



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

CONTRACT CHANGE NOTICE

Change Notice Number 1

to

Contract Number 071B7700189

CONTRACTOR	KELMAR ASSOCIATES, LLC
	500 Edgewater Drive , Suite 525
	Wakefield, MA 01880
	David P. Kennedy
	781-928-9205
	david.kennedy@kelmarassoc.com
CV0000962	

STATE	Program Manager	Terry Stanton	TREA
		517-636-5307	
		StantonT@Michigan.gov	
	Contract Administrator	Marissa Gove	DTMB
		(517) 449-8952	
		govem1@michigan.gov	

CONTRACT SUMMARY

UNCLAIMED PROPERTY EXAMINATION (AUDIT) SERVICES -

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
August 15, 2017	September 30, 2022	5 - 1 Year	September 30, 2022
PAYMENT TERMS		DELIVERY TIMEFRAME	
12NET20, NET45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	5 years	<input type="checkbox"/>		September 30, 2027
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$7,000,000.00	\$3,000,000.00	\$10,000,000.00		

DESCRIPTION

Effective 10/1/2022, this contract is exercising all 5 option years and is increased by \$3,000,000. The revised contract expiration date is 9/30/2027. Pricing on this contract is hereby updated, per revised Schedule B Pricing Matrix. All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on 6/14/2022.

STATE OF MICHIGAN

Contract No. 071B7700189
Unclaimed Property Examination Services

SCHEDULE B PRICING MATRIX

1. Pricing must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State.
2. Pricing provided shall remain firm/fixed for the duration of the Contract.
3. The State does not guarantee a minimum or maximum volume of work.
4. Pricing Tables:

Table A – Standard Examination (Schedule A, Section 1.1. – 1.3., 1.5.)	
1) Value of Assets Remitted to State During Contract Period	Contingency Fee *
a) \$0-\$10,000,000	10.50%
b) \$10,000,000.01 to \$30,000,000	10.25%
c) \$30,000,000.01 or greater	10.25%

Table B – Streamlined Examination (Schedule A, Section 1.4., 1.5.)	
1) Value of Assets Remitted to State During Contract Period	Contingency Fee *
a) \$0-\$10,000,000	10.50%
b) \$10,000,000.01 to \$30,000,000	10.25%
c) \$30,000,000.01 or greater	10.25%

Table C – Contractor Assisted Self-Examination (Section 1.7.)	
1) Value of Assets Remitted to State During Contract Period	Contingency Fee
a) \$0 or greater	10.50%

Table D – Reserved

Table E – Annual System and Organizational Controls (SOC) Testing		
Report	Trust Services Principle Report Cost	Total Report Cost
1. SOC 1 Type I	Includes all 5 trust principles	\$0.00
2. SOC 2 Type II	Includes all 5 trust principles	\$0.00

*Pricing proposed is offered in connection with a multi-year contract renewal.

A.	Security Principle	\$0.00	
B.	Availability Principle	\$0.00	
C.	Processing Integrity Principle	\$0.00	
D.	Confidentiality Principle	\$0.00	
E.	Privacy Principle	\$0.00	
Total Cost			\$0.00 While the cost to Contractor is nearly \$85,000 per year for SOC Testing, Contractor shall not charge the State for the cost of these reports.

Note: Pricing must be all inclusive. Pricing is subject to Michigan Public Act 268 of 2016; collection costs and fees are not to exceed 12% of the collections or a lesser amount as prescribed by the Contract.



STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
525 W. Allegan, Lansing MI 48913
P.O. Box 30026, Lansing, MI 48909

NOTICE OF CONTRACT

CONTRACT NO. **071B7700189**
between
THE STATE OF MICHIGAN
and

CONTRACTOR	Kelmar Associates
	500 Edgewater Drive, Suite 525
	Wakefield, Massachusetts 01880
	David P. Kennedy
	781-928-9205
	david.kennedy@kelmarassoc.com
	*****2602

STATE	Program Manager	Terry Stanton	Treasury
		(517) 636-5307	
Contract Administrator	StantonT@michigan.gov		
	Joshua Wilson	DTMB	
	(517) 284-7027		
WilsonJ31@michigan.gov			

CONTRACT SUMMARY			
DESCRIPTION: Unclaimed Property Examination (Audit) Services – Department of Treasury			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
August 15, 2017	September 30, 2022	5 – 1 Year	
PAYMENT TERMS		DELIVERY TIMEFRAME	
12NET20, NET45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER. This Contract Agreement is awarded on the basis of our inquiring RFP No. 007117B0010735. Orders for delivery will be issued directly by Departments through the issuance of a Purchase Order Form.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$7,000,000.00

FOR THE CONTRACTOR:

Kelmar Associates, LLC
Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Tom Falik, Services Category Director
Name & Title

DTMB Procurement
Agency

Date



STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“Contract”) is agreed to between the State of Michigan (the “State”) and Kelmar Associates, LLC (“Contractor”), a Delaware limited liability company. This Contract is effective on August 15, 2017 (“Effective Date”), and unless terminated, expires on September 30, 2022.

This Contract may be renewed for up to five (5) additional one (1) year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

- 1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Schedule A – Statement of Work** (the “Contract Activities”). An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in Schedule A.

Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State’s operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State’s quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (j) comply with all State physical and IT security policies and standards which will be made available upon request; and (k) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

- 2. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State: Joshua Wilson Constitution Hall, 1 st Floor, NE 525 West Allegan St. Lansing, MI 48909 WilsonJ31@michigan.gov (517) 284-7027	If to Contractor: David P. Kennedy 500 Edgewater Drive, Suite 525 Wakefield, Massachusetts 01880 david.kennedy@kelmarassoc.com 781-928-9205
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- 3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “Contract Administrator”):

State: Joshua Wilson Constitution Hall, 1 st Floor, NE	Contractor: David P. Kennedy 500 Edgewater Drive, Suite 525
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525 West Allegan St. Lansing, MI 48909 WilsonJ31@michigan.gov (517) 284-7027	Wakefield, Massachusetts 01880 david.kennedy@kelmarassoc.com 781-928-9205
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4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a "Program Manager"):

State: Terry Stanton 7285 Parsons Drive Dimondale, MI 48821 StantonT@michigan.gov (517) 636-5307	Contractor: Stephanie L. Borusiewicz 2200 Concord Pike, 12 th Floor Wilmington, DE 19803 stephanie.borusiewicz@kelmarassoc.com 781-928-9464
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5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Schedule A) if, in the opinion of the State, it will ensure performance of the Contract.
6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations <u>Deductible Maximum:</u> \$50,000 Each Occurrence	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0.
Automobile Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Per Occurrence	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
Workers' Compensation Insurance	
<u>Minimal Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
<u>Minimal Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	
Privacy and Security Liability (Cyber Liability) Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) cover information security and privacy liability,

	privacy notification costs, regulatory defense and penalties, and website media content liability.
Crime (Fidelity) Insurance	
<u>Minimal Limits:</u> \$1,000,000 Employee Theft Per Loss	Contractor must have their policy: (1) cover forgery and alteration, theft of money and securities, robbery and safe burglary, computer fraud, funds transfer fraud, money order and counterfeit currency, and (2) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as Loss Payees.

Professional Liability (Errors and Omissions) Insurance	
<u>Minimal Limits:</u> \$3,000,000 Each Occurrence \$3,000,000 Annual Aggregate	
<u>Deductible Maximum:</u> \$50,000 Per Loss	

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is canceled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

7. Reserved.

8. Extended Purchasing Program. Upon written agreement between the State and Contractor, this contract may be extended to other states (including governmental subdivisions and authorized entities).

If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

9. Independent Contractor. Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity,

throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.

10. **Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation, and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.
11. **Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.
12. **Background Checks.** Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.
13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
14. **Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

15. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A.
16. **Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Schedule A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted, but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 23, Termination for Cause.

Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

17. **Reserved.**
18. **Reserved.**
19. **Reserved.**

- 20. Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Schedule A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all prices are inclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/cpexpress> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment.

Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

21. Reserved.

- 22. Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or purchase order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.

- 23. Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

- 24. Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.

- 25. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 365 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software,

leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.

- 26. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

- 27. Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against 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.

- 28. Limitation of Liability.** The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

- 29. Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

- 30. Reserved.**

- 31. State Data.**

- a. **Ownership.** The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name,

email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("PHI") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.

- b. Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.
- c. Extraction of State Data. Contractor must, within five (5) business days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.
- d. Backup and Recovery of State Data. Unless otherwise specified in Schedule A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Schedule A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.
- e. Loss of Data. In the event of any act, error or omission, negligence, misconduct, or breach that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within 5 calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (g) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and, (h) provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. This Section survives the termination of this Contract.

32. Non-Disclosure of Confidential Information. The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.

- a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not

marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

- b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
- c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

33. Data Privacy and Information Security.

- a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.

- b. Audit by Contractor. No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.
- c. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.
- d. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

34. **Reserved.**

35. **Reserved.**

36. **Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain, and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

37. **Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; and (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.

38. **Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

39. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
40. **Reserved.**
41. **Reserved.**
42. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.
43. **Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
44. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.
45. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
46. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
47. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.
- Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely, or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.
48. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
49. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
50. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and expressly incorporated schedules and exhibits, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

51. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
52. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
53. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
54. **Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

STATE OF MICHIGAN

Contract No. 071B7700189
Unclaimed Property Examination Services

SCHEDULE A STATEMENT OF WORK CONTRACT ACTIVITIES

BACKGROUND

The Department of Treasury, Unclaimed Property (UP) requires the services of a Contractor to conduct unclaimed property examinations pursuant to the Unclaimed Property Act, Michigan Public Act 29 of 1995 (MCL 567.221-567.265) as amended (Act). The entities to be examined will be companies or governmental entities that are either domiciled in Michigan and/or have significant operations in Michigan, as well as, companies or governmental entities that are located anywhere in the United States. The Contractor will examine the books and records of Holders of unclaimed property upon being appointed as its agent for specific examinations by the Program Manager. This examination work will be performed at the offices of the Holder where accounting records are maintained or at the offices of the Contractor when electronic records are provided by the Holder.

SCOPE

Examine, identify, and deliver unclaimed property from Holders that are subject to report such property under the Act. Such Holders will be incorporated or have significant business operations in the State of Michigan.

1. REQUIREMENTS

1.1. Standard Examination Requirements

1. Contractor must adhere to the Act, approved promulgated rules, and all other applicable guidance, regulations and policies.
2. Before initiating or conducting an unclaimed property examination, Contractor must make a written request to the Program Manager. Written approval from the Program Manager shall authorize the Contractor to initiate or conduct unclaimed property examination(s) pursuant to the terms of Contract. Failure to obtain prior written approval may result in termination of the Contract.
3. The Contractor's written request to conduct an unclaimed property examination of a property Holder may include information related to the property Holder; property Holder's contacts; transfer agent; securities information; property types; examination selection criteria; methodology and information sources; other states participating in the examination; timelines; conflict of interest statements and other acknowledgements; and any other data as determined by Program Manager. The format, content, media, and delivery method for this information will be determined by the Program Manager and may be revised at the Program Manager's discretion at any time.
4. The Contractor's written request to conduct an unclaimed property examination of a property Holder for any property type, must separately list by property Holder name and Federal Employer Identification Numbers ("FEIN" or "EIN") each subsidiary, parent, and related or affiliated entities of the property Holder and whether property of those listed entities is included or excluded in the scope of the examination. Additionally, for each listed parent and subsidiary indicate their Michigan presence as defined by the Act.
5. The Program Manager will notify the Contractor in writing if the Contractor's written examination request is approved or denied; approval of a Contractor's examination request is at the Program Manager's discretion. The Program Manager expressly reserves the right to assign an unclaimed property examination of a property Holder to the Contractor.
6. In coordination with the Contractor, the Program Manager shall notify the property Holder approved for an examination a written notification (Notice) letter stating that pursuant to authority granted under the Act, the Program Manager is commencing an unclaimed property examination of the books and records of the property Holder and all relevant subsidiaries and divisions for the purpose of determining

compliance with the Act and that the examination will be conducted by the Contractor as the State's authorized agent.

7. The Program Manager may enter into certain agreements with the Contractor in a multistate examination of one property Holder, however, under no circumstances will the Program Manager indemnify any parties or be subject to any laws that conflict with Michigan law. Further, such agreement is subject to the terms of the Contract and cannot conflict, modify or supplement the Contract without amendment to the Contract entered into by the State.

1.2. Examination Process

1. Subsequent to receiving the Program Manager's written approval and authorization to conduct an unclaimed property examination, the Contractor must negotiate and sign a Non-Disclosure Agreement (NDA) with the property Holder; within ninety (90) days of Program Manager's written approval. The Program Manager must be notified in writing if the NDA is not signed by the deadline. The examination shall be completed expeditiously, and no later than three (3) years from the date on which the NDA between the Contractor and property Holder is signed, unless an extended time period is approved by the Program Manager.
2. The Contractor must review the records of such property Holder and identify overdue and unreported unclaimed property that should be delivered to the State pursuant to the Act, approved promulgated rules and in accordance with Generally Accepted Audit Standards ("GAAS").
3. The Contractor must not estimate or extrapolate any period under examination without Program Manager's prior written approval.
4. The Contractor, during the period in which the examination is in progress, shall provide the property Holder at least once in every thirty (30) day period, up-to-date preliminary examination findings of all overdue unreported unclaimed property to allow the property Holder to review, reconcile and perform due diligence on such property.
5. The Contractor shall direct Holders or their transfer agents to deliver all cash, and/or securities to UP or designated securities custodian, as applicable, within 30 calendar days once the property has been identified in the final examination determination. The Contractor must not accept any unreported unclaimed property noted in the examination from the property Holder. If the unclaimed property has not been submitted to the State after 90 days, the Contractor must assist the State in the delivery of the unclaimed property from the property Holder.
6. The Program Manager has the discretion to modify any deadlines associated with Michigan and non-Michigan initiated examinations. The Program Manager shall determine whether a modification may result in a reduced contingency fee (service credit) of no more than 1% per year beyond the target examination completion date.
7. In coordination with the Contractor, the Program Manager has the discretion to amend or modify any of the Contractor's examination findings.
8. The Contractor shall verify due diligence was conducted by the property Holder pursuant to the Act.
9. The Program Manager, by written notice, may direct the Contractor to suspend or conclude work under the Contract at any time. The Contractor must not resume work until the Contractor has received written approval from the Program Manager to proceed.
10. The Program Manager or the Program Manager's designee expressly reserves the right to review any examination conducted by the Contractor, in order to evaluate the Contractor's performance under the terms of the Contract and to ensure compliance with the Act. The Contractor's examination of any property Holder hereunder shall not limit the Program Manager's rights and responsibilities to ensure compliance with the Act.

11. The Contractor must not delegate or authorize any third party to perform any examination under this Contract, unless otherwise expressly authorized to do so in advance by the Program Manager and Contract Administrator (per Section 10 of the Standard Contract Terms and Section 4.7 of Schedule A).
12. No property Holder or property Holder's related or affiliated entity, including but not limited to a parent, subsidiary, or management/fund company; may be examined more than once by the Contractor without the Program Manager's written authorization.
13. Delivery of Securities or Securities-Related Property:

Securities shall be transferred or delivered using the following the instructions provided in the Manual for Reporting Unclaimed Property which can be found at http://www.michigan.gov/documents/2013i_2598_7.pdf. Depository Trust Company (DTC) delivery must be used if the security issue is DTC eligible.

The Contractor must include with the billing invoice sent to the Program Manager a separate securities/stock/bond valuation report ("Valuation Report") which may include the name and complete description of the security/issue, name of transfer agent, date the property was delivered or transferred to Treasury's Securities Custodian, CUSIP number, number of shares, valuation date, and method and source of the property valuation. The form, format, content, and media of the Valuation Report will be determined by Program Manager and may be revised at Program Manager's discretion. The valuation date used to compute the value of the securities must be within three (3) business days preceding the date the property was transferred or delivered to Treasury's Securities Custodian.

1.3. Examination Reporting and Documentation:

1. The Contractor must maintain detailed examination work papers documenting all phases of the examination, examination results and all correspondence and communications with the property Holder and the property Holder's agent. This documentation shall be made available to the Program Manager within ten (10) days of request.
2. The Contractor shall provide all other additional, reasonably-related services and documents when requested by Program Manager.
3. At the discretion of the Program Manager, payment of the Contractor's fees may not be made on examination reports that do not contain all required information or reports not formatted to the correct specifications. Property must be coded with the applicable property code. The use of "other" or "miscellaneous" property code categories can be used only when no other property code is applicable.
4. The Contractor shall notify the Holder during the entrance conference that penalty and interest will be assessed on all examination findings.
5. If there is a dispute, between the Contractor and the Holder or Holder's representative, the Contractor must notify the Program Manager and a meeting or conference call may be arranged with the Program Manager to discuss and resolve the dispute.
6. Bankruptcy Process: The Contractor must notify the Program Manager in writing, within 30 calendar days, if a property Holder becomes subject to bankruptcy protection. The Contractor's written notification must include the date on which the bankruptcy was filed, the type of bankruptcy case, any related documents filed with the court, bankruptcy court in which the case was filed, and the unclaimed property amount, if known.

1.4. Streamlined Examination Process

1. The Contractor must follow the examination process as outlined in Schedule A, Sections 1.1. through 1.3., and implement the Streamlined Examination Process where applicable, pursuant to the Act (mcl 567.251b), promulgated rules, and in accordance with Generally Accepted Audit Standards ("GAAS").

1.5. Remediation and Conclusion of Examination

1. A remediation report and the Examination Report must be provided pursuant to approved Promulgated

Rules (of Audit Standards for Examinations under the UUPA).

- a. The contents and format of the examination report will be determined by the Program Manager, but may include examination time periods, property Holder contracts, books and records examined, bank accounts, examination procedures and methodology, and detailed examination findings.
 - b. The Contractor must provide details to the Program Manager for the development of a demand letter, which will be issued to the Holder by the Program Manager.
 - c. Upon receipt of property from the Holder, the Contractor must provide the Program Manager an electronic copy of the final unclaimed property report in the National Association of Unclaimed Property Administrators (NAUPA) format.
 - d. The Contractor must deliver to the Program Manager a separate original billing invoice (Schedule A, Section 7.1) for each approved examination; the content, format and media will be determined by Program Manager and is subject to revision.
 - e. The Contractor must deliver to the Program Manager a Valuation Report for securities-related property.
2. Contractor's final property report must not include unclaimed property in aggregate without Program Manager's prior written approval.

1.6. Terminations and Reauthorizations

1. The Program Manager reserves the right to terminate an examination if the examination is not finished by the completion date.
2. The Program Manager reserves the right to reauthorize an examination following a terminated examination, upon written request, to be determined on a case by case basis.

1.7. Contractor Assisted Self-Examination:

1. Upon prior written approval by the Program Manager, the Contractor may assist and/or oversee the process whereby a Holder performs a general ledger and/or securities self-examination. The Contractor does not generally take physical custody of the financial records of the Holder and does not perform an examination of those records. The Contractor informs the Holder of the requirements of the unclaimed property laws, details of the reporting requirements, provides the necessary information to the Holder or Holder's agent regarding unclaimed property and the reporting process and provides other necessary guidance and assistance to the Holder so that the Holder can accurately perform a self-examination. Upon the Holder's completion of the self-examination, the Contractor must review the unclaimed property report and ensure the report and remittance are submitted to UP after it has been determined by the Contractor to be complete, in the proper format (Schedule A, Section 1.5.1.b) and in compliance with the Act and voluntary disclosure program.
2. The Contractor will only be compensated for the initial Holder report submitted. The Contractor will not be compensated for any work that it may perform for the Holder in subsequent engagements and/or years. Any special circumstances in which subsequent work should be considered for compensation by the State will require prior written approval by the Program Manager.

1.8. Data and System Security

1. The Contractor, upon request by the Program Manager, may need to perform annual testing of all control requirements to determine they are working as intended. Annual certification may need to be provided in writing to the Program Manager or designee in the form of a SSAE16 SOC 1 or similar audit report. The report shall be provided within 30 days of completion of the SOC 1 audit report or within 6 months from the date requested by the Program Manager.
2. The Contractor, upon request by the Program Manager, may need to perform annual testing of all security control requirements to determine they are working as intended. Annual certification may need to be provided in writing to the Program Manager or designee in the form of a SSAE16 SOC 2 or similar audit report. The report shall be provided within 30 days of completion of the SOC 2 audit report or

within 6 months from the date requested by the Program Manager. The State reserves the right to require additional testing if not all Trust Service Principles have been assessed.

3. The Contractor must comply with Attachment 1 Security Requirements.
4. The Contractor must complete Treasury Form 3337 before obtaining entrance to Treasury facilities.

2. General Requirements

2.1. Transition

End of Contract Conversion Responsibility: If the State terminates the Contract, for convenience or cause, or if the Contract is otherwise dissolved, voided rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of services and deliverables to the State or a third party designated by the State, if applicable. If the Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services and deliverables within a reasonable period of time that in no event will exceed 365 days. These efforts must include, but are not limited to, those listed in Section 25 of the Standard Contract Terms.

3. Acceptance

3.1. Acceptance, Inspection and Testing

The following criteria will be used by the State to determine Acceptance of the Services and/or Deliverables provided under this SOW and will be approved by the Program Manager or designee.

1. Examinations conducted by the Contractor must be in accordance with the Act and generally accepted auditing standards (Schedule A, Sections 1.1.1 and 1.2.2).
2. Holder reports are submitted via electronic media in the nationally accepted NAUPA format. (Section 1.5.1.c).
3. The Contractor must include with the billing invoice sent to the Program Manager a separate securities/stock/bond valuation report ("Valuation Report") per Section 1.2.13).

3.2. Final Acceptance

The Contractor will direct Holders or their transfer agents to deliver all cash, and/or securities to the UP or designated securities custodian, as applicable (Schedule A, Section 1.2.13 and 1.5). Final acceptance will be determined by the Program Manager or designee, when the State receives the NAUPA formatted report and corresponding property.

4. Staffing

4.1. Contractor Representative

The Contractor must appoint one individual, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the "Contractor Representative").

The Contractor must notify the Contract Administrator at least 30 calendar days before removing or assigning a new Contractor Representative.

Contractor Representative:

Stephanie L. Borusiewicz
2200 Concord Pike, 12th Floor
Wilmington, DE 19803
stephanie.borusiewicz@kelmarassoc.com
781-928-9464

4.2 Reserved

4.3. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 7:00 a.m. to 6:00 p.m. EST, and possible night and weekend hours depending on the requirements of the project.

4.4. Key Personnel

1. Contractor must provide the Contractor Representative (Schedule A, Section 4.1.) and Audit Manager(s) who will be involved in the project as identified in the table below.

Position	Name	Role(s) / Responsibilities	Physical Location
Contractor Representative / Senior Manager	Stephanie L. Borusiewicz	Research/Identification of Holders, Written Examination Requests and Monthly Status Reports	Wilmington, Delaware
Member, Chief Executive Officer & President	Mark S. McQuillen	Strategic Direction, Accountability, Development	Wakefield, Massachusetts
Member & General Counsel	David P. Kennedy	Strategic Direction, Accountability, Development	Wakefield, Massachusetts
Member & Chief Financial Officer	Michael J. LeBlanc	Strategic Direction, Accountability, Development	Wakefield, Massachusetts
Member & Chief Administrative Officer	Mark X. Russo	Strategic Direction, Accountability, Development	Wakefield, Massachusetts
Chief Operating Officer	John A. DeMarco	Strategic Direction, Accountability, Development	Wakefield, Massachusetts
Vice President	Mark Udinski	General Ledger Exam Services	Wilmington, Delaware
Director	Kate A. Stevens	Securities Exam Services	Rockland, Massachusetts
Director	Gary M. Duvall	General Ledger Exam Services	Wakefield, Massachusetts
Senior Manager	Michael Gizzi	Life Insurance Exam Services	Wakefield, Massachusetts
Senior Manager	Anthony D. D'Alleva	Remediation and Due Diligence	Wakefield, Massachusetts
Statistical Analyst	Rodney Dominique	Statistical Sampling	Wakefield, Massachusetts
Senior Manager	Andrew D. Harmon	Reporting and Remittance	Wakefield, Massachusetts
Reporting Manager	Marsela Strakosha	Custodial Reporting	Wakefield, Massachusetts
Controller	Elizabeth S. Sullivan	Payment, Invoicing, Financial Reporting	Wakefield, Massachusetts
Senior Manager – Human Resources	Cheryl R. Giannasca	Human Resources, Recruiting	Wakefield, Massachusetts
Director – Information Technology	Sean O'Connell	Information Services	Wakefield, Massachusetts
Vice President	Brian J. Scanlon	Legal Consulting	Wakefield, Massachusetts
Associate General Counsel	Timothy Cullen	Legal Consulting	Wakefield, Massachusetts
Associate General Counsel	Catherine G. Zejnullahu	Contracts Management & Regulatory Compliance	Wakefield, Massachusetts

2. The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Personnel identified in Schedule A, Section 4.4. Before assigning an individual to any Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Program Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

4.6. Organizational Chart

See Attachment 4.

4.7. Disclosure of Subcontractors

1. If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:

- A. The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.
- B. The relationship of the subcontractor to the Contractor.
- C. Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.
- D. A complete description of the Contract Activities that will be performed or provided by the subcontractor.

Subcontractors:		
Legal business name and full address.	LexisNexis Risk Solutions FL, Inc. 100 Alderman Drive, Atlanta, Georgia 30005	The Berwyn Group, Inc. 23215 Commerce Park Drive, Suite 215 Beachwood, Ohio, 44122
Phone number.	603-489-2226	847-440-1570
Description of subcontractor's organization and the services it will provide.	LexisNexis® offers subscribers access to thousands of sources, including public records and newspaper, magazine, and journal articles, through its LexisNexis® Legal & Professional business. The company also offers risk management and fraud prevention services via LexisNexis Risk Solutions.	The Berwyn Group, Inc. has a long history of working with highly complex data sets and creating useable information from such data. Their management team has more than thirty (30) years of management and consulting experience with large insurance companies and financial services clients delivering software solutions and DMF matching and verification services.
Description of the Contract Activities that will be performed or provided by the subcontractor.	LexisNexis® will assist Kelmar in authenticating policy information provided by the holder and perform address matching for potential matches to the Death Master File (DMF). No duties under Contract will be delegated to this subcontractor.	The Berwyn Group, Inc. will assist Kelmar in authenticating policy information provided by the holder and perform address matching for potential matches to the Death Master File (DMF). No duties under Contract will be delegated to this subcontractor.
Website address.	https://www.lexisnexis.com/en-us/gateway.page	https://www.berwyngroup.com/db/Home.asp
Of the total Contract, the price of the subcontractor's work.	Work performed by LexisNexis®, on a fee per report basis, is less than one percent (<1%) of the total contract performance.	Work performed by The Berwyn Group, LLC, on a fee per report basis, is less than one percent (<1%) of the total contract performance.

5. Project Management

5.1 Audit Plan

Contractor must provide a sample general ledger audit plan. The audit plan and the corresponding timeline or calendar must describe in detail:

1. Task List
2. Responsible Parties for each task
3. Start and completion dates for each task
4. Contractor's project management approach, and discuss in detail any identifying methods, tools, and processes, intended for oversight and completion of the audit.
5. Any anticipated issues/changes, when they may arise, and how those issues will be conveyed to the State Program Manager, and include suggested resolution or risk mitigation strategies to the issue(s).

5.2. Meetings

The Contractor must attend the following meetings:

1. The Contractor shall be available at reasonable times and on reasonable advance notice for in-person meetings with Program Manager, as well as phone calls, conference calls, e-mails and other communications as deemed necessary by Program Manager.

2. Within 60 days of the Effective Contract Date, the Contractor must attend a Kick-Off meeting with the Program Manager which may be in-person or by other means.
3. The State may request other meetings, as it deems appropriate.

5.3. Reporting

1. The Contractor must provide a monthly work-in-progress report to the Program Manager. The Report shall include but is not limited to Holder Name, State of Incorporation, FEIN, Property Type, Last Activity Date, Status, Date of Notice of Commencement, Date NDA signed, and percentage of presence in Michigan. The form, format, content, and media of the work-in-progress report will be determined by Program Manager and may be revised at Program Manager's discretion.

6. Ordering

6.1. Authorizing Document

The appropriate authorizing document for the Contract will be a signed Blanket Purchase Order (BPO) as well as an Agency issued Purchase Order (PO).

7. Invoice and Payment

7.1. Invoice Requirements

1. The Contractor must provide detailed invoices for services rendered which clearly outline the scope of billing.
2. All invoices submitted to the State must include: (a) date; (b) purchase order; (c) description of the Contract Activities; (e) unit price; (f) Non-Disclosure Agreement signature date between the Contractor and property Holder); and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.
3. If the invoice has Securities or Securities-Related Property the Contractor must also include a separate securities/stock/bond valuation report ("Valuation Report") per Schedule A, Section 1.2.13.
4. Invoices will be approved based upon completion of work and deliverables as identified in Schedule A, Section 3.1. Payments will be made upon approval of the Program Manager. All invoices must reflect actual work done.
5. The Contractor must make timely payments to all subcontractors without waiting for State payment of corresponding invoices.
6. The Contractor must allow 45 days from the date of final acceptance for receipt of payment.

7.2. Payment Methods

The State will make payment for Contract Activities via Electronic Funds Transfer (EFT). Electronic transfer of funds is required for payments on State contracts. The Contractor must register with the State electronically at <http://www.cpexpress.state.mi.us>.

Attachment 1

Security Requirements

On award of the Contract, the Contractor must comply with State and Federal statutory and regulatory requirements, and rules; National Institute of Standards and Technology (NIST) publications; Control Objectives for Information and Related Technology (COBIT); all other industry specific standards; national security best practices and all requirements herein.

The Contractor may need to perform annual testing of all security control requirements to determine they are working as intended. Annual certification may need to be provided in writing to the Program Manager or designee in the form of a SSAE16 or similar audit report, or as requested by the Program Manager.

The Contractor must make the Department of Treasury (Treasury) aware when utilizing any cloud based solution. Treasury must approve the use of the cloud based solution and the solution must be FISMA compliant, and FedRAMP certified with enabled continuous monitoring.

A. Governing Security Standards and Publications

The State of Michigan information is a valuable asset that must be protected from unauthorized disclosure, modification, use, or destruction. Prudent steps must be taken to ensure that its integrity, confidentiality, and availability are not compromised.

The Contractor must collect, process, store, and transfer Department of Treasury personal, confidential or sensitive data in accordance with the contractual agreement, State of Michigan policies and the laws of the State of Michigan and the United States, including but is not limited to the following:

1. The Michigan Identity Theft Protection Act, MCL 445.61 et seq;
2. The Michigan Social Security Number Privacy Act, MCL 445.82 et seq.
3. Family Educational Rights and Privacy Act
4. National Institute of Standards and Technology 800-53 v4
5. State of Michigan Policies: The Contractor must comply with the State of Michigan information technology standards (<http://www.michigan.gov/dmb/0,4568,7-150-56355-108233--,00.html>).

B. Security Risk Assessment

The Contractor must conduct assessments of risks and identify the damage that could result from unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems that support the operations and assets of the Department of Treasury. Security controls should be implemented based on the potential risks. The Contractor must ensure that reassessments occur whenever there are significant modifications to the information system and that risk assessment information is updated.

C. System Security Plan

The Contractor must develop, document, and implement a security plan that provides detailed security controls implemented in the information system. If a security plan does not exist, the contractor shall provide a description of the security controls planned for implementation. The security plan must be reviewed periodically and revised to address system/organizational changes or problems.

D. Network Security

The Contractor is responsible for the security of and access to Department of Treasury data, consistent with legislative or administrative restrictions. Unsecured operating practices, which expose other connected networks to malicious security violations, are not acceptable. The Contractor must coordinate with the Michigan Department of Technology, Management and Budget to enter the proper pointers into the State of Michigan infrastructure.

E. Data Security

The Contractor has the responsibility to protect the confidentiality, integrity, and availability of State of Michigan data that is generated, accessed, modified, transmitted, stored, disposed, or used by the system, irrespective of the medium on which the data resides and regardless of format (such as in electronic, paper or other physical form).

The Contractor must:

1. Process the personal data in accordance with the personal data protection laws of the State of Michigan and the United States.
2. Have in place appropriate technical and organizational internal and security controls to protect the personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, and which provide a level of security appropriate to the risk represented by the processing and the nature of the data to be protected. Technical and organizational security controls must be implemented that are appropriate to the risks, such as against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, presented by the processing.
3. Provide secure and acceptable methods of transmitting personal, confidential or sensitive information over telecommunication devices such as data encryption (128 bit minimum), Secure Socket Layer (SSL), dedicated leased line or Virtual Private Network (VPN).
4. Supply the Department of Treasury, Security Division with information associated with security audits performed in the last three years.
5. Have in place procedures so that any third party it authorizes to have access to the personal data, including processors, will respect and maintain the confidentiality, integrity, and availability of the data.
6. Process the personal, confidential and sensitive data only for purposes described in the contract.
7. Identify to the Department of Treasury a contact point within its organization authorized to respond to enquiries concerning processing of the personal, confidential or sensitive data, and will cooperate in good faith with the Department.
8. Not disclose or transfer the personal, confidential or sensitive data to a third party unless it is approved under this contract.
9. Not use data transferred by the Department of Treasury as a result of this contract for marketing purposes.

F. Media Protection

1. The Contractor must implement measures to provide physical and environmental protection and accountability for tapes, diskettes, printouts, and other media containing Department of Treasury's personal, confidential and sensitive information to prevent the loss of confidentiality, integrity, or availability of information including data or software, when stored outside the system. This can include storage of information before it is input to the system and after it is output.
2. The Contractor must ensure that only authorized users have access to information in printed form or on digital media removed from the information system, physically control and securely store information media, both paper and digital, restrict the pickup, receipt, transfer, and delivery of such media to authorized personnel.

G. Media Destruction and Disposal

1. The Contractor must sanitize or destroy information system digital media containing personal, confidential or sensitive information before its disposal or release for reuse to prevent unauthorized individuals from gaining access to and using information contained on the media.
2. Personal, confidential or sensitive information must be destroyed by burning, mulching, pulverizing or shredding. If shredded, strips should not be more than 5/16-inch, microfilm should be shredded to affect a 1/35-inch by 3/8-inch strip, and pulping should reduce material to particles of one inch or smaller.
3. Disk or tape media must be destroyed by overwriting all data tracks a minimum of three times or running a magnetic strip over and under entire area of disk at least three (3) times. If the CD, DVD or tape cannot be overwritten it must be destroyed in an obvious manner to prevent use in any disk drive unit and discarded. Hand tearing, recycling, or burying information in a landfill are unacceptable methods of disposal. Electronic data residing on any computer systems must be purged based on retention periods required by the Department of Treasury.

H. Access Control

The Contractor must limit information system access to authorized users, processes acting on behalf of authorized users, or devices (including other information systems) and to the types of transactions and functions

that authorized users are permitted to exercise. Access must be immediately removed when a staff changes job duties or leaves the employment.

Authentication Process

Authentication is the process of verifying the identity of a user. Authentication is performed by having the user enter a user name and password in order to access the system.

To help protect information from unauthorized access or disclosure, users must be identified and authenticated per the table below prior to accessing confidential or sensitive information, initiating transactions, or activating services.

Publicly available information such as the mother’s maiden name, birth date, and address as the sole authenticator is not a secure means of authentication and should not be used.

Automatic user logons are prohibited. Device-to-device logons must be secured (preferably using client certificates or password via tunneled session). For certain implementations, source restrictions (sign-on can occur only from a specific device) provide a compensating control, in addition to the ID and password.

Authentication information (e.g., a password or PIN) must never be disclosed to another user or shared among users.

The authentication process is limited to three (3) unsuccessful attempts and must be reinstated by the authorized personnel (preferably the System security Administrator). User accounts should be systematically disabled after 90 days of inactivity and must be deleted after 1 year of inactivity

Password Requirements

The purpose of a password is to authenticate a user accessing the system and restrict use of a UserID only to the assigned user. To the extent that the functionality is supported within the technology or product, the controls listed must be implemented.

These following controls or content rules apply at any point where a new password value is to be chosen or assigned. These rules must be enforced automatically as part of a new password content checking process:

Password Property	Value
Minimum Length	8 characters with a combination of alpha, numeric and special characters
Composition	<ul style="list-style-type: none"> • At least two numeric characters (0 through 9), neither of which may be at the beginning or the end of the password • A combination of two upper (A through Z) and lower case (a through z) letters • Special characters (!, @, #, \$, %, ^, &, *, (,), +, =, /, <, >, ?, ,, ;, : , \) • UserID in password is not allowed
Expiration Requirement (Maximum Password Age):	30 days
Revocation	Passwords should be revoked after three (3) failed attempts. (Treasury strongly supports password revocation after three failed attempts if system allows) Passwords should be systematically disabled after 90 days of inactivity to reduce the risk of compromise through guessing, password cracking or other attack and penetration methods.
Temporary passwords	<ul style="list-style-type: none"> • Must be randomly chosen or generated • System must force the user to change the temporary password at initial login
Change process	System must force user to: <ul style="list-style-type: none"> • Confirm their current password/PIN, • Reenter current password/PIN • Create a new password/PIN • Reenter new password/PIN

	System must prevent users from being able to consecutively change their password value in a single day (The goal is to prevent recycling through password history records to reuse an earlier-used password value)
Login process	Password/PIN must not appear on the screen during the login process (The exception to this is during selection of a machine-generated password).
Encryption of passwords/PINs	Passwords must be stored and transmitted with a minimum of 128-bit encryption. Passwords must be masked when entered on any screen
Compromise of password/PIN	Must be changed immediately
Forgotten password/PIN	Must be reset by authorized person (system Security Administrator)
Current user password/PIN	Must not be maintained or displayed in any readable format on the system
Audit logs	Maintain a record of when a password was changed, deleted, or revoked. The audit trail shall capture all unsuccessful login and authorization attempts for a one year period.
Password history	Keep a password history and perform a check against the history to verify the password has not been used for a minimum of one year
Privileged account access (e.g. supervisor or root)	Security administrator must change the password for that account immediately when user changes responsibilities

I. System Security Application Control

Application controls apply to individual computer systems and may include such controls as data origin, input controls, processing controls, output controls, application access controls, application interfaces, audit trail controls, and system documentation. Application controls consist of mechanisms in place over each separate computer system to ensure authorized data is processed completely, accurately, and reliably. The contractor is responsible for ensuring application controls are in place and functioning properly within their organization. Ongoing testing and reporting of controls must be part of the business process in order to have a solid understanding of risks, strengths and weaknesses. A comprehensive solution is required to ensure that business critical applications are handled efficiently and are prioritized. Dynamic recovery procedures and fail over facilities shall be incorporated into the scheduling process whenever possible; and where manual processes are needed, extensive tools must be available to minimize delays and ensure critical services are least impacted.

J. System Auditing

The Contractor must (i) create, protect, and retain information system audit log records to the extent needed to enable the monitoring, analysis, investigation, and reporting of unlawful, unauthorized, or inappropriate information system activity, and (ii) ensure that the actions of individual information system users can be uniquely traced to those users so they can be held accountable for their actions.

The Contractor must observe the following guidelines regarding system auditing:

1. Audit record should contain the following:
 - a. date and time of the event
 - b. subject identity
 - c. type of event
 - d. how data changed
 - e. where the event occurred
 - f. outcome of the event.
2. System alerts if audit log generation fails
3. System protects audit information from unauthorized access
4. Audit record should be reviewed by individuals with a "need to know" on a regular basis
5. Audit logs are retained for sufficient period of time.

K. Configuration Control and Management

The configuration management policy and procedures must be consistent with applicable federal laws, directives, policies, regulations, standards and guidance.

L. Incident Reporting

1. The Contractor must immediately notify any security incidents and/or breaches to the Program Manager [see Attachment 2, Form 4621 What is an Incident? (brochure)].
2. If any act, error, omission, negligence, misconduct, or breach by Contractor or its sub-contractor compromises the security, confidentiality, or integrity of the data, the Contractor will take all reasonable actions required to comply with applicable law as a result of such security incident and assumes full responsibility for any associated costs and duties, including notification of affected individuals and entities, and if requested by Treasury (State of Michigan), will provide credit and identity monitoring services for 24 months to affected individuals.
3. The Contractor must have a documented and implemented Incident Response Policy and Procedure
4. The Contractor must have an incident handling form for consistent, repeatable process for monitoring and reporting when dealing with incidents.
5. The Contractor must have an incident response resource identified to assist users in handling and reporting incidents.
6. Personnel trained in their incident response roles and responsibilities at least annually.

M. Physical and Environmental Security

The Contractor must have established physical and environmental security controls to protect systems, the related supporting infrastructure and facilities against threats associated with their physical environment.

1. The Contractor must have established environmental protection for magnetic and other media from fire, temperature, liquids, magnetism, smoke, and dust.
2. The Contractor must control all physical access points to facilities containing information systems (except those areas within the facilities officially designated as publicly accessible), review physical security logs periodically, investigate security violations or suspicious physical access activities, and initiate remedial actions.
3. The Contractor must periodically review the established physical and environmental security controls to ensure that they are working as intended.

N. Disaster Recovery and Business Continuity Plan

The Contractor must have developed, periodically update, and regularly test disaster recovery and business continuity plans designed to ensure the availability of Department of Treasury's data in the event of an adverse impact to the contractors information systems due to a natural or man-made emergency or disaster event.

O. Security Awareness Training

The Contractor must ensure their staff having access to Treasury information are made aware of the security risks associated with their activities and of applicable laws, policies, and procedures related to security identified in Section A of this document, and ensuring that personnel are trained to carry out their assigned information security related duties.

Contracted employees must obtain Department of Treasury provided security awareness training. (On-line training to be identified by the Program Manager).

P. Web Application Security

The Contractor shall have established adequate security controls for web application(s) to provide a high level of security to protect confidentiality and integrity of personal, confidential and sensitive data. The controls include, but are not limited to:

1. Secure coding guidelines to ensure that applications are not vulnerable to, at a minimum, the following:

- Injection flaws, particularly SQL injection, OS command injection, LDAP and Xpath injections
 - Buffer overflow
 - Insecure cryptographic storage
 - Insecure communications
 - Improper error handling
 - Cross-site scripting (XSS)
 - Improper Access Control (such as insecure direct object references, failure to restrict URL access, and directory traversal)
 - Cross-site request forgery (CSRF).
2. Authentication
 3. Authorization and access control
 4. Web application and server configuration (e.g., patch management, deletion of unnecessary services, separation of the operating system and the web server)
 5. Session management (e.g., randomly generate unique session IDs, encrypt sessions, enforce session expiration date, establish time-out setting for inactive session)
 6. Input validation (e.g., avoid shell commands, system calls, and malicious codes),
 7. Encryption (e.g., personal, confidential and sensitive data, encryption keys, passwords, shared secret),
 - a. The system shall use SSL (128 bit or higher) for secure communication between the user's browser and the system. SSL will be utilized for:
 - i. Log-on process (authentication information -UserID and passwords)
 - ii. Specific field in the HTML forms and links (URLS) within the pages.
 - iii. Cookies
 - iv. Session id
 - v. Confidential and sensitive data files
 - vi. Encryption keys, certificates, and passwords
 - vii. Audit log file.
 8. Audit logs (e.g., all authentication and authorization events, logging in, logging out, failed logins).

Attachment 2

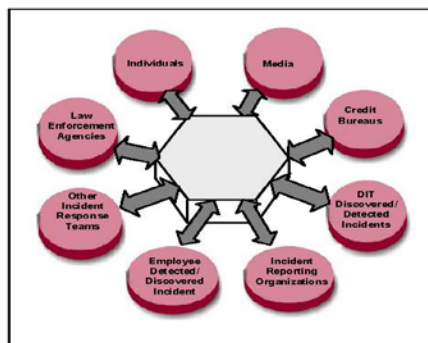
Form 4621, What Is An Incident (Brochure)

Exhibit 2

Identifying/Sensitive Information on Mobile Devices and Portable Media; also refer to Treasury Policy ET-03169 Data Security).

- Avoid sending or receiving unencrypted confidential, personal or sensitive information via e-mail.
- Avoid sending confidential, personal or sensitive information via fax.
- Secure confidential, personal or sensitive papers on the fax, printer or copy machines.
- Keep conversations at a volume level and/or in a location that will protect information.
- Back up data on a regular basis; make sure data files from an approved portable device are stored on the network server.
- Never store more data than needed.
- Shred documents with confidential, personal or sensitive information (see Treasury Policy ET-03115 Confidential Information, Handle and Discard).
- Have computers and hard drives properly wiped or overwritten when discarding or transferring (see DIT Procedure 1350.90, Secure Disposal of Installed and Removable Digital Media, and Treasury Policy ET-03169).
- Use a log-in password that is not easily guessed. Make it at least eight characters long, composed of upper- and lower-case letters, numbers and symbols such as “#” (see DIT Standard 1310.03, Active Directory Password, and Treasury Policy ET-03175 Passwords).
- Never set any log-in dialog box to remember your password (see Treasury Policy ET-03175 Passwords).
- Use a password-protected screen saver that comes on after a few minutes of inactivity. Initiate screen lock system (if a Treasury employee, press the key with Microsoft Windows logo and “L” on the keyboard) when you leave your office, even for a short period.
- Limit access to confidential, personal or sensitive information to those who need to use it to perform their job duties (see DIT Policy 1335.00,

Informative Access Control, and Treasury Policy ET-03164 Access Control).



See the following guidelines in the Security Guide for more information:

- ET-03180, Incident Reporting
- BT-03084, Security Breach Involving Personal Information
- PT-03253, Incident Reporting and Handling
- CT-03070, Incident/Security Breach Examples
- DIT Operating Procedure, How to Handle a Breach of Personal Identifiable/Sensitive Information Incidents

Other References:

- BT-03049, Employee Conduct, General Guidelines
- ET-03140, Workplace Safety
- PT-03246, Potential Dangerous Taxpayer/Debtor, Report
- PT-03095, Theft or Irregularities in Public Funds/Property or Violations of Departmental Policies and Procedures, Report and Investigate

Contact Information:

Contact Division/Bureau Security Liaison or the Security Division at (517) 636-4081 with any questions.

4621 (Rev. 5-09)

What is an Incident? What is a Security Breach?

*What must I do?
How should it be handled?*

What is an Incident?

An incident is any event threatening some aspects of physical or financial security, when financial resources or items valued at \$100 or more are missing or misused, any event violating confidentiality or privacy of information, where data is manipulated or missing, or any event involving unauthorized or unlawful activity.

Examples of Incidents:

- Missing computer equipment containing non-personal information.
- Missing briefcase that contains non-personal information.

Examples of Material Incidents:

- Missing laptop computer or other mobile device, portable media or paper records that do not contain Treasury personal information but do contain confidential or sensitive information.
- Missing warrant stock.

What makes an incident a Security Breach?

An incident becomes a security breach when an unauthorized person gains access to or acquires:

1. Unencrypted or unredacted (data not altered or truncated) personal information, or
2. The encryption key to an area storing personal information.

Beware: If personal information is discovered during the investigative process, an incident will become a potential security breach.

Examples of a Potential/Actual Security Breach:

- Missing laptop computer or other mobile device, or portable media that contains Treasury personal information.
- Missing paper records that contain personal information

Exhibit 2

- Accessing personal information when there is no business need for it
- Using another individual's User ID and Password to access personal information
- Stealing Treasury records that include personal information
- Hacking into records containing Treasury personal information
- Obtaining Treasury personal information from employees without proper authorization to access the information
- Unauthorized and unescorted persons entering secure areas that house personal information.
- Theft of a server.

What is personal information?

The Identify Theft Protection Act, Public Act 452 of 2004, as amended, defines personal information as information containing the first name or initial of the first name and the last name **along with** one of the following:

1. Social Security number
2. Driver's License number or State Personal Identification card number
3. Account number; Credit or Debit Card number **in combination with** any required security code, access code or password that would permit access to a person's financial account.

Personal information may be in written or printed form or may reside electronically on devices or media such as mainframes, servers, personal computers (desktops and laptops), CDs, DVDs, tapes, flash drives, memory sticks, USB keys, microfiche, PDAs, Blackberrys, cell phones, or may exist on other state-of-the-art devices that have been or may be developed.

What should I do if my laptop is missing or if an incident is suspected?

Employee must:

1. File a report with local police immediately if asset valued at \$100 or more is missing.
2. Notify immediate supervisor no later than beginning of the next business day.

3. Complete Parts 1 and 2 of *Incident Report* (Form 4000*.) This form is available on Treasury's Intranet.
4. Forward the Incident Report (with attached police report if applicable) to immediate supervisor and a copy to Treasury's Security Division.

Management Staff must:

1. Report the incident immediately through the chain of command to the Treasury Division Administrator and the Security Division, if unreported. If personal information is involved, follow the guidelines for Security Breach.

Exception: If another state agency/governmental entity, report incident to Treasury Disclosure Officer, Technical Services Division and the Security Division. If contractor or vendor, report incident to Contract Compliance Inspector and Security Division.

2. The Division Administrator must notify the Bureau Director if it is a material incident or involves non-Treasury information.
3. The Bureau Director must notify the other entity immediately.
4. The Division Administrator must inform the Department of Information Technology (DIT) Agency Services (Treasury) Director right away if incident involves information technology resources.
5. Notify other Treasury divisions/offices that may be affected or should be involved with investigation.
6. The Disclosure Office must notify the IRS Office of Safeguards if Federal tax information is involved.
7. Investigate and resolve the incident.
8. Prepare the final form 4000 and submit it to Treasury's Security Division.

What should I do if I witness, discover, or am informed of a potential security breach?

Employee must:

1. Report the security breach immediately (no later than beginning of the next business day) to immediate supervisor.
2. Complete Parts 1 and 2 of Form 4000.
3. Forward the Incident Report (with attached police report if applicable) to immediate supervisor and a copy to Treasury's Security Division.

