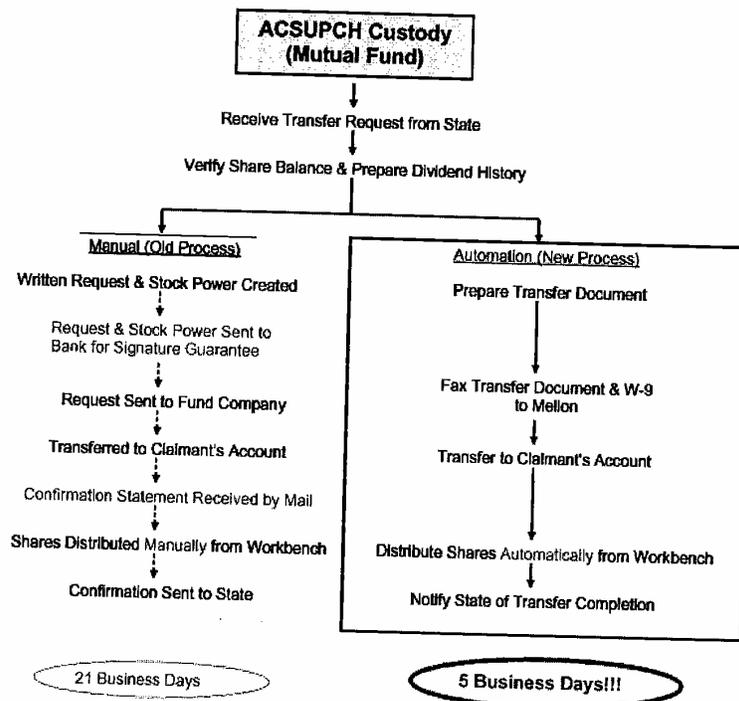
Mutual Funds

ACS can also process mutual fund transfers as we currently do for 8 of our clients. ACS, working with Mellon has developed an automated way in which to maintain and transfer mutual funds. These funds are held in account and are processed in a way quite similar to that of DTC.

One of the advantages to maintaining mutual funds is that they are in one place. Mutual fund accounts are maintained in the same account as the state's other securities. All securities are able to be viewed on one report; therefore the client does not need to retrieve information from different sources.

All mutual fund positions which are held in Mac & Co are coded UNI in the Security Valuation, however a small number of mutual funds are not eligible to be held in Mac & Co. These funds are coded ANH in the Security Valuation and are processed differently than funds held in Mac & Co. These mutual funds must be processed manually.

This method of processing mutual funds has reduced the amount of time required to process transfers and liquidations. Because the new method is primarily electronic, there are few delays. Delays in getting documents signature guaranteed, receiving mailed confirmations and the physical handling of checks have been eliminated. Consequently, as the illustration in the following diagram shows, the time frame for transfers has been reduced from 21 business days to 3-5 business days which greatly improves the process for the UPD. Our flowchart which reduces tasks required of the UPD is listed below:





ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS will provide medallion signature guarantees for the UPD. The UPD can complete the stock powers or other document for medallion signature and forward it to ACS. ACS will then obtain a medallion signature guarantee and forward back to the UPD.

One of the reasons for providing medallion signature guarantees is for use when transacting with mutual funds and DRP's. ACS has recently developed an automated solution for mutual funds that allows us to enter transactions into our current system for execution rather than manually preparing letters which the UPD may do. We have provided additional information on this service as part of requirement 6, 13, and 14.

17) Security lending will not be allowed in this contract.

ACS does not provide this service to any of our state unclaimed property clients and will not provide securities lending unless a clients requests that we do so.



15) Send notifications or confirmations of securities sales, redemptions, or transfers to the Contract Compliance Inspector or designee, within five (5) business days of the transaction.

ACS currently provides this service and will continue to provide this service to the Michigan, Department of Treasury, Unclaimed Property Division in the manner set forth below, if awarded this contract.

