

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

May 27, 2010

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B9200222
 (Supersedes Contract #071B3001339)
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR JPMorgan Chase Bank, N.A. Government and Institutional Banking Mail Suite MI1-8078 611 Woodward Avenue Detroit, MI 48226	TELEPHONE Charles A. Dillard (313) 225-2255
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 241-1916 Jim Wilson
Contract Administrator: Deborah Ciccone Banking Services - Department of Energy, Labor & Economic Growth – Michigan Unemployment Agency	
CONTRACT PERIOD: From: May 15, 2009 To: December 31, 2010	
TERMS <p style="text-align: center;">Net 30 Days</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>	

NATURE OF CHANGE(S):

Effective immediately, this Contract is hereby **EXTENDED** through December 31, 2010, and **INCREASED** by \$2,500,000.00.

NOTE: The DTMB Buyer for this Contract is now Jim Wilson (517) 241-1916.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 4/20/10), Ad Board approval on 5/18/10, and DTMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$10,971,174.98

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

February 23, 2010

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B9200222
 (Supersedes Contract #071B3001339)
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR JPMorgan Chase Bank, N.A. Government and Institutional Banking Mail Suite MI1-8078 611 Woodward Avenue Detroit, MI 48226 charles.a.dillard@chase.com	TELEPHONE Charles A. Dillard (313) 225-2255
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 335-6481 Adam Koenigsknecht
Contract Administrator: Deborah Ciccone Banking Services - Department of Energy, Labor & Economic Growth – Michigan Unemployment Agency	
CONTRACT PERIOD: From: May 15, 2009 To: May 31, 2010	
TERMS <p style="text-align: center;">Net 30 Days</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>	

NATURE OF CHANGE(S):

Effective immediately, the attached “add on” earnings credit rate is hereby incorporated into this Contract.

NOTE: The DMB Buyer for this Contract is now Adam Koenigsknecht (517) 335-6481.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per vendor agreement (email dated 11/20/2009), agency agreement (email dated 1/19/2010), and DMB/Purchasing Operations’ approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$8,471,174.98

CONTRACT #071B9200222
CHANGE NOTICE #1
PAGE TWO

Proposed MUIA ECR Adjustment for “Contract Reduction” Response to State of Michigan DMB-Purchasing Operations August 5 letter

In response to your August 5 letter, we are willing to provide an add-on increase in the earnings credit rate computed on the applicable monthly Michigan Unemployment Insurance Agency (MUIA) demand deposit account compensating balances, based on the following:

As the earnings credit rate is set based on the monthly average 91-Day or 90-Day U.S. Treasury Bill rate, which has averaged 20 bps. per annum in this current calendar year through July, we will add-on/increase this earning credit rate to a level of the 91-Day U.S. Treasury plus 20 basis points per annum until the 91 Day Bill Rate reaches 80 bps. After that, the add on rate will be graduated so that the 91 Day T-Bill rate plus the add on rate does not exceed 1%. When the 91 day T-bill rate reaches 1%, the add on rate component will become 0%. This proposed arrangement would be in effect for a period ending with the expiration of the underlying contract or one year, whichever is lesser. At that time, the earnings credit rate arrangement would be subject to further review. See the example below:

<u>91 Day T-Bill Rate</u>	<u>Add On Rate</u>	<u>Effective Rate</u>
.15	.20	.35
.25	.20	.45
.50	.20	.70
.75	.20	.95
.80	.20	1.00
.85	.15	1.00
.90	.10	1.00
.95	.05	1.00
1.00	.00	1.00
1.10	.00	1.10

Based on our review of the MUIA historical average compensating demand deposit balance patterns with us and rate trends, we believe that this” add-on” earnings credit rate arrangement would achieve the intended goal of your August 5 letter in our view and understanding.

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

May 29, 2009

NOTICE
TO
CONTRACT NO. 071B9200222
 (Supersedes Contract #071B3001339)
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR JPMorgan Chase Bank, N.A. Government and Institutional Banking Mail Suite MI1-8078 611 Woodward Avenue Detroit, MI 48226	TELEPHONE Charles A. Dillard (313) 225-2255
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 373-1080 Melissa Castro
Contract Administrator: Deborah Ciccone Banking Services – Consumer & Industry Services/Michigan Unemployment Agency	
CONTRACT PERIOD: From: May 15, 2009 To: May 31, 2010	
TERMS <p style="text-align: center;">Net 30 Days</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>	

This Contract replaces Contract #071B3001339 as vendor has changed name and FEIN. No additional funds have been added.

CURRENT AUTHORIZED SPEND LIMIT: \$8,471,174.98

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

CONTRACT NO. 071B9200222
 (Supersedes Contract #071B3001339)

**between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR JPMorgan Chase Bank, N.A. Government and Institutional Banking Mail Suite MI1-8078 611 Woodward Avenue Detroit, MI 48226	TELEPHONE Charles A. Dillard (313) 225-2255 VENDOR NUMBER/MAIL CODE BUYER (517) 373-1080 Melissa Castro
Contract Administrator: Deborah Ciccone Banking Services – Consumer & Industry Services/Michigan Unemployment Agency	
CONTRACT PERIOD: From: May 15, 2009 To: May 31, 2010	
TERMS <p style="text-align: center;">Net 30 Days</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>This Contract replaces Contract #071B3001339 as vendor has changed name and FEIN. No additional funds have been added.</p>	
<p>CURRENT AUTHORIZED SPEND LIMIT: \$8,471,174.98</p>	

<p>FOR THE VENDOR:</p> <p style="text-align: center;">JPMorgan Chase Bank, N.A. _____ 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 Kristi L. B. Thompson, Director _____ Name/Title Services Division/Purchasing Operations _____ Division</p> <p style="text-align: center;">_____ Date</p>
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STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

May 11, 2009

CHANGE NOTICE NO. 3
 TO

CONTRACT NO. 071B3001339
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF VENDOR JPMorgan Chase Bank, J.A. Government and Institutional Banking Mail Suite MI1-8078 611 Woodward Avenue Detroit, MI 48226 charles.a.dillard@chase.com	TELEPHONE Charles A. Dillard (313) 256-2294
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 373-1080 Melissa Castro
Contract Administrator: Deborah Ciccone Banking Services – Consumer & Industry Services/Michigan Unemployment Agency	
CONTRACT PERIOD: From: June 1, 2003 To: May 15, 2009	
TERMS <p style="text-align: center;">Net 30 Days</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>	

NATURE OF CHANGE(S):

Effective May 15, 2009, this Contract is hereby CANCELED and REPLACED with Contract #071B9200222 due to vendor merger.

AUTHORITY/REASON(S):

Per vendor request and DMB/Purchasing Operations' approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$8,471,174.98

REMAINING VALUE ON CONTRACT: \$8,471,174.98

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

April 13, 2009

**CHANGE NOTICE NO.2
 TO**

**CONTRACT NO. 071B3001339
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR JPMorgan Chase Bank, J.A. Government and Institutional Banking Mail Suite MI1-8078 611 Woodward Avenue Detroit, MI 48226 charles.a.dillard@chase.com	TELEPHONE Charles A. Dillard (313) 256-2294
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 373-1080 Melissa Castro
Contract Administrator: Deborah Ciccone Banking Services – Consumer & Industry Services/Michigan Unemployment Agency	
CONTRACT PERIOD: From: June 1, 2003 To: May 31, 2010	
TERMS <p style="text-align: center;">Net 30 Days</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>	

NATURE OF CHANGE(S):

Effective April 13, 2009, the State hereby exercises one Contract option year, making the new expiration date May 31, 2010. Funds in the amount of \$1,449,433.19 are added to this Contract.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON(S):

Per agency request (PRF dated 2/23/09), vendor agreement (letter dated 3/19/09), Ad Board approval on 4/7/09, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$8,471,174.98

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

May 28, 2008

CHANGE NOTICE NO.1
TO

CONTRACT NO. 071B3001339
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Bank One Michigan Municipal Group Mail Code MI1 8078 611 Woodward Avenue Detroit, MI 48226	TELEPHONE Charles A. Dillard (313) 225-2255
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 373-1080 Melissa Castro
Contract Administrator: Deborah Ciccone Banking Services – Consumer & Industry Services/Michigan Unemployment Agency	
CONTRACT PERIOD: From: June 1, 2003 To: May 31, 2009	
TERMS <p style="text-align: center;">Net 30 Days</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>	

NATURE OF CHANGE(S):

Effective immediately this contract is hereby **EXTENDED** to **May 31, 2009** and the buyer is changed to **Melissa Castro**. All other terms and conditions remain the same.

AUTHORITY/REASON(S):

Per agency and vendor agreement.

Estimated Contract Value Remains: \$7,022,308.79

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

September 17, 2003

NOTICE
TO

CONTRACT NO. 071B3001339
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Bank One Michigan Municipal Group Mail Code MI1 8078 611 Woodward Avenue Detroit, MI 48226	TELEPHONE Charles A. Dillard (313) 225-2255
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 335-4804 Douglas Collier
Contract Administrator: Deborah Ciccone Banking Services – Consumer & Industry Services/Michigan Unemployment Agency	
CONTRACT PERIOD: From: June 1, 2003 To: May 31, 2008	
TERMS <p style="text-align: center;">Net 30 Days</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>	

The terms and conditions of this Contract are those of [ITB #071I3000082](#), this Contract Agreement and the vendor's quote dated [03/17/03](#). In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: **\$7,022,308.79**

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. 071B3001339
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Bank One Michigan Municipal Group Mail Code MI1 8078 611 Woodward Avenue Detroit, MI 48226	TELEPHONE Charles A. Dillard (313) 225-2255 VENDOR NUMBER/MAIL CODE BUYER (517) 335-4804 Douglas Collier
Contract Administrator: Deborah Ciccone Banking Services – Consumer & Industry Services/Michigan Unemployment Agency	
CONTRACT PERIOD: From: June 1, 2003 To: May 31, 2008	
TERMS <p style="text-align: center;">Net 30 Days</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of ITB #071I3000082, this Contract Agreement and the vendor's quote dated 03/17/03. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence. Estimated Contract Value: \$7,022,308.79	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the [ITB No.071I3000082](#). A Purchase Order Form will be issued only as the requirements of the State Departments are submitted to Acquisition Services. Orders for delivery may be issued directly by the [Department of Consumer & Industry Services](#) through the issuance of a Purchase Order Form.

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

FOR THE VENDOR: <hr/> <p style="text-align: center;">Bank One Michigan</p> <hr/> <p style="text-align: center;">Firm Name</p> <hr/> <p style="text-align: center;">Authorized Agent Signature</p> <hr/> <p style="text-align: center;">Authorized Agent (Print or Type)</p> <hr/> <p style="text-align: center;">Date</p>	FOR THE STATE: <hr/> <p style="text-align: center;">Signature</p> <p style="text-align: center;">Sean L. Carlson</p> <hr/> <p style="text-align: center;">Name</p> <p style="text-align: center;">Director, Acquisition Services</p> <hr/> <p style="text-align: center;">Title</p> <hr/> <p style="text-align: center;">Date</p>
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ACQUISITION SERVICES
STATE OF MICHIGAN

CONTRACT #071B3001339

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A	CONTRACTOR'S TECHNICAL PROPOSAL
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DEFINITION OF TERMS

TERMS	DEFINITIONS
Contract	A binding agreement entered into by the State of Michigan resulting from a bidder's proposal; see also "Blanket Purchase Order."
Contractor	The successful bidder who is awarded a Contract.
DMB	Michigan Department of Management and Budget
RFP	Request For Proposal - A term used by the State to solicit proposals for services such as consulting. Typically used when the requesting agency requires vendor assistance in identifying an acceptable manner of solving a problem.
ITB	Invitation to Bid - A generic form used by Acquisition Services to solicit quotations for services or commodities. The ITB serves as the document for transmitting the RFP to interested potential bidders.
Successful Bidder	The bidder(s) awarded a Contract as a result of a solicitation.
State	The State of Michigan For Purposes of Indemnification as set forth in section I-J, State means the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents.
Blanket Purchase Order	Alternate term for "Contract" used in the State's Computer system (Michigan Automated Information Network [MAIN])
Expiration	Except where specifically provided for in the Contract, the ending and termination of the contractual duties and obligations of the parties to the Contract pursuant to a mutually agreed upon date.
Cancellation	Ending all rights and obligations of the State and Contractor, except for any rights and obligations that are due and owing.
Work Product	Work Product means any data compilations, reports, and any other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of and in furtherance of performing the services required by this Contract.



**SECTION I
CONTRACTUAL SERVICES TERMS AND CONDITIONS**

I-A PURPOSE

The purpose of this Contract is to obtain banking services for The State of Michigan's Unemployment Insurance (UI) Benefit Payment Activities; Unemployment Insurance Tax Deposit Activities; Tax Remittance Activities using a modified Lock-Box Operation; and Restitution Clearing Activities.

Bank One will provide a Benefit Payment Checking Account through which all Unemployment Benefit checks will be processed for payment; an Unemployment Deposit Clearing Account for depositing Unemployment Insurance tax payments received; a Lockbox processing service to process Unemployment Insurance tax forms, and accelerate the depositing of the related tax payments received; and a Restitution Deposit Clearing Account for depositing claimant restitution payments received.

This Contract is a part lump sum/fixed price, part unit price Contract. See Appendix B, Contractor's Pricing.

I-B TERM OF CONTRACT

The State of Michigan is not liable for any cost incurred by any bidder prior to signing of a Contract by all parties. The activities (be sure to spell out activity) in the proposed Contract cover the period **June 1, 2003 through May 31, 2008**. The State may at its option extend this contract for two additional 1-year periods, subject to review vendor performance and pricing. The State fiscal year is October 1st through September 30th. The prospective Contractor should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations.

I-C ISSUING OFFICE

This Contract is issued by the State of Michigan, Department of Management and Budget (DMB), Acquisition Services, hereafter known as Acquisition Services, for the State of Michigan, Department of Consumer and Industry Services, Bureau of Workers' & Unemployment Compensation, (BW&UC). Where actions are a combination of those of Acquisition Services and the Bureau of Workers' & Unemployment Compensation, 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 services described herein. Acquisition Services is the only office authorized to change, modify, amend, alter, clarify, etc., the prices, specifications, terms, and conditions of this Request For Proposal and any Contract(s) awarded as a result of this Request. Acquisition Services will remain the SOLE POINT OF CONTACT throughout the procurement process, until such time as the Director of Acquisition Services shall direct otherwise in writing. See Paragraph II-C below. All communications concerning this procurement must be addressed to:

Douglas Collier Buyer
DMB, Acquisition Services
2nd Floor, Mason Building
P.O. Box 30026
Lansing, MI 48909
Collierd1@michigan.gov
Phone: (517) 335-4804

I-D CONTRACT ADMINISTRATOR

Upon receipt at Acquisition Services of the properly executed Contract Agreement, it is anticipated that the Director of Acquisition Services will direct that the person named below or any other person so designated be authorized to administer the Contract on a day-to-day basis during the term of the Contract. However, administration of any Contract resulting from this Request implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such Contract. That authority is retained by Acquisition Services. The Contract Administrator for this project is:



Ms. Deborah Ciccone, Chief Accountant
Bureau of Workers' & Unemployment Compensation
Trust Fund Accounting, Suite 13-350
3024 W. Grand Blvd.
Detroit, MI 48202
CicconeDebbie@michigan.gov

I-E COST LIABILITY

The State of Michigan assumes no responsibility or liability for costs incurred by the Contractor prior to the signing of any Contract resulting from this Request. Total liability of the State is limited to the terms and conditions of any resulting Contract.

I-F CONTRACTOR RESPONSIBILITIES

The Contractor will be required to assume responsibility for all contractual activities offered in this proposal whether or not that Contractor performs them. Further, the State will consider Bank One to be the sole point of contact with regard to contractual matters, including but not limited to payment of any and all costs resulting from the anticipated Contract. If any part of the work is to be subcontracted, the contractor must notify the state and identify the subcontractor(s), including firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor's organizational abilities. The State reserves the right to approve subcontractors for this project 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.

I-G NEWS RELEASES

News releases pertaining to this document or the services, study, data, or project to which it relates will 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 program are to be released without prior approval of the State and then only to persons designated.

I-H DISCLOSURE

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

I-I ACCOUNTING RECORDS

The Contractor will be required to 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 (3) years from the expiration date and final payment on the Contract or extension thereof.

I-J INDEMNIFICATION

A. 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.

B. 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.

C. 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 subclauses, 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 subclause.



D. 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.

I-K 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 be applicable for claims arising out of gross negligence, willful misconduct, or Contractor's indemnification responsibilities to the State as set forth in Section I-J with respect to third party claims, action and proceeding brought against the State.

I-L NON INFRINGEMENT/COMPLIANCE WITH LAWS

The Contractor warrants that in performing the services called for by this Contract it will not violate any applicable law, rule, or regulation, any contracts with third parties, or any intellectual rights of any third party, including but not limited to, any United States patent, trademark, copyright, or trade secret.

I-M WARRANTIES AND REPRESENTATIONS

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 has not provided any gifts, payments or other inducements to any officer, employee or agent of the State;

I-N TIME IS OF THE ESSENCE

The Contractor agrees that time is of the essence in the performance of the Contractor's obligations under this Contract.

I-O WORK PRODUCT AND OWNERSHIP

1. 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.

2. 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.
3. 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.

I-P CONFIDENTIALITY OF DATA AND INFORMATION

1. All financial, statistical, personnel, technical and other data and information relating to the State's operation which are designated confidential by the State and made available to the Contractor in order to carry out this Contract, or which become available to the Contractor in carrying out this Contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the State in writing to the Contractor. If the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this section.
2. The Contractor shall not be required under the provisions of this section to keep confidential, (1) information generally available to the public, (2) information released by the State generally, or to the Contractor without restriction, (3) information independently developed or acquired by the Contractor or its personnel without reliance in any way on otherwise protected information of the State. Notwithstanding the foregoing restrictions, the Contractor and its personnel may use and disclose any information which it is otherwise required by law to disclose, but in each case only after the State has been so notified, and has had the opportunity, if possible, to obtain reasonable protection for such information in connection with such disclosure.

I-Q REMEDIES FOR BREACH OF CONFIDENTIALITY

The Contractor acknowledges that a breach of its confidentiality obligations as set forth in section I-Q of this Contract shall be considered a material breach of the Contract. Furthermore the Contractor acknowledges that in the event of such a breach the State shall be irreparably harmed.

Accordingly, if a court should find that the Contractor has breached or attempted to breach any such obligations, the Contractor will not oppose the entry of an appropriate order restraining it from any further breaches or attempted or threatened breaches. This remedy shall be in addition to and not in limitation of any other remedy or damages provided by law.

**I-R CONTRACTOR'S LIABILITY 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. The Contractor also agrees to provide evidence that all applicable insurance policies contain a waiver of subrogation by the insurance company.

All insurance coverages 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 herein specified or required by law, whichever is greater. All deductible amounts for any of the required policies are subject to approval by the State.

The State reserves the right to reject insurance written by an insurer the State deems unacceptable.

BEFORE THE CONTRACT IS SIGNED BY BOTH PARTIES 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.

THE CERTIFICATE MUST BE ON THE STANDARD "ACCORD" FORM. THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING. All such Certificate(s) are to be prepared and submitted by the Insurance Provider and not by the Contractor. All such Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. Such NOTICE must include the CONTRACT NUMBER affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909.

The Contractor is required to provide the type and amount of insurance checked () below:

- 1. Commercial General Liability with the following minimum coverages:
 - \$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 policy.

- 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 policy.

- 3. Worker’s disability compensation, disability benefit or other similar employee benefit act with minimum statutory limits. NOTE: (1) If coverage is provided by a State fund or if Contractor has qualified as a self-insurer, separate certification must be furnished that coverage is in the state fund or that Contractor has approval to be a self-insurer; (2) Any citing of a policy of insurance must include a listing of the States where that policy’s coverage is applicable; and (3) Any policy of insurance must contain a provision or endorsement providing that the insurers’ rights of subrogation are waived. 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. For contracts providing temporary staff personnel to the State, the Contractor shall provide an Alternate Employer Endorsement with minimum coverage of \$1,000,000.
- 5. Employers liability insurance with the following minimum limits:
 \$100,000 each accident
 \$100,000 each employee by disease
 \$500,000 aggregate disease
- 6. Professional Liability Insurance (Errors and Omissions coverage) with the following minimum coverage:
 - \$1,000,000 each occurrence and \$3,000,000 annual aggregate
 - \$3,000,000 each occurrence and \$5,000,000 annual aggregate
 - \$5,000,000 each occurrence and \$10,000,000 annual aggregate

I-S NOTICE AND 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.

I-T 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 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 necessarily be 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. In the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Article 11, Section 5 of the Michigan Constitution of 1963, and Chapter 7 of the Civil Service Rules. Notwithstanding any other provision of this Contract to the contrary, the State Personnel Director is authorized to disapprove contractual disbursements for personal services if the Director determines that the Contract of the disbursements under the Contract violate Article 11, Section 5 of the Constitution or violate applicable Civil Service rules or regulations. Cancellation may be in whole or in part and may be immediate as of the date of the written notice to the Contractor or may be effective as of the date stated in such written notice.

I-U RIGHTS AND OBLIGATIONS UPON CANCELLATION

1. If the Contract is canceled by the State for any reason, the Contractor shall, (a) stop all work as specified in the notice of cancellation, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Work Product or other property derived or resulting



from the Contract that may be in the Contractor's possession, (c) return all materials and property provided directly or indirectly to the Contractor by any entity, agent or employee of the State, (d) transfer title and deliver to the State, unless otherwise directed by the Contract Administrator or his or her designee, all Work Product resulting from the Contract, and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or cancellation settlement costs, to the maximum practical extent, including, but not limited to, canceling or limiting as otherwise applicable, those subcontracts, and outstanding orders for material and supplies resulting from the canceled Contract.

2. In the event the State cancels this Contract prior to its expiration for its own convenience, the State shall pay the Contractor for all charges due for services provided prior to the date of cancellation and if applicable as a separate item of payment pursuant to the Contract, for partially completed Work Product, on a percentage of completion basis. In the event of a cancellation for cause, or any other reason under the Contract, the State will pay, if applicable, as a separate item of payment pursuant to the Contract, for all partially completed Work Products, to the extent that the State requires the Contractor to submit to the State any such deliverables, and for all charges due under the Contract for any cancelled services provided by the Contractor prior to the cancellation date. All completed or partially completed Work Product prepared by the Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and the Contractor shall be entitled to receive just and fair compensation for such Work Product. Regardless of the basis for the cancellation, the State shall not be obligated to pay, or otherwise compensate, the Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
3. If any such cancellation by the State is for cause, the State shall have the right to set-off against any amounts due the Contractor, the amount of any damages for which the Contractor is liable to the State under this Contract or pursuant to law and equity.
4. Upon a good faith cancellation, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and materials provided under this Contract, and may further pursue completion of the Work Product under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

I-V 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 thereunder 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.

I-W ASSIGNMENT

The Contractor shall not have the right to assign this Contract or to assign or delegate any of its duties or obligations under this 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.

I-X DELEGATION

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

I-Y NON-DISCRIMINATION CLAUSE

In the performance of this Contract or purchase order resulting herefrom, the Contractor agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position. The Contractor further agrees that every subcontract entered into for the performance of any Contract or purchase order resulting herefrom will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2101, *et seq*, and the Persons with Disabilities Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, *et seq*, and any breach thereof may be regarded as a material breach of the Contract or purchase order.

I-Z WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

In performing services for the State pursuant to this Contract, the Contractor shall comply with Department of Civil Service Rules 2-20 regarding Workplace Safety and 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service Regulations governing workplace safety and discriminatory harassment and any applicable state agency rules on these matters that the agency provides to the Contractor. Department of Civil Service Rules and Regulations can be found on the Department of Civil Service website at www.state.mi.us/mdcs/Regindx.

I-AA MODIFICATION OF SERVICE

The Director of Acquisition Services reserves the right to modify this service during the course of this Contract. Such modification may include adding or deleting tasks that this service shall encompass and/or any other modifications deemed necessary.

This Contract resulting from the RFP may not be revised, 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.



The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. The Contractor shall provide a change order process and all requisite forms. The State reserves the right to negotiate the process during contract negotiation. At a minimum, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

1. Within five (5) business days of receipt of a request by the State for any such change, or such other period of time as to which the parties may agree mutually in writing, the Contractor shall submit to the State a proposal describing any changes in products, services, timing of delivery, assignment of personnel, and the like, and any associated price adjustment. The price adjustment shall be based on a good faith determination and calculation by the Contractor of the additional cost to the Contractor in implementing the change request less any savings realized by the Contractor as a result of implementing the change request.

The Contractor's proposal shall describe in reasonable detail the basis for the Contractor's proposed price adjustment, including the estimated number of hours by task by labor category required to implement the change request.

2. If the State accepts the Contractor's proposal, it will issue a change notice and the Contractor will implement the change request described therein. The Contractor will not implement any change request until a change notice has been issued validly. The Contractor shall not be entitled to any compensation for implementing any change request or change notice except as provided explicitly in an approved change notice.
3. If the State does not accept the Contractor's proposal, the State may:
 - a. withdraw its change request; or
 - b. modify its change request, in which case the procedures set forth above will apply to the modified change request.

If the State requests or directs the Contractor to perform any activities that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to so notify the State prior to commencing performance of the requested activities, any such activities performed before notice is given by the Contractor shall be conclusively considered to be In-scope Services, not New Work.

If the State requests or directs the Contractor to perform any services or functions that are consistent with and similar to the services being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the scope of the Contractor's responsibilities and charges as set forth in the Contract, then prior to performing such services or function, the Contractor shall promptly notify the State in writing that it considers the services or function to be an "Additional Service" for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing such services or functions. If the Contractor does so notify the State, then such a service or function shall be governed by the change request procedure set forth in the preceding paragraph.

IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATIONS.

I-BB NOTICES

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.

For the Contractor: **Charels Dillard, First Vice President**
611 Woodward Avenue, Detroit, MI 48226

For the State: **Douglas Collier, CPPB, PO Box 30026 Lansing MI, 48909**

Either party may change its address where notices are to be sent giving written notice in accordance with this section.

I-CC ENTIRE AGREEMENT

The contents of this document and the vendor's proposal will become contractual obligations, if a Contract ensues. Failure of the successful bidder to accept these obligations may result in cancellation of the award.

This Contract resulting from the RFP shall represent the entire agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties relating to this subject.

I-DD NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of this 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.

I-EE 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.

I-FF 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.

I-GG 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.

I-HH UNFAIR LABOR PRACTICES

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to section 2 of the Act. This information is compiled by the United States National Labor Relations Board.

A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 Public Act 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.

**I-II SURVIVOR**

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 this Contract for any reason.

I-JJ GOVERNING LAW

This Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

I-KK YEAR 2000 SOFTWARE COMPLIANCE

The Contractor warrants that services provided under this Contract including but not limited to the production of all Work Products, shall be provided in an accurate and timely manner without interruption, failure or error due the inaccuracy of Contractor's business operations in processing date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000, including leap year calculations. The Contractor shall be responsible for damages resulting from any delays, errors or untimely performance resulting therefrom.

I-LL 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.

I-MM STATEWIDE CONTRACTS

If the contract is for the use of more than one agency and if the goods or services provided under the contract do not meet the form, function and utility required by an agency, that agency may, subject to state purchasing policies, procure the goods or services from another source.

I-NN ADHERANCE TO PM METHODOLOGY STANDARD

The State has adopted a standard, documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. This policy is referenced in the document titled "Project Management Methodology" – DMB Administrative Guide Procedure 1380.02 issued June 2000.

Vendors may obtain a copy of this procedure by contacting the DMB Office of Information Technology Solutions. The State of Michigan Project Management Methodology can be obtained from the DMB Office of Project Management's website at <http://www.state.mi.us/cio/opm>.

The contractor shall use the State's PMM to manage State of Michigan Information Technology (IT) based projects. The requesting agency will provide the applicable documentation and internal agency processes for the methodology. If the vendor requires training on the methodology, those costs shall be the responsibility of the vendor, unless otherwise stated.

I-OO ELECTRONIC FUNDS TRANSFER

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.

I-PP 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 **180 days** 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. If the State cancels this Contract for cause, then the State will be entitled to off set the



cost of paying the Contractor for the additional resources the Contractor utilized in providing transition assistance with any damages the State may have otherwise accrued as a result of said cancellation.

I-QQ DISCLOSURE OF LITIGATION

1. The Contractor shall to the best of it's ability make a commercially reasonable effort to notify the State in its bid proposal, if it, or any of its subcontractors, or their officers, directors, or key personnel under this Contract, have ever been convicted of a felony, or any crime involving moral turpitude, including, but not limited to fraud, misappropriation or deception. Contractor shall promptly notify the State of any criminal litigation, investigations or proceeding which may have arisen or may arise involving the Contractor or any of the Contractor's subcontractor, or any of the foregoing entities' then current officers or directors during the term of this Contract that may adversely impact it's performance under this contract.
2. The Contractor shall to the best of it's ability make commercially reasonable effort to notify the State in its bid proposal, and promptly thereafter as otherwise applicable, of any civil litigation, arbitration, proceeding, or judgments that may have arisen against it or its subcontractors during the bid proposal, or which may occur during the term of this Contract, which involve (1) products or services similar to those provided to the State under this Contract and which either involve a claim in excess of **\$250,000** or which otherwise may affect the viability or financial stability of the Contractor , or (2) a claim or written allegation of fraud by the Contractor or any subcontractor hereunder, arising out of their business activities, or (3) a claim or written allegation that the Contractor or any subcontractor hereunder violated any federal, state or local statute, regulation or ordinance. Multiple lawsuits and or judgments against the Contractor or subcontractor, in any an amount less than **\$250,000** shall be disclosed to the State to the extent they affect the financial solvency and integrity of the Contractor or subcontractor.
3. All notices under subsection 1 and 2 herein shall be provided in writing to the State within fifteen business days after the Contractor learns about any such criminal or civil investigations and within fifteen days after the commencement of any proceeding, litigation, or arbitration, as otherwise applicable. Details of settlements which are prevented from disclosure by the terms of the settlement shall be annotated as such.
4. Assurances - In the event that such investigation, litigation, arbitration or other proceedings disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract, causes the State to be reasonably concerned about:
 - a) the ability of the Contractor or its subcontractor to continue to perform this Contract in accordance with its terms and conditions, or
 - b) whether the Contractor or its subcontractor in performing services is engaged in conduct which is similar in nature to conduct alleged in such investigation, litigation, arbitration or other proceedings, which conduct would constitute a breach of this Contract or violation of Michigan or Federal law, regulation or public policy, then

The Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that: (a) the Contractor or its subcontractors hereunder will be able to continue to perform this Contract in accordance with its terms and conditions, (b) the Contractor or its subcontractors will not engage in conduct in performing services under this Contract which is similar in nature to the conduct alleged in any such litigation, arbitration or other proceedings.

5. The Contractor's failure to fully and timely comply with the terms of this section, including providing reasonable assurances satisfactory to the State, may constitute a material breach of this Contract.

I-RR STOP WORK



1. The State may, at any time, by written stop work order to the Contractor, require that the Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to the Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this section. Upon receipt of the stop work order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either:
 - a) Cancel the stop work order; or
 - b) Cancel the work covered by the stop work order as provided in the cancellation section of this Contract.
2. If a stop work order issued under this section is canceled or the period of the stop work order or any extension thereof expires, the Contractor shall resume work. The State shall make an equitable adjustment in the delivery schedule, the contract price, or both, and the Contract shall be modified, in writing, accordingly, if:
 - a) The stop work order results in an increase in the time required for, or in the Contractor's costs properly allocable to the performance of any part of this Contract; and
 - b) The Contractor asserts its right to an equitable adjustment within 30 days after the end of the period of work stoppage; provided, that if the State decides the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Contract.
3. If the stop work order is not canceled and the work covered by the stop work order is canceled for reasons other than material breach, the State shall allow reasonable costs resulting from the stop work order in arriving at the cancellation settlement.
4. If a stop work order is not canceled and the work covered by the stop work order is canceled for material breach, the State shall not allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop work order.
5. An appropriate equitable adjustment may be made in any related contract of the Contractor that provides for adjustment and is affected by any stop work order under this section. The State shall not be liable to the Contractor for loss of profits because of a stop work order issued under this section.



**SECTION II
WORK STATEMENT**

II-A BACKGROUND/PROBLEM STATEMENT

The Bureau of Workers' & Unemployment Compensation (BW&UC), under the Department of Consumer and Industry Services, is responsible for the administration of the State of Michigan's Unemployment Insurance activities. Since its inception, BW& UC's programs and services have been a joint effort of the federal and state government. A variety of programs and services are funded by the federal government and delivered by the State, through the BW&UC.

The Unemployment Insurance Program was established under the Social Security Act of 1935 to provide income insurance for unemployed workers when suitable jobs are not available, thereby helping the workers to maintain purchasing power. Except for limited standards in the federal laws, the State develops its own programs and has wide latitude in administering them. The expenses of administration of State Unemployment Insurance laws are borne by the federal government, which provides technical assistance and oversees the use of granted funds. UA also administers, at the State level, federally - enacted programs for payments to ex-service personnel (UCX), to former federal personnel (UCFE), to workers adversely affected by foreign trade (TRA), and other unemployed individuals who qualify under Special Unemployment Assistance programs. Payments under the latter programs are from federal funds; BW&UC levies an unemployment insurance tax against employers' payrolls for the payment of the State Unemployment Insurance Benefits.

The purpose of this Contract is to provide a Benefit Payment Checking Account through which all Unemployment benefit payments will be processed; an Unemployment Deposit Clearing Account for depositing the Unemployment Insurance tax payments received; a Lockbox processing service to process Unemployment Insurance tax forms and accelerate the depositing of the related tax payments received; and a Restitution Deposit Clearing Account for depositing claimant restitution payments.

II-B COLLATERAL SECURITY

BW&UC **will require** Bank One to provide the maximum security, as to form and amount, on funds deposited in the Unemployment Insurance Benefit Payment, Restitution Clearing and Deposit Clearing Accounts. Currently, base collateral to cover normal daily Benefit and Clearing Account balances is expected to be \$50,000,000.00; base collateral to cover the normal daily Restitution Account balance is expected to be \$1,000,000.00. However there are large quarterly tax collections deposited to the Deposit Clearing Account that **will require** additional collateral of up to \$525,000,000.00 for two to three weeks. Unless specified otherwise, Collateral Security must be deposited with the Federal Reserve Bank, or a branch of the district in which the depository is located, in an amount at least equal to funds on deposit less any amount that is federally insured. The collateral must be in the form of transferable obligations, which are fully insured or guaranteed by the United States, or general obligations of the State of Michigan. In the case of pledged securities which are not negotiable without the depository's endorsement of assignment, the depository may in lieu of placing its unqualified endorsement on each security, furnish an appropriate resolution and irrevocable power of attorney authorizing the Federal Reserve Bank to assign the securities.

In the event of the depository's insolvency or closure, or appointment of a receiver, liquidator, or other similar officer to terminate its business, the depository agrees that all principal and interest payments on any security pledged due as of the date of the insolvency or closure shall be held separate and apart from any other assets and shall be available to satisfy any claim made by BW&UC.

The financial institution must submit a list of proposed securities for prior approval before pledging to:

Deborah Ciccone, Chief Accountant
Bureau of Workers' & Unemployment Security
Trust Fund Accounting, Suite 13-350
3024 W. Grand Blvd.,
Detroit, MI 48202



This list should contain the name and date of issue, amount, interest rate, maturity date and the total amount of the original bond issue, if available.

When the collateral has been approved by the Bureau of Workers' & Unemployment Compensation and the safekeeping custodian agreed upon, the financial institution shall instruct the custodian to furnish the Bureau of Workers' & Unemployment Compensation with original safekeeping receipts or advices assigning the collateral. (The ownership of the custodian shall be independent from the ownership of the financial institution.) The custodian shall send original safekeeping receipts or advices to the Chief Accountant, Trust Fund Accounting, at the address shown above.

The financial institution must have prior approval of the Bureau of Workers' & Unemployment Compensation for all substitutions.

The financial institution shall request approval of the Bureau of Workers' & Unemployment Compensation for the release of a security without replacement.

II-C1 SPECIFIC BENEFIT PAYMENT ACCOUNT SERVICE REQUIREMENTS:

The following represents the minimum banking services that BW&UC requires for a satisfactory maintenance of the Unemployment Insurance Benefit Payment Account:

1. Receive a daily check issuance and void file via FTP transmission. Update and maintain an outstanding check file.
2. Receive a weekly manual check issuance and voided check diskette for update to the outstanding check issuance file.
3. Maintain a daily outstanding check file for payment confirmation and variance resolution.
4. Disburse funds to claimants that present a legitimate Unemployment Insurance check. The claimant will be expected to provide adequate proof of identification; however, no additional fees may be charged to the claimant for cashing a Bureau of Workers' & Unemployment Compensation issued benefit check.
5. Processing paid checks utilizing a 'positive pay' process; where all paid items are verified against our check issuance file prior to posting to the account.
6. Preparing and transmitting (FTP) an electronic file of the checks paid each month.
7. Preparing a check paid listing – stored on microfiche or CD ROM. See Appendix B for format specifications and delivery instructions.
8. Check sorting and batching.
9. Packaging and delivery of paid checks. See Appendix B for labeling and delivery instructions.
10. Imaging of paid checks – front and back. Currently, the Bureau of Workers' & Unemployment Compensation is using a product called Debit View to access the check images. The vendor may provide an alternate product to access the check images. The product must be compatible with BW&UC's current network operations, and produce imaged copies equivalent or better than we are currently receiving.
11. Accepting checks, wire transfer deposits, and stop payment requests.
12. Preparing a monthly "Statement of Account" summary. Processing debit/credit advices for paid item exceptions, including adjustments for raised checks and forged endorsements. All daily exception adjustments to the account must be supported by debit memos or credit advices and listed individually on the monthly summary "Statement of Account". Except as noted in the "Pickup and Deliveries" item of Section II-C15, these monthly "Statement of Account" summaries are to be delivered by noon of the fifth business day after the date of the statement to the following address:

Bureau of Workers' & Unemployment Compensation
Trust Fund Accounting, Suite 13-350
3024 W. Grand Blvd.
Detroit, Michigan 48202



13. Reporting daily to the BW&UC by phone or e-mail the ledger balance and the item count of paid checks.
14. Preparing an Income and Expense Analysis Report for Federal Reporting Requirements; currently the BES form 8413.
15. Performing the normal bank bookkeeping activities relating to computation of daily account balance, summary daily statement of account, etc., including compliance with the regulatory provisions of the uniform commercial law in the maintenance of the account.
16. For any items that cannot be supported within 30 days after notification by the BW&UC, the contracting bank will adjust the related account until such items can be supported.
17. Facilitating the processing of forgery affidavits, acquiring reimbursement for erroneously cashed items. All credit memos issued in resolution to a forgery claim must be final. Provisional credits will not be accepted.

II-C2 SPECIFIC RESTITUTION CLEARING ACCOUNT SERVICE REQUIREMENTS:

The following represents the minimum banking services that this agency deems necessary for a satisfactory maintenance of the Unemployment Insurance Restitution Clearing Account:

1. Processing encoded and unencoded deposits.
2. Processing wire and intra bank transfer of funds.
3. Accepting responsibility for supporting documentation after transactions have been completed.
4. Receive and process a weekly manual check issuance and voided check diskette, to maintain a check issuance file.
5. Processing checks paid daily utilizing a 'positive pay' process, where all paid items are verified against the check issue file prior to posting..
6. Reporting weekly to the BW&UC by phone or e-mail the ledger balance, the Useable Balance and the available balance.
7. Preparing a monthly "Statement of Account" to report the daily depositing, debit, credit, paid checks, fund transfer, activities, etc. All exception adjustments to the account must be supported by debit or credit advices, and listed individually on the "Statement of Account". Except as noted in the "Pickup and Deliveries" item of Section C-20, these monthly "Statement of Account" summaries are to be delivered by noon of the fifth business day after the date of the statement to the following address:

Bureau of Workers' & Unemployment Compensation
Trust Fund Accounting, Suite 13-350
3024 W. Grand Blvd.
Detroit, Michigan 48202
8. Performing the normal bookkeeping activities relating to the daily account balance computation, monthly statement of account summary, etc., including compliance with the regulatory provisions, of the uniform commercial law in the maintenance of the account.
9. For any items that cannot be supported within 30 days after notification by the BW&UC, the contracting bank will adjust the related account until such items can be supported.
10. Disburse funds to claimants that present a legitimate Bureau of Workers' & Unemployment Compensation check. The claimant will be expected to provide adequate proof of identification; however, no fees may be charged to the claimant for cashing a Bureau of Workers' & Unemployment Compensation issued refund check.

II-C3 SPECIFIC DEPOSIT CLEARING ACCOUNT SERVICE REQUIREMENTS:

The following represents the minimum banking services which this agency deems necessary for a satisfactory maintenance of the Unemployment Insurance Deposit Clearing Account:

1. Processing encoded and unencoded deposits.
2. Processing wire and intra bank transfer of funds.
3. Accepting responsibility for supporting documentation after transactions have been completed.



4. Processing checks paid daily.
5. Reporting daily to the BW&UC by phone or e-mail the ledger balance, the useable Balance and the available balance.
6. Preparing an Income and Expense Analysis Report BES Form 8414. (See Appendix D for the report preparation and delivery instructions.)
7. Preparing a monthly "Statement of Account" to report the daily depositing, debit, credit, paid checks, fund transfer, activities, etc. All exception adjustments to the account must be supported by debit or credit advices, and listed individually on the "Statement of Account".
8. Performing the normal bookkeeping activities relating to the daily account balance computation, monthly statement of account summary, etc., including compliance with the regulatory provisions, of the uniform commercial law in the maintenance of the account.
9. For any items that cannot be supported within 30 days after notification by the BW&UC, the contracting bank will adjust the related account until such items can be supported.

II-C4 LOCKBOX GENERAL NARRATIVE INFORMATION:

The narrative information in this section is provided as a means for evaluating and assessing the activity, volume and extent of service required for Lockbox processing. Bank One must be capable of handling a substantial increase in volume.

II-C5 TAX REPORT AND PAYMENT:

The employer's name, address, account number, tax rate, Federal Employer Identification Number (FEIN), debit or credit account balance, and the quarter ending date for which employer information is required are pre-printed, by the BW&UC, on Form UA 1020, *Employer's Quarterly Tax Report*. This document is mailed to all active Michigan employers near the middle of the last month of each calendar quarter. Other items of information on the 1020 report: Gross Wages, Taxable Wages, Tax Due, Amount Enclosed and the number of Covered Workers employed during each month of the quarter, are provided by the employer. Data to be key encoded by the contracting bank will be designated in II-C12, II-C17 and Appendix E.

The tax form (UA 1020) and remittance are submitted by employers each quarter. Employers are required to file the tax report on or before the 25th of the month following the end of each quarter. Employers must file tax reports for all quarters, even if no tax is due or no payment is being made. Remittances usually decline with each subsequent quarter due to a cap (\$9,500 in 2002 and \$9,000 in subsequent years) on the taxable wages of each person employed in the state. Following is the average percentage of total yearly BW&UC tax dollars that are received for each quarter. The number of tax reports filed will remain constant for every quarter.

1st Quarter	01/01	through 03/31	57%
2nd Quarter	04/01	through 06/30	20%
3rd Quarter	07/01	through 09/30	13%
4th Quarter	10/01	through 12/31	10%

There are approximately 200,000 Michigan employers remitting \$1.2 billion each year. Remittances vary from a few cents to many millions of dollars. Most remittances are in the one thousand to twenty-five thousand dollar range.

At least 95% of all remitted dollars must be deposited in the BW&UC Clearing Account within 24 hours of receipt. The remaining 5% of the remitted dollars shall be deposited within 48 hours of receipt. The bank will provide a single lockbox to process all remittances made to the BW&UC. This lockbox may be represented by a Post Office Box number. However, for bulk deliveries from service bureaus and accounting organizations that will be made by common carriers such as UPS et al, a street address must be made available.

II-C6 BATCHING:



BW&UC uses a batch process in which batch sizes vary among the six types of batches to be processed by the bank (See Section II-C17). Each batch type is sized to facilitate manual error correction.

Batch numbers are nine digits in length beginning with the Fiscal Year (FY) designation (e.g., 001234567). Batch numbers are assigned sequentially beginning with 0000001 on October 1st, the beginning of the BW&UC's fiscal year, and ending on September 30th of the following calendar year (e.g., 00000001 on October 1, 1999, through 003787676 on September 30, 2000).

BW&UC reserves the right to request a small range of batch numbers from the contracting bank, at any time. These batch numbers are used for in-house processing. Historically, these numbers have been requested on a weekly to bi-weekly basis, and are generally limited to no more than 3 to 10 batch numbers which are processed on the same day on which the numbers are requested.

II-C7 KEY ENCODING:

The contracting bank will be required to provide keypunch services to key encode required information, and to provide a data tape or FTP transmission of that information in a format compatible with the BW&UC mainframe system.

II-C8 SPECIFIC LOCKBOX PROCESSING REQUIREMENTS:

Collecting Mail: The contracting bank must arrange for the pick-up or delivery of UA 1020 tax reports and remittances from the lockbox as frequently as necessary to insure timely processing of all incoming receipts. Due to the increase in the amount of mail at quarter endings, a minimum of two pick-ups a day is required between the 20th and 30th of January, April, July and October.

Opening Mail: On receipt of pick-up or delivery, all envelopes shall be opened, and the contents extracted and date stamped. The date stamp shall be placed on the face of every item from the envelope, including the face of the remittance device. Keep all contents and envelopes together until initial verification requirement is satisfied.

DATE STAMPING SHALL BE COMPLETED PRIOR TO ANY ADDITIONAL PROCESSING

II-C9 INITIAL VERIFICATION REQUIREMENTS:

Sort documents into items acceptable for processing and exception items to be forwarded to BW&UC.

ACCEPTABLE REMITTANCE DEVICES MUST MEET THE FOLLOWING CRITERIA:

1. ACCEPTABLE PAYEES:

Bureau of Workers' & Unemployment Compensation	BW&UC
CIS – Unemployment Insurance	CIS-UA
Unemployment Agency	UA
Michigan Unemployment	Unemployment
Michigan Unemployment Agency	MUA
Michigan Unemployment Security Agency	State of Michigan-UA
Michigan Unemployment Security Commission	Unemployment Tax
Michigan Employment Security Agency	MESA
Michigan Employment Security Commission	MESC
Michigan Employment Commission	Michigan ESC
Michigan Employment Agency	Michigan ESA
Unemployment Compensation (UC)	Employment
State of Michigan – MESA	State of Michigan
State of Michigan – MESC	MichiganEmployment



ANY PAYEE - ** IF THE AMOUNT ON THE REMITTANCE DEVICE IS THE SAME AS THE AMOUNT ON FORM UA 1020, LINE 11 **

2. ACCEPTABLE REMITTANCE DEVICES:

- | | |
|-----------------|------------------|
| Personal Checks | Certified Checks |
| Business Checks | Money Orders |
| Cashiers Checks | Cash |

ACH and debit/credit card payments –With prior approval from the BW&UC Tax Office.

Normally, the bank will not receive cash; however, if cash is received, the bank shall provide appropriate controls for handling of the cash, prepare a credit document to represent the cash, and process that document in the same manner as any other remittance.

EXCEPTION ITEMS - NON-ACCEPTABLE UA 1020 TAX REPORTS AND REMITTANCES WILL MEET AT LEAST ONE OF THE FOLLOWING CRITERIA:

1. NON-ACCEPTABLE REMITTANCE DEVICE WILL CONTAIN A:

- a) Payee other than on the acceptable payee list.
- b) Postdated negotiable instrument.
- c) Checks stamped or annotated "Payment in Full" or "Paid in Full".

FORWARD TO THE BW&UC WITH ALL ENCLOSED DOCUMENTATION INCLUDING TAX REPORT.

2. NON-ACCEPTABLE TAX REPORT WILL CONTAIN A:

- a) Any tax report with no information or all zeros on lines 5, 6, 7, 8 and 11 which has any variation of "Out of Business" or "Business Closed" written upon the form.
- b) Any tax report annotated "Account Paid in Full" or "Paid in Full".

FORWARD TO THE BW&UC WITH ALL ENCLOSED DOCUMENTATION INCLUDING ANY REMITTANCE DEVICE.

II-C10 PROCESSING OF EXCEPTION ITEMS TO BE FORWARDED TO THE BW&UC:

Non-acceptable UA 1020 reports and remittances, as well as all enclosed correspondence, forms and notes are to be date stamped and delivered daily to BW&UC Tax Office, Team Support, Suite 11-500, Cadillac Place, 3024 W. Grand Blvd., Detroit, Michigan 48202.

The BW&UC requires that the bank provide a daily register of those exception items involving money. One copy shall be included with the forwarded items, and one shall be maintained in a binder at the bank. Items will be identified by BW&UC employer number, or if an BW&UC number is not available, by FEIN (Federal Employer Identification Number).

II-C11 PRELIMINARY EDIT AND PROCESSING REQUIREMENTS FOR FORM UA 1020, EMPLOYERS QUARTERLY TAX REPORT, FORM UA 1093-E, NOTICE OF ESTIMATED TAX LIABILITY, AND REMITTANCE DOCUMENTS:

If an ADDRESS or part of an address has been crossed out and corrected or changed, a photo copy of the UA 1020/1093-E will be prepared, marked 'COPY, FOR ADDRESS CHANGE' and forwarded to the BW&UC. The originals of the UA 1020 or UA 1093-E, hereafter referred to as UA 1020/1093-E tax report, are then processed in the usual manner.

Some employers, or their agents, will provide one remittance device which covers a number of tax reports, or more than one remittance device which totals the amount entered on one tax report. These items shall be isolated and checked for accuracy.



If the written amount of the remittance device varies from the numerical amount, accept the remittance device for the amount that matches the UA 1020/1093-E, tax report, Line 11. If neither the written nor numerical amounts match the amount indicated on the UA 1020/1093-E, accept the numerical amount and change the UA 1020/1093-E, tax report, as indicated below. If the item in question is a remittance device with no tax document, accept the numerical amount.

If a UA 1020/1093-E, tax report, with a single remittance device has different amounts indicated on the remittance device and on Line 11 of the tax report, the bank shall assume that the amount indicated on the remittance device is correct, and shall draw a single line through the amount on Line 11, and enter the remittance device amount in the boxes provided at the bottom left of the UA 1020/1093-E under the heading "For BW&UC Use Only, Do Not Write Below Line". A bank employee must initial all such changes. Care must be taken when correcting line 11 since, as noted above, employers may include one remittance device to cover a number of tax reports, or several remittance devices to cover the remittance amount indicated on one tax report.

The BW&UC employer number must be included on both the tax document and remittance device. If the employer has not placed the BW&UC employer number on the remittance device, the bank shall enter that number on the face of the remittance device.

Form UA 1020s and remittance devices will be received with no BW&UC employer number or with the words "Number Applied For" or some variation of that wording indicated on the document. These may be tax documents with remittance devices, tax documents with no remittance devices, or remittance devices alone. The number 1111111 (seven ones) shall be entered as the employer number on the tax document and remittance device. Processing shall then continue as usual.

The BW&UC employer number on tax documents and remittance devices submitted by some employers may contain more than seven digits. This will most commonly occur with deliveries from service bureaus or accounting firms who are submitting multiple reports and payments. When this occurs, the first seven digits of the number, including any leading zeros, will represent the actual employer number. The bank shall circle the correct seven-digit BW&UC employer number prior to the key-encoding process.

If the UA 1020, *Employer's Quarterly Tax Report*, or UA 1093-E, *Notice of Estimated Tax Liability*, has no "Quarter Ending Date" indicated on line 3, the bank shall process the document with the most recently completed quarter ending date.

1st Quarter	March 31
2nd Quarter	June 30
3rd Quarter	September 30
4th Quarter	December 31

If the UA 1021, *Employer's Supplemental Tax Report*, has no "Quarter Ending Date" enter 00/00/00 as the quarter ending date.

II-C12 PROCESSING REPORTS AND PAYMENTS INTO BATCHES FOR DEPOSIT AND KEY ENCODING:

Since the batching process of the various Batch Types requires differing levels of bank activity, the BW&UC requires that the per unit cost of processing Batch Types 01, 02, 03, 04, 06, 07, and 08 be shown as separate bid items.

Acceptable reports and payments, payments only and reports only must be sorted into seven (7) categories or batch types before preparing deposits and key encoding.

The seven batch types, the BW&UC form numbers, the five transaction codes associated with the various batch types and the maximum number of items that can be included in each batch type are:

Batch Type 01 - UA 1020, tax report w/remittance



	UA 1093-E Est. tax report w/remittance Transaction Type 01 42 items
Batch Type 01 -	UA 1021, amended tax report w/remittance Transaction Type 07 42 items
	UA 1107, adjusted tax report w/remittance Transaction Type 07 42 items

NOTE: UA 1021s and 1107s will always be forwarded from the BW&UC, grouped by received date, in an envelope marked "Batch Type 01, Transaction Code 07." They will be sent in the Agency envelope on Tuesdays and Thursdays except during the quarter-ending rush period when they will be sent each day. Any UA 1021s and UA 1107s inadvertently received with the Lockbox post office mail will be date-stamped and forwarded to the BW&UC Tax Office for initial processing.

Batch Type 02 -	UA 1020 tax report with no remittance Transaction Type 01 90 items
Batch Type 03 -	Remittance Device Only (no UA 1020) Transaction Type 10 40 items
Batch Type 04 -	Voluntary Payment, Remittance Device Only (no UA 1020 tax report) Transaction Type 12 42 items

NOTE: Batch Type 04 will always be forwarded from the BW&UC in an envelope marked "Batch Type 04, Transaction Code 12." The processing dates for Batch Type 04's will usually be between February 1st and April 30th.

Batch Type 06 -	UA 1020 tax report with no gross wages, excess wages, taxable wages, or tax owed indicated on lines 5, 6, 7, and 9. The BW&UC refers to this as a "no payroll" or "zero payroll" report. Transaction Type 01 90 items
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NOTE: The bank may receive Batch Type 6 "no payroll" reports with a remittance device. The UA 1020 tax report may or may not have an amount indicated on line 11. If it has an amount on line 11, the bank shall line through that amount. A bank employee should initial the line-out. Both "no payroll" reports with no entry on line 11 and those that have had Line 11 lined-out by the bank shall be processed as a Batch Type 06. The remittance device shall be processed separately as a Batch Type 03,"remittance only". If the employer has not placed the BW&UC account number on the face of the check, the bank shall copy the BW&UC account number to the check at this time.

Batch Type 07 -	UA 1110, FUTA tax credit Transaction Code 15 90 items
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NOTE: Batch Type 07 will always be forwarded from the BW&UC in an envelope marked "FUTA, Batch Type 07, Transaction Code 15".

Batch Type 08 -	UA 1093-E estimated tax report with no remittance Transaction Type 01
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**II-C13 BATCHING PROCESS:**

1. All items in a batch must share the same received date, even if the batch includes only one item.
2. Assign batch numbers consecutively to each batch processed.
3. The following must be included on the UA 1020, 1093-E, 1021, 1107 or 1110:
 - (a) Batch Number
 - (b) Received Date
 - (c) Remittance Amount (On Batch Type 01 only)

This should match the amount of the check, if it does not:

UA 1020/1093-E:

Line through the amount on Line 11. "Amount Enclosed", insert the amount of the remittance device in the area provided below the words "For BW&UC Use Only, Do Not Write Below Line" and initial the change. Please watch for multiple remittance devices with one UA 1020/1093-E, or multiple UA 1020/1093-E with one remittance device.

UA 1021:

Line through the amount on Line 6, "Total Tax", column III, "Difference," insert the amount of the remittance device at the top right of the "For BW&UC Use Only" box and initial the change. Please watch for multiple remittance devices with one UA 1021, or multiple UA 1021's with one remittance device.

UA 1107:

Line through the amount in column 3, "Tax Liability," initial the change, insert the amount of the remittance device in the vacant space immediately below, opposite the words "Tax Paid." Please watch for multiple remittance devices with one UA 1107, and multiple UA 1107 with one remittance device.

4. If there is a remittance, the following information must be included on the face of the remittance device:
 - (a) Batch Number
 - (b) Employer Account Number
 - (c) Received Date
5. Form UA 1036, BW&UC Quarterly Financial Batch Header, must be prepared for each batch. The batch header includes; batch number, batch date, received date, batch type, transaction code, number of reports in the batch, number of payments in the batch, and the total payment amount of the batch. The header also includes spaces for the initials of bank staff that assembles the batch, run report tapes, run check tapes and balances the batch.

NOTE: THE FOLLOWING ITEMS 6, 7, 8, 9 AND 10 MUST BE COMPLETED BY DIFFERENT BANK EMPLOYEES.

6. For Batch Types 01, 03 and 04, prepare a proof tape of the dollar amounts of the remittance devices. Enter the number of checks listed on the tape below the total amount of the payments. Indicate the total number of payments on the batch header under "NO. OF PAYMENTS" and the dollar amount on the batch header under "TOTAL PAYMENT AMOUNT".



7. For Batch Type 07, circle the year indicated following the words "APPLICATION FOR STATE UNEMPLOYMENT TAX CREDIT". Prepare a proof tape of the credit amounts indicated on the UA 1110 form above the words:

"1983 FUTA Tax Penalty" or
"1984 FUTA Tax Penalty" or
"1985 FUTA Tax Penalty" or
"Figure A (additional FUTA taxes paid)."

Prepare a proof tape of the credit amounts indicated on the UA 1110s. In the area below the total of the individual credit amounts, enter the count of reports listed on the tape. Enter this number under "TOTAL NUMBER OF REPORTS" on the batch header. Enter the total of the credit amounts under "TOTAL PAYMENT AMOUNT" on the batch header.

8. For Batch Types 01, 02, and 08 prepare a proof tape of the dollar amounts indicated on the UA 1020/1093-E tax reports, line 11, or if line 11 has been lined through, in the boxes in the "for BW&UC use only" area. In the area below the total of the individual line 11 amounts, enter the count of reports listed on the tape. Enter this number on the batch header under "NO OF REPORTS."
9. For Batch Type 01, verify that the totals shown on the remittance and report proof tapes are equal. Enter that amount in the "TOTAL PAYMENT AMOUNT" space on the batch header.
10. For Batch Types 03 and 04, verify remittance devices against proof tape of remittance devices and enter amount in the "TOTAL PAYMENT AMOUNT" space on the batch header.
11. Endorse all remittance instruments using a standard endorsement that includes, "For Deposit Only", "BW&UC" and the BW&UC's UI Bank Clearing Account number.
12. Prepare a photocopy (front only) of all Batch Types 03 and 04 negotiable instruments to be used in key encoding to magnetic tape.
13. For Batch Type 06, a count of the MESC 1020s in the batch should be indicated on the batch header at "TOTAL NUMBER OF REPORTS".
14. Assemble batch for key encoding to FTP or magnetic data cartridge:
- (a) Batch Type 01, Transaction Code 01:
UA 1020/1093-Es, Batch Header, Remittance proof tape, Report proof tape.
 - (b) Batch Type 01, Transaction Code 07:
UA 1021s or 1107s, Batch Header, Remittance proof tape, Report proof tape.
 - (c) Batch Type 02:
UA 1020/1107/1021, Batch Header, Report proof tape.
 - (d) Batch Types 03 and 04:
Batch Header, Photocopies or electronic images of remittance devices and remittance proof tape.
 - (e) Batch Type 06:
UA 1020s, Batch Header.
 - (f) Batch Type 07:
UA 1110s, Batch Header, Proof tape of amounts at:
"1993 FUTA Tax Penalty" or
"1994 FUTA Tax Penalty" or
"Figure A (additional FUTA taxes paid)."
 - (g) Batch Type 08:
UA 1093-Es, Batch Header, Report proof tape.



15. Key encode batch header and tax report information to FTP(see Appendix E for key encoding format and instructions).
16. A standard batch folder shall be prepared for each batch. The batch number shall be annotated at the right side of the tab of the folder. The proof tapes of both reports and remittances for Batch Type 01, the proof tape of remittances only for Batch Types 03 and 04, the proof tape of reports only for Batch Type 02 and 08, and the report tape of amounts indicated on the UA 1110s for Batch Type 07 shall be stapled on the inside back of the folder at the left side of the tab. Enclose tax reports for Batch Types 01, 02, 06, and 08, the UA 1110s for Batch Type 07 and the photocopies or electronic images of the remittance devices for Batch Types 03 and 04 in the folder with the batch header at front. Tax reports may be loosely rubber-banded. Do not rubber-band photocopies or batch headers.
17. Deliver batches and magnetic tapes to BW&UC Tax Office - Team Support, within 72 hours of original document receipt at the lockbox, except as noted in the "Pickup and Delivery" section.

NOTE: Please note that ALL DAILY TRANSMISSIONS AND TAPES must include at least one batch containing remittances (cash batch) or the BW&UC system will not accept the input. This batch can be a type 01 code 01, type 01 code 07, type 03 code 10 or type 04 code 12.

Batch types 02, 06, 07, and 08 are not cash batches.

PROCESSING STEPS TO BE FOLLOWED FOR EACH BATCH TYPE:

1. UA 1020/1093-ES WITH REMITTANCE DOCUMENTS
(Batch Type 01, Transaction Code 01)
Shall be processed using steps 1 through 6, 8, 9, 11 and 14 through 17.
2. UA 1021s WITH REMITTANCE DOCUMENTS
(Batch Type 01, Transaction Code 07)
Shall be processed using steps 1 through 6,8, 9, 11 and 14 through 17.
3. UA 1107s WITH REMITTANCE DOCUMENTS
(Batch Type 01, Transaction Code 07)
Shall be processed using steps 1 through 6,8, 9,11 and 14 through 17.
4. UA 1020 WITH WAGE INFORMATION BUT NO TAX REMITTANCE
(Batch Type 02, Transaction Code 01)
Shall be processed using steps 1 through 3, 5, 8, and 14 through 17.
5. TAX REMITTANCES WITHOUT BW&UC 1020 REPORTS
(Batch Type 03, Transaction Code 10)
Shall be processed using steps 1, 2, 4, 5, 6, 10, 11, 12 and 15 through 17.
6. "VOLUNTARY PAYMENTS", REMITTANCE ONLY, WITHOUT BW&UC 1020 REPORTS
Will always be sent to bank by BW&UC in envelope labeled:
(Batch Type 04, Transaction Code 12)
Shall be processed using steps 1, 2, 4, 5, 6, 10, 11, 12 and 14 through 17.
7. UA 1020s WITH NO WAGE INFORMATION
(Batch type 06, Transaction Code 01)
Shall be processed using 1 through 3, 5, and 13 through 17.
8. UA 1110s FUTA CREDIT FORMS
(Batch Type 07, Transaction Code 15)
Shall be processed using 1 through 3, 5, 7 and 14 through 17.



- 9. UA 1093-Es WITH WAGE INFORMATION BUT NO TAX REMITTANCE
(Batch Type 08, Transaction Code 01)
Shall be processed using steps 1 through 3, 5, 8, and 14 through 17.

PREPARE REMITTANCE DEPOSITS:

- 1. A deposit ticket shall be prepared for each deposit to the BW&UC UI Clearing Account. A minimum of one deposit shall be made each day. The deposit ticket shall contain a listing of each batch number and the "Total Payment Amount."
- 2. The amount of the deposit shall be verified with the proof machine for batch total figures (batch types 01, 03 and 04). A copy of the deposit ticket shall be attached to the proof machine's batch total report.
- 3. Remittance documents dishonored for NSF or uncollected funds should be presented for payment twice. Returned items shall be routed to the Trust Fund Accounting Section, Suite 13-350, 3024 W. Grand Blvd., Detroit, MI. 48202.

II-C14 REPORTING:

A computer file transmission or magnetic tape shall be generated with the following information:

- (a) Batch Number
- (b) Batch Date
- (c) Received Date
- (d) Batch Type
- (e) Transaction Code
- (f) Number of Reports (UA 1020s et al)
- (g) Number of Payments (Remittance Devices)
- (h) Total Payment Amount

If (f), (g) and/or (h) are zero, the bank shall enter zeros (at least three zeros on (h)).

The batch header listing shall be in numeric batch sequence with a summary control report on the following:

- (a) Batch Date
- (b) Batch Range Being Reported
- (c) Total Number of Batches Reported
- (d) Total Dollars (this figure should agree with the total dollars).

II-C15 PICKUPS AND DELIVERIES:

The contracting bank must arrange for the pickup of UA 1020 tax reports and remittances from the Lockbox as frequently as necessary to insure timely processing of all incoming receipts. Due to the increase in the amount of mail at quarter endings, a minimum of two pickups a day is required between the 20th and 30th of January, April, July and October.

The bank shall arrange to make an afternoon pickup and delivery each work day of batches and exception items at the BW&UC, Tax Office, Suite 11-500; 3024 W Grand Blvd, Detroit, Michigan; 48202. Our historical delivery time has been 2:30 to 3:00 pm, and our processing systems are set up for delivery and pickup during that period. If any changes to the delivery schedule are to be made, they must be pre-arranged with the BW&UC/Lockbox liaison at least 24 hours prior to the change. During quarter endings, as indicated above, a minimum of two pickups and deliveries a day will be required by the BW&UC Tax Office.

The BW&UC shall include any cash deposit to be made with the other items to be picked up by the bank messenger each day. The bank shall arrange for that deposit to be credited to the BW&UC UI Clearing Account on the same day on which the bank messenger picks it up.



Do not make deliveries or pickups on Saturdays, Sundays and the scheduled state holidays listed below:

Day	Observance
New Year's Day	January 1, or first working day afterward if on a Saturday or Sunday.
Martin Luther King Day	Third Monday in January.
Presidents' Day	Third Monday in February.
Memorial Day	Last Monday in May.
Independence Day	July 4. or on Friday if the holiday is on Saturday or on Monday if the holiday is on Sunday.
Labor Day	First Monday in September.
Veterans Day	November 11. or on Friday if the holiday is on Saturday or on Monday if the holiday is on Sunday.
Thanksgiving Holiday	Fourth Thursday and Friday in November
Christmas Eve	December 24, or the working day before if on a Saturday or Sunday.
Christmas Day	December 25, or the first working day following if on a Saturday or Sunday.
New Year's Eve	December 31, or the working day before if on a Saturday or Sunday.

II-C16 QUALITY AND SECURITY CONTROL:

Bank One shall be responsible for an effective and efficient quality and security control program:

1. Control the flow of work between the source of receipt (lockbox) and the completion of the processes to assure compliance with production time lines and security requirements.
2. Control the quality of service rendered to meet all performance requirements.
3. Ensure that sub-contractors have an acceptable quality control system and meet required performance standards.
4. Provide and maintain a testing and examination system to ensure that the staff and equipment provide optimum in performance.
5. The lockbox bank is completely responsible for maintaining the confidentiality, safety and security of all source documents placed in it's custody, as well as all output data (media) produced. Privacy Act(s) protecting the employers submitting the remittance documents and payments are statutes of law, which apply to this data while in the custody of the contracting bank. The source documents and output media will be the contracting bank's responsibility from lockbox pickup to delivery at the BW&UC. The bank shall be fully liable to the BW&UC for any and all costs required to reconstruct all records lost or damaged for any reason, while in the bank's possession.
6. The BW&UC Tax Office will continually review and evaluate errors, and the State of Michigan reserves the right to cancel the lockbox arrangement because of errors of any kind. The bank will not be permitted a daily percentage rate of error by type or quantity.
7. The contracting bank will conduct periodic status meetings with representatives of the BW&UC to report progress and problems encountered in the delivery of required services. These meetings may be conducted monthly for the first year of a new banking arrangement, and at least quarterly thereafter. The BW&UC will make available to the bank appropriate contact persons and telephone numbers for the purpose of responding to any bank questions.



8. The lockbox bank must comply with the deposit requirement as imposed by the U.S. Department of Labor: Deposit into the UI Clearing Account 95% or more of the total dollar amount received at the lockbox by the next business day after receipt, and the deposit of all remaining receipts within one business day thereafter.
9. The BW&UC has the right to monitor and evaluate the bank's on-site quality control program for all services called for by a lockbox arrangement to the extent practicable and in a manner that will not unduly affect the bank's operations.
10. The contracting bank is completely responsible for maintaining the confidentiality, safety and security for all source documents placed in the bank's custody, as well as all data output media produced. Privacy act(s) protecting the private employers and claimants are statutes of law, which apply to those data while in the hands of the bank. The bank must state clearly their proposed system for security and control.
11. Minimum security and control arrangements shall include, but are not limited to:
 - (a) Transport of the source documents and output media between BW&UC and the vendor's business must be in a completely closed and locked vehicle.
 - (b) All media must be kept, at all times, in the vendor's or subcontractor's place of business stated in the bid document, and be protected against inspection by persons not directly involved with performance of the BW&UC's purchase order.
 - (c) The media must be protected physically at all times against loss or damage from any source or for any reason. Storage of source documents and output media is to be in UL certified fire resistant safes or cabinets.
 - (d) The bank's premises must be reasonably and adequately protected at all times by a working fire protection system and a burglar alarm system.
 - (e) The vendor shall notify it's employees and it's subcontractors of the above security and control requirements and obligations.
 - (f) The Bank's proposed security and control measures must be considered workable and acceptable by the State of Michigan before the vendor will be awarded a purchase order from this quotation. The State reserves the right to inspect the lockbox operations. The State also reserves the right to have internal and/or external auditors present during peak collection periods for the lockbox operations.

II-C17 ELECTRONIC WIRE TRANSFER OF REMITTANCES:

At the request or with the approval of BW&UC, the bank shall provide the option of electronic transfer of employer funds to the bank from certain remitters.

In the event of this type of transfer, the bank shall agree to and comply with the rules governing Automated Clearing House and Wire Transfer transactions.

In the event of the electronic transfer of remittance, the bank shall:

1. Accept and process the transfer.
2. Provide the BW&UC Contract Administrator, within 24 hours, hard copy or electronic confirmation of all Electronic Fund Transfers including both wire and ACH transactions.
3. Credit the total amount of such electronic transactions to the BW&UC UI Bank Clearing Account.

**II-C18 TECHNOLOGICAL IMPROVEMENTS:**

Indicate, in writing, what technologies are currently available, or under development, at your facility that might improve your potential service to the BW&UC above the level of service required in this request for proposal. The successful bidder shall also be required to keep the BW&UC apprised of any technological improvements that become available during the term of the contract. These technological improvements shall include, but not be limited to, scanning, imaging, CD ROM information storage, and electronic transfer of funds and/or media.

The Contracting bank must be capable of providing images of checks on CD Rom, increase use of electronic payments and accept debit/credit card payments.

II-D PROJECT CONTROL AND REPORTS**I. Project Control**

- a. The Contractor will carry out this project under the direction and control of the Bureau of Workers' & Unemployment Compensation.
- b. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet quarterly as a minimum, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c. During the initial implementation and start up of the lockbox operation, the Contractor will submit brief written biweekly summaries 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 client agency's project director; and notification of any significant deviation from previously agreed-upon work plans. A copy of this report will be forwarded to the named buyer in the Office of Purchasing.
- d. Within five (5) working days of the award of the Contract, the Contractor will submit to the Bureau of Workers' & Unemployment Compensation project director 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 accepted by the State for Contract, and must include the following:
 - (1) The Contractor's project organizational structure.
 - (2) 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.
 - (3) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
 - (4) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

2. Reports

Reporting requirements for specific areas are detailed in section II-C.

II-E PRICE PROPOSAL

All prices/rates quoted in bidder's response to this RFP will be firm for the duration of the Contract. No price changes will be permitted.

II-F CONTRACT PAYMENT



The specific payment schedule for any Contract(s) entered into as the result of this RFP will be mutually agreed upon by the State and the Contractor(s). The schedule should show payment amount and should reflect actual work done by the payment dates, less any earnings on the account accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 10th day of the following month.

The costs to operate the BW&UC bank accounts and lockbox operation will be paid through either a compensation process, direct payment, or a combination of the two. The compensation process will use the sum of the earnings collected on the daily balances in each account during the month to offset the related banking costs. The vendor must provide a detailed narrative description of its methodology for determining the monthly earnings calculation for each account. The vendor must include either the specific interest rate that will be used in the calculation; or, in the case of an adjustable rate, a specific indicator (ie: 3-month Treasury Bill rate published weekly) that will be used to determine the rate.

The sum of the expenses for all three accounts will be subtracted from the sum of the earnings for the three accounts to determine whether a surplus or deficit exists. Any surplus or deficit from previous months shall be carried forward to be included in the current months total. If, at the end of each calendar quarter, prior to the end date of the BW&UC Banking contract, the net of the three accounts produce a year-to-date analysis net loss, the BW&UC may adjust the following month's compensation balance requirement to remedy the under-compensation of the bank for the preceding quarter. If the BW&UC determines that payment by "compensating balances" is not possible, then the BW&UC may allow the Contractor to invoice the Michigan Bureau of Workers' & Unemployment Compensation (BW&UC) for the net amount of the loss.

BW&UC will then, after verifying the validity of the payment request, forward payment in a timely manner. After receipt and posting of the invoice, the year-to-date analysis will return to zero to begin the next calendar quarter. When the year-to-date analysis for the three accounts produces a net profit, that profit will be carried forward to the next calendar quarter.

If the account is in a deficit position on the end date of the BW&UC Bank contract, the bank will issue an invoice within 30 days of the end date of the contract. If the account is in a surplus position on the end date of the BW&UC Bank contract, the bank will issue a check to the BW&UC within 30 days after the end date of the contract.

SECTION III

CONTRACTOR INFORMATION

III-A BUSINESS ORGANIZATION

PRIMARY CONTRACTOR:

Bank One Michigan
6111 Woodward Avenue



Detroit, MI 48226

SUB-CONTRACTORS:

1. Kelly Services, Inc.
1301 West Long Lake Road
Suite 170
Troy, MI 48098
Account Contact: Alicia Fitchett (734) 957-5141

Kelly Services, Inc. provides temporary employees to process the State of Michigan's Unemployment Insurance (UI) activities during the four quarterly peak processing periods each year.

2. Actiondata, Inc.
23077 Greenfield Road
Suite 525
Southfield, MI 48075
Contact: Vincent Radziecki (248) 559-0200

Actiondata, Inc. provides data entry services for UI as a subcontractor for Bank One.

III-B AUTHORIZED CONTRACTOR EXPEDITER:

Mr. Charles A. Dillard
First Vice President
Government and Public Banking
Relationship Manager
Mail Code MI1-8078
611 Woodward Avenue
Detroit, MI 48226
Phone: (313) 225-2255
Fax: (313) 225-4227
Email: charles_a_dillard@bankone.com



APPENDIX A
CONTRACTOR'S TECHNICAL PROPOSAL
(EXCERPTS)



C. MANAGEMENT SUMMARY

On the following pages, we have provided a narrative that describes the solution that Bank One is currently providing and would like to continue providing to the State of Michigan. We currently perform many of the tasks and services associated with this proposed contract, and allowing Bank One to continue performing these activities for the State of Michigan BW&UC virtually eliminates transition risks to your customers.

Our typical work plan describes our methodology to implement banking services with our valued clients. A detailed and project-specific work plan will be developed and tailored for you upon contract award. The experience section describes other government entities where we perform the same type of services described in this proposal. Our project staffing section includes the people who service your accounts today from a relationship and ongoing operations perspective. Descriptions of our main subcontractors who will be actively engaged in performing the work required, Kelly Services and Actiondata, follow the project staffing section.



C.1 Narrative

As the State of Michigan’s principal cash management bank, Bank One understands this proposed contract’s scope of services:

- ◆ Disbursement services (benefit payment and restitution clearing accounts)
- ◆ Collection services (a deposit account and lockbox operation)
- ◆ Innovative services to optimize procedures and funds availability within the BW&UC

This section describes our proposed products and services that perfectly match the contract. These products and services support our commitment to the State of Michigan and the BW&UC – to continue providing problem-free operations, error-free transaction processing, timely availability of funds, and cost containment using strategic innovative technologies. Networking and security technologies have changed dramatically in recent years. Bank One will help the State of Michigan to select and implement the right technologies and thereby continue to provide its clients with most reliable and best possible services.

Disbursement Services: Benefit Payment Account & Restitution Clearing Account

Bank One will continue to support the daily disbursement process as it exists today. The daily disbursement process starts with the State printing and distributing checks to claimants. The State then transmits via dedicated line to Bank One an electronic file of checks issued and voided. We upload the file into our Account Reconciliation Processing (ARP) system. On a weekly basis, we provide the State with a CD ROM that contains an image of each paid check during the past week. At month-end, we provide the State with a Statement of Account.

At some point early in the performance period of the proposed contract, Bank One anticipates the capability to deliver, in addition to the paper statement, a CD ROM containing the same information in more readily usable electronic format. Bank One packages and delivers the original paid checks per your instructions. We also wish the State to consider incorporating Positive Pay into the account reconciliation workflow. Figure C.1-1 depicts Bank One’s proposed approach to provide disbursement processing to BW&UC.

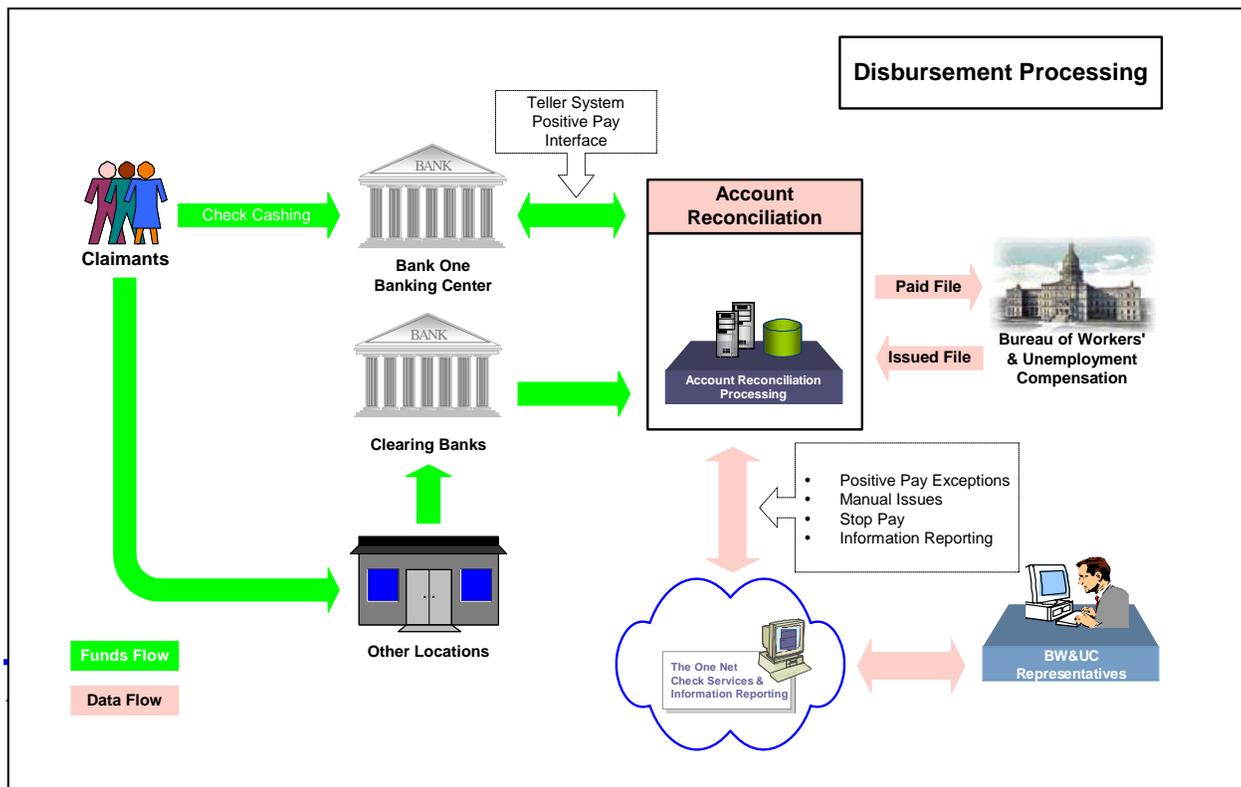


Figure C.1-1. Bank One’s disbursement services can ease BW&UC’s workload. Benefit Payment Account (RFP# II-C4, Pages 23-24)



The benefit payment account includes the Positive Pay feature, manual-issued and voided check tracking, paid check imaging, account reconciliation, and additional service requirements.

The **Positive Pay** feature matches paid items against issued checks to guard against check fraud and improve account reconciliation on a daily basis. Checks presented to tellers at Bank One banking centers are verified immediately through the teller system against the checks issued file to ensure the item has been issued correctly. Verification includes validation of correct dollar amount and check number of the item. Correctly matched items are paid; if the presented check does not match information in the issued check file, then the presenter will be informed that the bank cannot cash the item and the teller will refer the presenter to the maker of the check (in this case, the State of Michigan BW&UC). The State may wish to consider utilizing the features of The One NetSM Check Services product to manage Positive Pay decisions, and place stop payments on-line.

Manual Check Issuance & Voided Checks – Bank One will continue to support the State's current method (diskette) of delivery of manual and voided checks on a weekly basis. We will also continue to maintain the daily outstanding check file for payment confirmation and variance

resolution. The State may wish to consider the value-added process improvement of our new Internet product package, The One Net®, which allows commercial clients to send manual and voided check information to Bank One via a secure Internet portal. Using The One Net, the State of Michigan BW&UC can enter check information throughout the day from any location. The One Net offers advanced security features to prevent unauthorized access and safeguard your data against theft or manipulation. Refer to Section E, Value-Added Services, for additional information on this available service.

Images of Paid Checks – Bank One will continue to provide you, on a weekly basis, a CD ROM containing images of the front and back images of your paid checks. Format of the CD ROM contents will continue to be compatible with the State's choice of image viewing software, Bank One's DebitView, which was recently transitioned to an improved product, Bank One's The One Net Image Viewer. The One Net Image Viewer CD ROM Service offers you a convenient way to retrieve, sort, and categorize check images on CD ROM. The State of Michigan may also wish to consider implementing another component of The One Net, Bank One's Image Keeper ArchiveSM system, which could yield significant financial savings. Please refer to Section E, Value Added Services, for more information about the features and functionality of The One Image Viewer CD ROM Service and Image Keeper Archive.

Account Reconciliation – Once a month, our ARP System transmits a paid items file to post to your in-house system. The account reconciliation account also includes extensive accounting and cash management reports as requested in the RFP Section II-C4. As part of our account reconciliation process, Bank One provides supporting documentation for debit and credit advice, Statement of Account cut-off, and delivery request. Bank One's ARP System will continue to perform account reconciliation as well as or better than it has have done for the past 15 years. The ARP System maintains an outstanding check file and information from this file is automatically included in the monthly Statement of Account summaries. The monthly Statement of Account summaries will be delivered by the date and time specified in the RFP (Section II-C4, Item 12) to:

BW&UC
Trust Fund Accounting, Suite 13-350
3024 West Grand Boulevard.
Detroit MI 48202

Additional Service Requirements – Bank One will continue to provide you with balance reporting information and is anxious to discuss other specialized services that could save you time and money. Please refer to Section E, Value-Added Services, of this proposal for more information about services we can provide you to enhance your satisfaction with Bank One.



Restitution Clearing Account (RFP# II-C6, Pages 24-25)

A Restitution Clearing account would provide a funds clearing mechanism for the overpayment of unemployment benefits. Bank One will be happy to provide a demand deposit account with Positive Pay services. Images of paid checks on CD ROM and Account Reconciliation Processing (ARP) are optional features available of the Restitution Account. The account will be capable of processing encoded and unencoded deposits, handling wire and intra bank transfers of funds, receiving and processing a weekly manual check issuance and voided check diskettes, and disbursing funds as expected.

As with the benefit payment account described earlier, we would be happy to discuss other value-added services that can reduce your staff's workload and expedite funds availability. To help you facilitate the collection and disbursement of funds from this account, we would like to suggest lockbox services. By having the restitution account set up as a lockbox account with Positive Pay, we can help accelerate collections and subsequently the disbursements from this account. Figure C.1-2 represents Bank One's proposed restitution clearing account process.

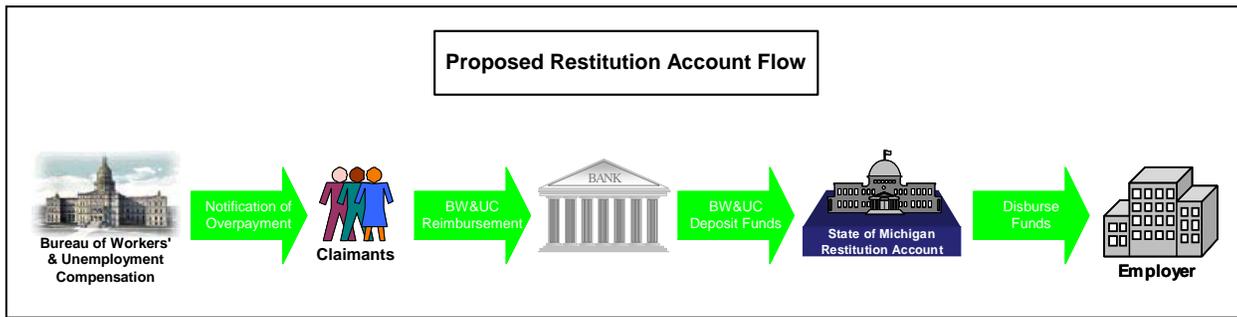


Figure C.1-2. Bank One's restitution clearing account process can expedite funds availability.

New Account Implementation – Bank One will assign an experienced account implementation specialist to work with you to set up your new Restitution Clearing Checking account.

Checking Account – Bank One offers a choice of a regular checking account or the option to add Account Reconciliation Processing (ARP). The ARP option furnishes you with the same detailed reporting you currently receive on your Benefit Payment Account.

Positive Pay – This feature daily matches paid items against issued checks to guard against check fraud and improve account reconciliation. The Positive Pay feature also assists with payment confirmation and variance resolution. This is the same set of features and functions you currently enjoy on your Benefit Payment Account, and now they will be provided to you on the Restitution Clearing Account.

Images of Paid Checks – If you choose, Bank One can mail to you a CD ROM containing images of the front and back images of your paid checks. Format of the CD ROM is compatible with DebitView and its replacement, The One Net Image Viewer. If you elect to use The One Net optional features and services, then you may add the Restitution Clearing Account at any time. Refer to Section E, Value-Added Services, for more information about The One Net and its various options. Monthly Statement of Account summaries will continue to be sent by the date and time specified in the RFP to:



BW&UC
 Trust Fund Accounting
 Suite 13-350
 3024 West Grand Boulevard
 Detroit MI 48202

Additional Service Requirements – Bank One will provide you with balance reporting information, as requested in the RFP, and any additional specialized service requests you submit to us. Bank One wants you to continue to be pleased with the services we provide. We are prepared and anxious to satisfy your every need.

Collection Services: Deposit Clearing Account/Lockbox Operations

Collection services involves the use of a deposit clearing account and lockbox operations. The daily collection process begins when our transportation subcontractor(s) pick up the UA 120 tax reports and remittances from the lockbox and transports then to the lockbox processing site. In accordance with RFP Section II-C.20, pickups from the lockbox occur nine times per day, Monday through Friday, to ensure timely processing of all incoming receipts. Bank One will meet all the State’s requirements for processing, reporting, batching, and transmitting. Furthermore, each workday we will continue to deliver hard copies of batches, exception items, and balance information to:

BW&UC
 Tax Office
 Suite 11-500
 3024 West Grand Boulevard
 Detroit MI 48202

Figure C.1-3 depicts Bank One’s approach to collections processing. A description of this approach follows the figure.

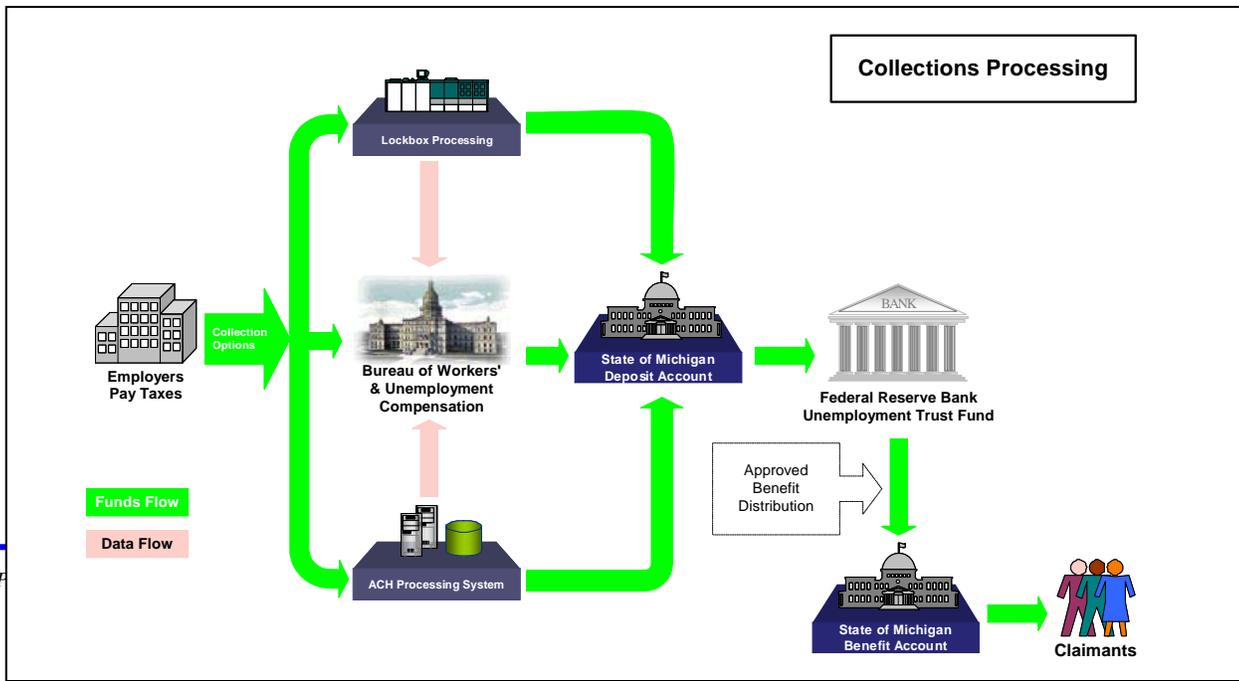


Figure C.1-3. Efficient collections processing ensures timely funds capture.



Deposit Clearing Account (RFP# II-C8, Page 26)

The State of Michigan BW&UC currently has a Bank One deposit clearing account which includes a lockbox for collection services. Our proposed approach continues the existing service and offers value-added services to enhance performance options. In accordance with Section II-C11 of the RFP, we are fully prepared to process the various possible batch sizes we will encounter. We will work with you to accommodate changes to your required batch size or the number of batches. Bank One is committed to ensuring the State of Michigan remains satisfied with the services we provide.

Lockbox Service – Bank One’s current lockbox service accelerates your funds availability and automates remittance processing. The specific processing of encoded and unencoded deposits, verifying, batching, daily and monthly reporting, and delivery request in the RFP (II-C9 to II-C22) are currently in place and will continue as currently performed. We consider our relationship with the State of Michigan BW&UC to be a working partnership and we want to further strengthen this relationship by enhancing performance and increasing your satisfaction. Our goal for the first year of this contract performance period is to begin sending your required remittance information via a daily electronic transmission versus our current tape-by-mail method, thereby improving the speed with which you receive information about your account.

High-Quality Processing & Security Control – Bank One maintains strict security policies for both employees and contractors. Our security-related programs and procedures keep customers’ information strictly confidential. We take steps to ensure the secure delivery of high-quality products and services that meet, if not exceed, the State’s performance requirements. The quality of processing and security demonstrated during the past 15 years has allowed us to reduce the frequency of these meetings to every 6 to 9 months (instead of every month or every 3 months). We are prepared to comply with the State’s requirement to meet every month (or every 3 months), although the quality and security of our work has proven these meetings to be largely unnecessary. Staying with Bank One will save the State and its employees the cost, time, and effort of unnecessary meetings.

Account Features – Your current Bank One Deposit Clearing account is set up to process encoded and unencoded deposits, wires, and intra bank transfers. We report the various balances on a daily basis and prepare the monthly statement of account. Bank One will continue to process all electronic transactions and send notification to you within 24 hours.

Additional Service Requirements – Bank One will continue to provide you with any additional specialized services you may request. Please refer to Section E, Value-Added Services, for more information about services we can provide you to satisfy your current and future needs.

Technological Improvements – We encourage you to refer to Section E, Value-Added Services, for more information about improvements being developed specifically for our Detroit Lockbox location.

Innovative Services

Services unique to Bank One’s proposal include client-focused quality status meetings, convenient check cashing services, and more. Bank One is committed to satisfying your needs and expectations, and to continuing this long-standing relationship.

Client-Focused Quality Status Meetings – We understand your need for quality services. You deserve to know the status of our activities as they relate to you. Even on projects or under contracts that do not require us to conduct quality status meetings, we conduct them and invite you to participate. We want to know when you need some other service or product, so we can make sure we’ve met or exceeded all of your needs and expectations.



Check Cashing – Bank One looks forward to continuing to offer claimants the benefits of cashing claim checks drawn on both the Benefit and Reimbursement Accounts, without any additional fees, at any of our more than 1400 banking center located within 14 states nationwide.

Dedicated Customer Service – Each Bank One client, regardless of the number of sites from which the client may operate, has a single point of contact within Bank One. No matter what your need may be, we offer you dedicated service for resolution of any matter related to your account.

Value-Added Services – In addition to meeting the specific needs of the State of Michigan for lockbox and disbursement services, we offer value-added services and products we believe will enhance your experience partnering with Bank One. These value-added services and products were developed to reduce your workload, improve turnaround time, optimize your efficiency, and save you money. The value-added services and products we think will be of interest to the State of Michigan are discussed in Section E of this proposal.

Subcontractors

We will employ two subcontractors during the life of this program: Kelly Services, Inc. and Actiondata, Inc. Following is a description of the services they will provide and their contact information.

Kelly Services, Inc. provides temporary employees to process the State of Michigan’s Unemployment Insurance (UI) activities during the four quarterly peak processing periods each year. Kelly Services has been providing temporary staffing to businesses around the world including 95% of Fortune 500 companies. Since 1946, Kelly Services has been highly regarded for its expertise and innovation in the staffing industry. Kelly Services is a publicly held company incorporated in the State of Delaware in 1952.

For the State of Michigan UI activities, Kelly Services will continue to provide approximately fifty (50) temporary staff members during each peak processing period. To facilitate Bank One requests and oversee the temporary staff, Kelly Services has account representatives located onsite at the Bank One Technology Center. Kelly Services will staff this project from the following office:

Kelly Services, Inc.
1301 West Long Lake Road
Suite 170
Troy MI 48098

Account Contact - Alicia Fitchett: (734) 957-5141

Actiondata, Inc. provides data entry services for UI as a subcontractor for Bank One.

Actiondata receives UI payment forms from Bank One, and data entry personnel enter specified fields according to form type. A transmission file is then generated and sent to Bank One, for inclusion in outgoing customer work. The UI forms are returned to Bank One for verification and returned to UI.

Actiondata was founded in 1976 to provide high-quality data entry keying with turnaround times required by its customers. This privately held company is incorporated in the State of Michigan. Work under the proposed contract will be performed by personnel from the following office:



Actiondata, Inc.
23077 Greenfield Road
Suite 525
Southfield MI 48075

Company Contact - Vincent Radziecki: (248) 559-0200

Like Bank One, Kelly Services and Actiondata remain committed to providing the same or better level of service as they have been delivering for the past 15 years.

Security and Control Systems

Services performed by Bank One and its subcontractors will be conducted at the Bank One Technology Center in Belleville MI. This lockbox depository complies fully with the provisions of the Privacy Act of 1974 5 U.S.C. § 552a (the "Privacy Act"). Individuals who wish to enter the facility must present a State-issued picture ID in order to obtain a badge. The badges serve as key cards to access certain areas of the facility. Individuals without appropriate key card authority must sign in and be admitted by a guard; these individuals must be accompanied by a badged employee or subcontractor at all times during their stay at the facility. Closed-circuit cameras monitor traffic in the hallways.

All Bank One's employees sign a non-disclosure agreement at the start of their employment with Bank One. At the start of each peak processing period under the existing contract, all subcontractors to Bank One sign a confidentiality agreement that complies with the Privacy Act. Both of these agreements become a part of the employee's permanent record. Employees or subcontractors found to have violated the Privacy Act are subject to consequences that may include dismissal and criminal prosecution. Bank One will continue to require its subcontractors to sign the confidentiality agreement and, in accordance with the stipulations of the Privacy Act, will conduct quarterly meetings with the processing staff and subcontractors to review requirements and obligations under the Privacy Act.



C.2 Technical Work Plans

Bank One uses the Project Delivery Methodology (See Figure C.2-1) to manage projects from concept through implementation and maintenance. Bank One’s systems development project management is grounded in the philosophies identified by the Project Management Institute (PMI), which support the same project phases as used by the State of Michigan Project Management Methodology (PMM). A systems development manager will coordinate the overall systems design, plan, and execution.

The systems development lifecycle follows a well-defined, seven-step delivery process. Each step has specific deliverables and sign-offs to ensure that all requirements are captured and understood. The seven steps are organized into three segments that follow the sequence identified in Figure C.2-1 below.

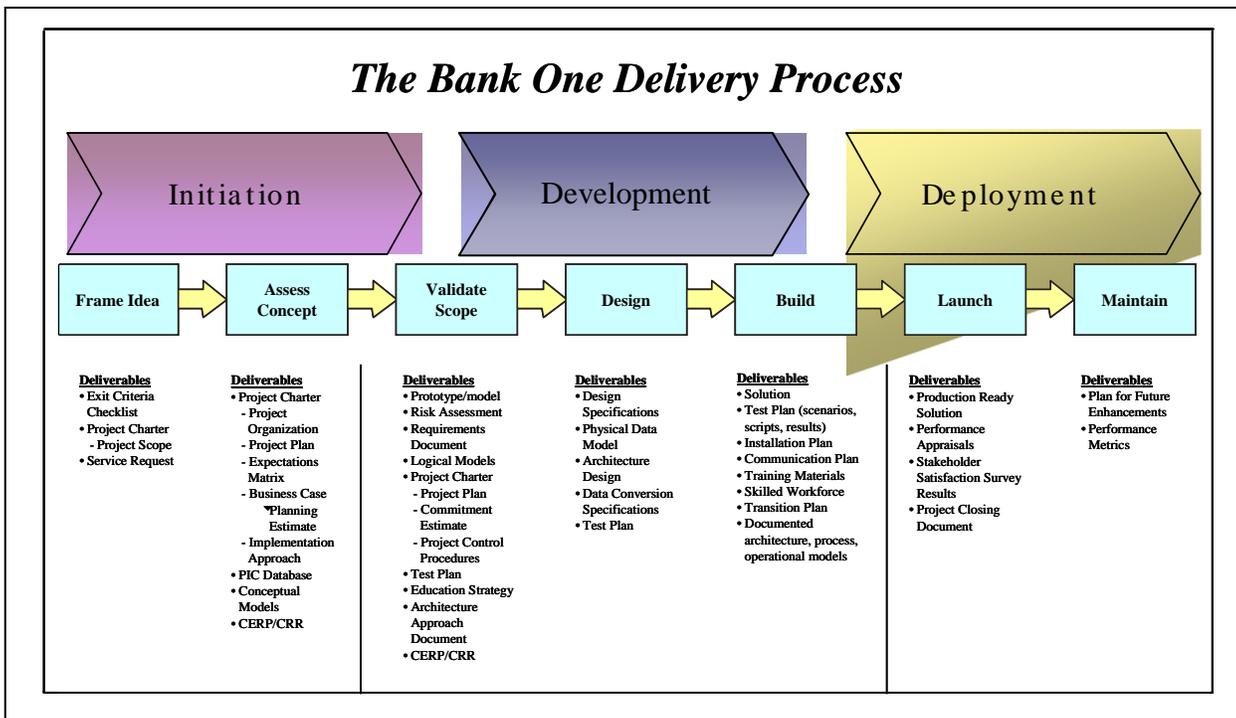


Figure C.2-1. Bank One’s methodology follows the PMI and PMM standards.

As the incumbent banking services contractor, the RFP requirements match most of our current processes. We

completed the initiation, development, and deployment processes and have been maintaining – while improving – these processes for several years. Under the new contract, we will continue our existing activities and implement the Positive Pay feature and a new Restitution Clearing account. Remaining with us provides the State with a virtually risk-free transition to the new contract’s processing activities. Since Bank One has been performing these processes for the State of Michigan BW&UC for the past 15 years, the State will not need to allocate personnel or financial resources for a transition period.

We will ensure that adequate staffing is planned for both daily and peak processing days, as we do today, and continue to perform, with quality, the service requirements as stated in the RFP. You can be assured that Bank One will be ready by April 1, 2003, to perform the services outlined in this RFP.

Attached in Exhibit 1, you will find an example of the MS Project plan that we will customize to depict the five project phases followed by the State of Michigan. Dates for initiation and completion of specific tasks will be fine-tuned once we receive the go-ahead and input from the State of Michigan. If design, development, testing, staffing and training were needed to service the scope of work for a completely new program, we would follow the extensive sequence of tasks highlighted in the attached plan. This is the project plan format we would use if additional processes are requested from the State.



Key Name	Position/ Title	Key/ Ancillary	Total Number	Location	Management Time
Shirley Welker	Project Manager	Key	1	Columbus OH	15%
Ray Grzelak	Lockbox Operations Manager	Key	1	Belleville MI	50%
Loretta Jenkins	East Region Lockbox Manager	Key	1	Belleville MI	20%
Vincent Coluccio	Sr. Sales Representative	Key	1	Detroit MI	5%
Charles A. Dillard	Bidder's Authorized Expeditor	Key	1	Detroit MI	2%
Alicia Fitchett	Kelly Account Rep.	Ancillary	1	Troy MI	5%
Vincent Radziecki	Actiondata Account Rep.	Ancillary	1	Southfield MI	5%
Actiondata employees	Data entry	Ancillary	1-2 FTEs (non-peak) 12-15 FTEs (peak)	Belleville MI	N/A
Kelly Services employees	Data entry	Ancillary	50	Belleville MI	N/A



APPENDIX B

CONTRACTOR'S PRICING