Management Staff must:

1. If the breach is ongoing, **CONTAIN IT.**
2. Report the potential breach immediately through the chain of command to the Bureau Director or Deputy Treasurer, whichever is applicable.
3. The Bureau Director or the Deputy Treasurer, whichever is applicable, must notify the Chief Deputy Treasurer immediately if a breach involving a database of personal information.
4. The Bureau Director must notify the other entity if the potential breach involves non-Treasury information.
5. The Division Administrator must inform the DIT Agency Services (Treasury) Director right away if incident involves information technology resources and personal information.
6. The Disclosure Office must notify the IRS Office of Safeguards if Federal tax information is involved.
7. Convene appropriate personnel so the scope of the breach can be determined and a plan for appropriate action can be agreed upon.
Note: If a database of personal information is involved, the Chief Deputy Treasurer must approve the Plan of Action.
8. If appropriate, issue breach notifications by telephone, in writing, on the Web or by email.
9. Notify the three major credit bureaus of the breach if more than 1,000 residents of the State of Michigan will receive or have received breach notifications.
10. Prepare the final form 4000 and submit it to Treasury's Security Division.

*Another entity may substitute its internal form for form 4000 if pertinent information is included.

Treasury must protect personal information against risks such as unauthorized access, modification or loss with reasonable security safeguards. Some safeguards are:

- Do not store confidential, personal or sensitive Treasury information on mobile devices or portable media (including laptops, notebooks, memory sticks, CDs, DVDs, floppies) unencrypted: ENCRYPT files or the full disk. (Refer to DIT Standard 1340, Storing and Managing Personal

Attachment 3
Form 3337, Vendor, Contractor, Confidentiality Agreement

Michigan Department of Treasury
3337 (Rev. 10-16)

Vendor, Contractor or Subcontractor Confidentiality Agreement

The Revenue Act, Public Act 122 of 1941, MCL 205.28(1)(f), the City Income Tax Act, Public Act 284 of 1964, MCL 141.674(1), and Internal Revenue Code (IRC) 6103(d), make all information acquired in administering taxes confidential. The Acts and IRC hold a vendor, contractor or subcontractor and their employees who sell a product or provide a service to the Michigan Department of Treasury, or who access Treasury data, to the strict confidentiality provisions of the Acts and IRC. Confidential tax information includes, but is not limited to, information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the Michigan Department of Treasury for a tax administered by the department.

INSTRUCTIONS. Read this entire form before you sign it. If you do not complete this agreement, you will be denied access to Michigan Department of Treasury and federal tax information. After you and your witness sign and date this form, keep a copy for your records. Send the original to the address listed below.

Company Name and Address (Street or RR#, City, State, ZIP Code)		Last Name	First Name
		Driver License Number/Passport Number	Telephone Number
State of Michigan Department	Division	Subcontractor Name if Product/Service Furnished to Contractor	
Describe here or in a separate attachment the product or service being provided to the State of Michigan Agency (Required).			

Confidentiality Provisions. It is illegal to reveal or browse, except as authorized:

- All tax return information obtained in connection with the administration of a tax. This includes information from a tax return or audit and any information about the selection of a return for audit, assessment or collection, or parameters or tolerances for processing returns.
- All Michigan Department of Treasury or federal tax returns or tax return information made available, including information marked "Official Use Only". Tax returns or tax return information shall not be divulged or made known in any manner to any person except as may be needed to perform official duties. Access to Treasury or federal tax information, in paper or electronic form, is allowed on a **need-to-know** basis only. Before you disclose returns or return information to other employees in your organization, they must be authorized by Michigan Department of Treasury to receive the information to perform their official duties.
- Confidential information shall not be disclosed by a department employee to confirm information made public by another party or source which is part of any public record. 1999 AC, R 2005.1004(1).

Violating confidentiality laws is a felony, with penalties as described:

Michigan Penalties

MCL 205.28(1)(f) provides that you may not willfully disclose or browse any Michigan tax return or information contained in a return. Browsing is defined as examining a return or return information acquired without authorization and without a need to know the information to perform official duties. Violators are guilty of a felony and subject to fines of \$5,000 or imprisonment for five years, or both. State employees will be discharged from state service upon conviction.

Any person who violates any other provision of the Revenue Act, MCL 205.1, et seq., or any statute administered under the Revenue Act, will be guilty of a misdemeanor and fined \$1,000 or imprisonment for one year, or both, MCL 205.27(4).

City Penalties

MCL 141.674(2) provides that any person divulging confidential City Tax information is guilty of a misdemeanor and subject to a fine not exceeding \$500 or imprisonment for a period not exceeding 90 days, or both, for each offense.

Federal Penalties

If you willfully disclose federal tax returns or tax return information to a third party, you are guilty of a felony with a fine of \$5,000 or imprisonment for five years, or both, plus prosecution costs according to the Internal Revenue Code (IRC) §7213, 26 USC 7213.

In addition, inspecting, browsing or looking at a federal tax return or tax return information without authorization is a felony violation of IRC §7213A subjecting the violator to a \$1,000 fine or imprisonment for one year, or both, plus prosecution costs. Taxpayers affected by violations of §7213A must be notified by the government and may bring a civil action against the federal government and the violator within two years of the violation. Civil damages are the greater of \$1,000 or actual damages incurred by the taxpayer, plus the costs associated with bringing the action, 26 USC 7431.

Failure to comply with this confidentiality agreement may jeopardize your employer's contract with the Michigan Department of Treasury.

Certification		
By signing this Agreement, I certify that I have read the above confidentiality provisions and understand that failure to comply is a felony.		
Print name of employee signing this agreement	Signature of person named above	Date signed
Print Witness Name (Required)	Signature of Witness (Required)	Date signed

Submit your form to the following address:

Office of Privacy and Security/ Disclosure Unit
Michigan Department of Treasury
430 W. Allegan Street
Lansing, MI 48922

Questions, contact the Office of Privacy and Security by telephone, 517-636-4239; fax, 517-636-5340; or email: Treas_Disclosure@michigan.gov

STATE OF MICHIGAN

Contract No.
Unclaimed Property Examination Services

SCHEDULE B PRICING MATRIX

1. Pricing must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State.
2. Quick payment terms: 12NET20.
3. Pricing provided shall remain firm/fixed for the duration of the Contract.
4. The State does not guarantee a minimum or maximum volume of work.
5. Pricing Tables:

Table A – Standard Examination (Schedule A, Section 1.1. – 1.3., 1.5.)	
1) Value of Assets Remitted to State During Contract Period	Contingency Fee
a) \$0 or greater	10.50%

Table B – Streamlined Examination (Schedule A, Section 1.4., 1.5.)	
1) Value of Assets Remitted to State During Contract Period	Contingency Fee
a) \$0 or greater	10.50%

Table C – Contractor Assisted Self-Examination (Section 1.7.)	
1) Value of Assets Remitted to State During Contract Period	Contingency Fee
a) \$0 or greater	10.50%

Table D – Reserved

Table E - SSAE16 Annual Testing		
Report	Trust Services Principle Report Cost	Total Report Cost
1. SSAE16 SOC 1		\$0.00
2. SSAE16 SOC 2		\$0.00
A. Security Principle	\$0.00	
B. Availability Principle	\$0.00	
C. Processing Integrity Principle	\$0.00	
D. Confidentiality Principle	\$0.00	

E. Privacy Principle	\$0.00	
Total Cost		\$0.00 Contractor shall not charge the State for the Company's annual SSAE16 audit reports

Note: Pricing must be all inclusive. Pricing is subject to Michigan Public Act 268 of 2016; collection costs and fees are not to exceed 12% of the collections or a lesser amount as prescribed by the Contract.