ACS will continue to send notification or confirmation of securities sales, redemptions or transfers to the Contract Compliance Inspector or designee within 5 business days of completion of the transaction. ACS will provide the UPD with access to Workbench, our on-line inquiry tool for the state to monitor all transactions including securities sales, redemptions and transfers. The UPD has access to this system 24 x 7 so that at any time, the UPD can see what has been recently received, delivered or sold within the account of can lookup transactions for a particular day.

Currently the UPD calls ACS is there is a question or if they are seeking confirmation that a transaction has been completed. ACS can continue to provide this information if the UPD does not want to perform the lookups on their own. ACS can also schedule or UPD can schedule, using Workbench, to receive transaction reports on a daily basis which will provide information on all income and principle received, and corporate activity, securities received from holders, delivered to claimants or liquidated. This can be available each morning for the prior day's activity.

If a claimant calls the UPD to inquire as to the status of their payment, the UPD can access Workbench and see the date the transaction was input and if the certificate or DTC transfer has been issued yet. This provides an immediate response to the claimant and reduces the time spent on the phone assisting callers and the need to call an individual to provide the status.

ACS currently processes all transactions within 24 hours of receipt in order to ensure prompt delivery of the securities or sales proceeds during normal processing volumes. If the Treasury has recently had an advertisement or is experience high claims activity there may be instances in which the transactions are not entered within our 24 hour deadline and may be entered in 48 hours.

16) Custodian will provide for medallion signature guarantee.



PROJECT/WORK PLAN

ACS has described our work plan and approach to services throughout this proposal. Our project plan has always and will continue to be at the direction of the Department of Treasury. ACS has assigned our Client Liaison, Lindsay Corcoran to work with the UPD and its Contract Compliance Inspector and/or designees on a daily basis. ACS has submitted our plan in this proposal and will not need to supply and supplemental plan unless the Treasury would like ACS to modify it's procedures. As ACS is already providing these services and is currently maintaining the Treasury's portfolio, there is no need for a conversion and new work plan. The Treasury will not be required to change their holder reporting instructions, nominee name or account information. ACS has provided our current organizational structure and staffing as well as all activities and tasks and the time for each in this proposal.

Continuing to partner with ACS will provide the Treasury with uninterrupted service from the national unclaimed property custodian leader.



REPORTS

ACS currently provides and will continue to provide monthly reports containing all required information to the Treasury within the first ten (10) business days of each month, if awarded this contract.

ACS provides a monthly transaction and securities inventory report which includes full detail of each of the requirements listed in the ITB.

As ACS has been providing unclaimed property services to 20 states including the State of Michigan for almost 15 years. ACS also has been working with all of the states with regard to the collection and remittance of unclaimed property which provides us with the ability to identify trends within the unclaimed property industry and communicate those trends to our clients as part of our standard services.

Often times, states will ask ACS about a particular issue, corporate action; merger, tender offer, exchange offer, as examples; class actions; etc. ACS can provide information on what other states have done with regard to the same issue, if the state authorizes ACS to share that information. The Treasury can use that information as a comparison in order to determine the best solution for the State.

ACS will provide a monthly statement via mail for the prior month's activity which itemized all transactions occurring in the State's account. Our reports provide a comprehensive statement which is mailed by the 10th business day of each month.

An example of our monthly account balance and transaction statement is provided in Exhibit F. ACS currently provides the sale activity report provided in Exhibit F, for the delivery of all sale proceeds at the end of each monthly reporting period.

ACS continually looks at ways in which to automate certain processes associated with claims payment as well as other areas whenever possible. ACS will continue to work with the Treasury to reduce the amount of time spent by UPD personnel on keying information, such as claim transfer requests and could work on electronically or systematically submitting the information via the current system, reducing duplication. This could be done through building an interface or a program on the Owner Database to generate the requests in a format that meets our system requirements and specifications.

Some of the products and tools that are available to the Treasury that assists with creating data files and reports: