Michigan Department of Treasury – Purchasing
7285 Parsons Drive, Dimondale, MI 48821

NOTICE
OF
CONTRACT NO. 271B5500011
Between
STATE OF MICHIGAN
and

Required by authority of 1984 PA 431, as amended.

Name and Address of Contractor:	Primary Contact	
Xerox State and Local Solutions. Inc. **2828 N. Haskell Avenue** **Dallas, TX 75204**	**David Lemoine**	
	Email **David.lemoine@xerox.com**	
	Telephone **617-722-9673**	Contractor #, Mail Code

State Contact	Treasury Division	Name	Telephone	Email
Program Manager	Treasury	Gonzalo Llano	517-636-5307	llanog@michigan.gov
Contract Administrator	Purchasing	Greg Pawlak	517-636-6819	pawlakg@michigan.gov

Contract Summary			
Unclaimed Property Custodian Services			
Initial Term **3 years**	Effective Date **8/1/2015**	Initial Expiration Date **7/31/2018**	Available Options **Two 1-year**
Payment Terms **Net 45 Days**	F.O.B. **N/A**	Delivery **N/A**	Shipped From **N/A**
Minimum Delivery Requirements **N/A**		Alternate Payment Options ☐ P-Card ☐ Direct Voucher (DV)	Available to MiDeal Participants ☐ Yes ☒ No
Miscellaneous Information N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION: $360,000.00			

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation No. 027115B0003833. Orders for delivery will be issued directly by the Michigan Department of Treasury.

STATE OF MICHIGAN

STANDARD CONTRACT TERMS

Unclaimed Property Custodian Services
CONTRACT 271B5500011

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and Xerox State and Local Solutions Inc ("**Contractor**"), a New York corporations. This Contract is effective on August 1, 2015 ("**Effective Date**"), and unless terminated, expires on July 31, 2018.

The above section will be updated prior to Contract Execution. This Contract term will be for a period of three (3) years.

This Contract may be renewed for up to **two** additional **one-year** period(s). Renewal must be by written agreement of the parties.

The parties agree as follows:

1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Exhibit 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 Exhibit 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:
Greg Pawlak *7285 Parsons Drive* *Dimondale, MI 48821* *PawlakG@michigan.gov* *517-636-6819*

3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms and conditions of this Contract (each a "**Contract Administrator**"):

If to State:
Greg Pawlak *7285 Parsons Drive* *Dimondale, MI 48821* *PawlakG@michigan.gov* *517-636-6819*

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**"):

If to State:
Gonzalo Llano *7285 Parsons Drive* *Dimondale, MI 48821* *LlanoG@michigan.gov* *517-636-5307*

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 if, in the opinion of the State, it will ensure performance of the Contract with a limit not to exceed 25% or less of the annual contract value. Such bond may be issued on an annually renewable bond form to be provided by Contractor's Surety Bond Broker. Such bond, if required, shall be subject to negotiations between State and Contractor as to type, amount, and form to be used."

6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must be provided by an company with an A.M. Best rating of "A" or better and a financial size of VII or better.

Insurance Type	Additional Requirements
Commercial General Liability Insurance	
Minimal Limits: $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	Contractor (1) must include "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and contract related agents" as additional insureds. For claims caused by the negligent acts or omissions of Contractor. Such additional insured requirement may be met through a blanket additional insured basis; (2) include a waiver of subrogation. Such waiver may be met through a blanket waiver basis
Umbrella or Excess Liability Insurance	
Minimal Limits: $5,000,000 General Aggregate	Such policy shall be considered a follow form type of policy.
Motor Vehicle Liability Insurance	
Minimal Limits: $1,000,000 Per accident basis or occurrence	
Workers' Compensation Insurance	
Minimal Limits: Coverage according to applicable State of Michigan laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law. Such waiver may be met through a blanket waiver basis.
Employers Liability Insurance	
Minimal Limits: $100,000 Each Accident $100,000 Each Employee by Disease $500,000 Aggregate Disease.	
Privacy and Security Liability (Cyber Liability) Insurance	
Minimal Limits: $1,000,000 Per Claims made Basis $1,000,000 Annual Aggregate	Such insurance may be met through Contractor's Professional Liability Insurance.
Crime Insurance	
Minimal Limits: $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) shall include "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and contract related agents" as join Loss Payees as its interest may appear.

The minimum limits are not intended, and may not be construed to limit any liability or indemnity of Contractor to any indemnified party or other persons.

Contractor must: (a) provide standard ACORD form type insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and prior to the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section at subcontractors expense; (c) Contractor shall 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 the commercial general liability and workers' compensation insurance. Failure to maintain the required insurance does not limit this waiver.

7. **RESERVED.**

8. **RESERVED.**

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.

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, provide all necessary documentation and signatures, and continue to perform, with the third party, its obligations under the Contract.

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 Exhibit 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 Exhibit 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. **Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Exhibit A. All containers and packaging becomes the State's exclusive property upon acceptance.

18. **Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.

19. **Warranty Period**. The warranty period, if applicable, for Contract Activities is a fixed period commencing on the date specified in Exhibit A. If the Contract Activities do not function as warranted during the warranty period the State may return such non-conforming Contract Activities to the Contractor for a full refund.

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 Exhibit 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. **Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in Exhibit A.

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 90 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

All data and information provided to Contractor by or on behalf of the State, and all data and information derived therefrom, is the exclusive property of the State ("**State Data**"); this definition is to be construed as broadly as possible. Upon request, Contractor must provide to the State, or a third party designated by the State, all State Data within 10 calendar days of the request and in the format requested by the State. Contractor will assume all costs incurred in compiling and supplying State Data. No State Data may be used for any marketing purposes. 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.

In the event the State provides sensitive data, the following terms will apply:

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.

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 one (1) business day 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 Exhibit 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 Exhibit 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.

31. **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 non-State Data Confidential Information

is not feasible, such party must destroy the non-State Data Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party.

32. 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.

33. RESERVED.

34. RESERVED.

35. 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 7 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.

36. **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.

37. **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.

38. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.

39. **RESERVED.**

40. **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.

41. **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.

42. **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.

43. **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.

44. **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.

45. **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.

46. **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.

47. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.

48. **Order of Precedence.** In the event of a conflict between the terms and conditions of the Contract, the exhibits, a purchase order, or an amendment, the order of precedence is: (a) the purchase order; (b) the amendment; (c) Exhibit A; (d) any other exhibits; and (e) the Contract.

49. **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.

50. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.

51. **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.

52. **Entire Contract and Modification.** This Contract is the entire agreement and replaces all previous agreements between the parties for the Contract Activities. This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**").

STATE OF MICHIGAN

Unclaimed Property Custodian Services
CONTRACT 271B5500011

STATEMENT OF WORK
EXHIBIT A
CONTRACT ACTIVITIES

1.1 BACKGROUND

This is a Contract for Unclaimed Property Custodian Services. The key objective of this contract is for the Contractor to serve as the custodian for securities received from holders that report unclaimed property to the State. Properties consist of securities and the dividends or interest associated with these securities. The Contractor will also be involved in the liquidation or transfer of securities as instructed by the Program Manager Inspector or designee.

The qualified securities custodian (Contractor) must account for securities and related dividends and interest remitted by holders of unclaimed property to the Michigan Department of Treasury, Unclaimed Property Division (UPD) to include, but are not limited to the following:

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

1.2 REQUIREMENTS:

1. The Contractor must establish a custodian account for the Michigan Department of Treasury, Unclaimed Property Division (UPD). Contractor will not deduct charges and fees from the custodian account, except in those instances where the charges stem from redemption or sale transactions. These charges and fees shall be billed separately.

2. The Contractor must use same account for the duration of Contract.

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

4. The Contractor must provide accounting for the following types of securities: stocks, mutual funds, bonds, debentures and warrants (see section 1.6.2 for Report requirements).

5. The Contractor must be able to accept securities through Depository Trust Company (DTC) from holders and reporting entities.

6. The Contractor must accept and deposit securities registered in either custodian's name, State of Michigan's name, its nominee name, or unclaimed property owner's name.

7. The Contractor must be able to secure physical stock and bond certificates in a vault.

8. The Contractor must inventory securities at the current market value upon receipt.

9. The Contractor must conduct research of old securities for potential value within 30 days of request.

10. The Contractor must return to the UPD, any worthless or non-transferable securities with an explanation within 30 calendar days after the Contractor becomes aware of the issue.

11. The Contractor must assist Program Manager or designee in determining market value of securities not maintained by the Contractor, within 30 days of request.

12. The Contractor must inventory securities at par value for those that do not have a market value upon receipt.

13. The Contractor must collect and record dividends, interest, and other cash receipts.

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

15. The Custodial Service must account for all corporate actions, such as mergers, stock splits, cash and stock dividends, etc.

16. The Contractor must conduct research as requested by the Program Manager or designee, on corporate actions such as mergers, name changes; discontinued corporations, etc. (see section 1.6.2 for report requirements). Such research will be completed within 30 days of request.

17. The Contractor must liquidate securities at the direction of the Program Manager or designee. Such liquidation will be done within three working days after request.

18. The Contractor must re-register shares from State of Michigan's name to unclaimed property owners at the direction of the Program Manager or designee. Such registration change will be requested from transfer agent within 3 days of request from Program Manager.

19. The Contractor must provide for medallion signature guarantee.

20. Security lending ***will not be allowed*** in this contract.

21. Remote Computer Access: The Contractor must provide online inquiry access for UPD staff into the proposed custodian account.

22. The Contractor must comply with Exhibit 1 (Security Requirements) as it pertains to their internet-based product Workbench. Workbench shall be utilized by UPD to monitor transactions such as claims paid, market value and incoming security positions.

1.3 TRANSITION

1.3.1 Transition Responsibilities

The Contractor must provide transition as outlined in Section 25 of the Standard Contract Terms.

1.4 ACCEPTANCE

Acceptance Criteria

The State will use the following criteria to determine acceptance of the Contract Activities for any statements of work that results in a change to the custodial services solution:

1. PHASE 1 – Specifications Compliance Review

   The first phase shall be comprised of a compliance review of the specifications for the service listed in the Contract. This review will ensure all items are in compliance with the required specifications for the Contract. In the event Treasury determines that any component or feature of the service does not comply with the specifications of the Contract, Treasury reserves the right to cancel the contract.

2. PHASE 2 – Acceptance Test

The Program Manager will evaluate the service' performance based on the specifications provided in the Contract. The Program Manager will determine that the service is fully operational when all of the requirements listed in the Contract are met. It will be the Program Manager's responsibility to determine that the service is fully operational.

3. PHASE 3 – Post Implementation

The performance period for Phase 3 is a period of 45 consecutive calendar days. The performance period shall commence when the service is fully operational.

During the performance period for Phase 3 there shall be no more than three interruptions. During the performance period for Phase 3 there shall be no individual interruption that lasts longer than four hours.

An interruption is defined as failure in the Contractor-supplied service, which results in work stoppage.

Final Acceptance.
Final Acceptance will be completed 45 days after completion of Phase 3 noted in section A1.4.1. During Final Acceptance, there shall be no more than three interruptions. During Final Acceptance there shall be no individual interruption that lasts longer than four hours (see section A.1.41 for definition of interruption). Upon completion of Final Acceptance, the Program Manager will provide written acceptance of the service.

1.5 STAFFING

1.5.1 Contractor Staffing

The Contractor appointed individual, Margaret A. Wagner (Peg), will be the Account Manager 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").

Margaret will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquires within 24 hours.

1. The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Project 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.

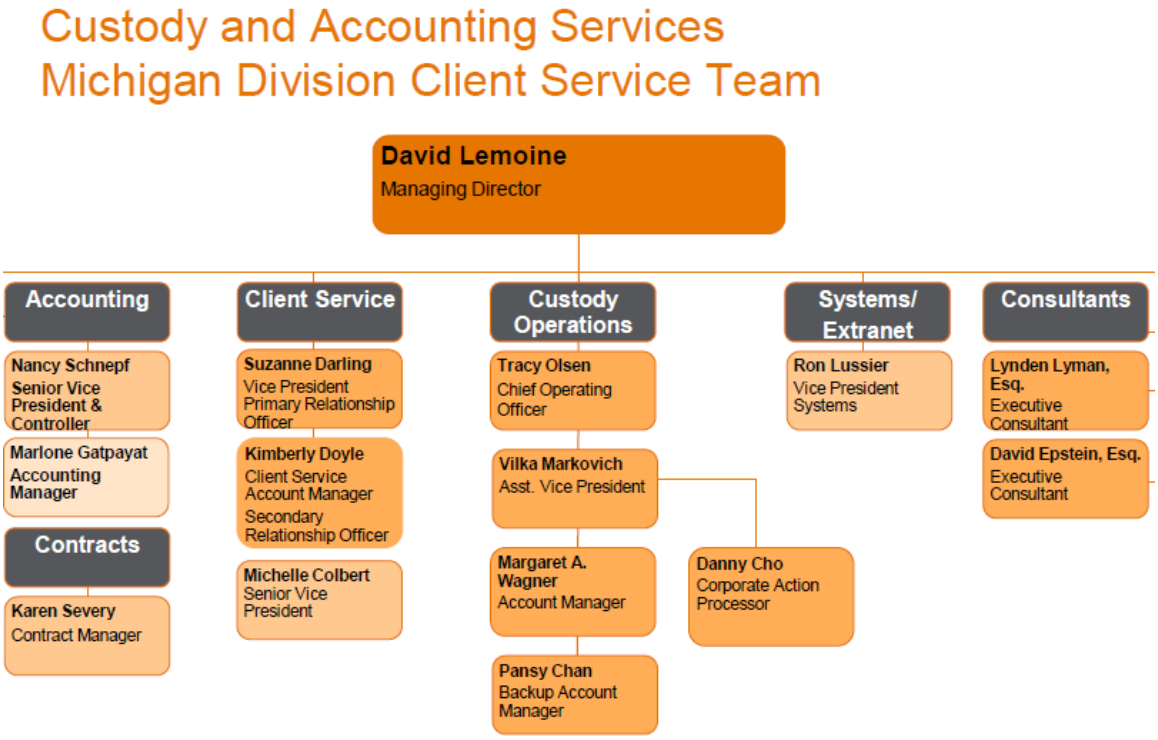
2. Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("**Unauthorized Removal**"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms.

3. Reserved.

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

1.6 Organizational Chart

Upon request, the Contractor must provide an overall organizational chart that details staff members, by name and title, and subcontractors.



1.7 **Disclosure of Subcontractors**

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

Required Information	
Legal business name and full address	The Bank of New York Mellon One Wall Street, New York, NY 10286
State business was incorporated in	Delaware
Phone number	617-382-1655
Description of subcontractor's organization and the services it will provide	Custodian - safekeeping of securities, online inquiry system
Description of the Contract Activities that will be performed or provided by the subcontractor.	Processing of transactions initiated by Xerox on behalf of our state clients. Safekeeping and maintenance of securities
Information concerning subcontractor's ability to provide the Contract Activities they are proposed for	Xerox performed an extensive search to identify the sub custodian that would be able to manage the volume and unique requirements of unclaimed securities. We have been please with BNY Mellon's performance to date.
Website address	www.bnymellon.com
The relationship of the subcontractor to the Contractor	Vendor

If the Contractor has a previous working experience with the subcontractor, provide the details of that previous relationship	Xerox has been utilizing BNY Mellon as our sub custodian since 2003
Of the total bid, the price of the subcontractor's work.	Undetermined

Required Information	
Legal business name and full address	Raymond James 951 East Byrd Street, Suite 930 Richmond, VA 23219
State business was incorporated in	New York
Phone number	804. 225.1148
Description of subcontractor's organization and the services it will provide	Raymond James Financial, Inc. (RJF) is a diversified holding company providing financial services to individuals, corporations and municipalities through its subsidiaries. RJF was founded in 1962 with the objective of providing a comprehensive range of investments to investors. A public company since 1983, RJF is listed on the New York Stock Exchange and its shares are owned by more than 18,000 individual and institutional investors. In total RJF employs over 14,000 people in over 2,600 locations. Raymond James' corporate headquarters is in St. Petersburg, Florida. Raymond James and its subsidiaries have more than 7,100 financial advisors serving more than 1.9 million accounts in locations throughout the United States, Canada and overseas. Raymond James is now the largest independent securities firm in the United States by market capitalization. The firm has grown to its present size and organization by adhering to what has been its primary philosophy for 50 years, that of keeping the client's financial well-being foremost. Over this time, Raymond James has become a respected, multinational company with distinct business units that serve a variety of clients, from individuals and small business owners to municipalities and major corporations.
Description of the Contract Activities that will be performed or provided by the subcontractor.	**<u>Employees and Roles</u>** The total number of employees, nationwide, is approximately 14,100 as of January 2015. We have more than 2,800 offices in all 50 states, Puerto Rico, and the District of Columbia. ***Raymond James has 892 employees in 102 offices located in 66 cities within the state of Michigan.*** For purposes of liquidating unclaimed securities, **Ronald L. Tillett from the Richmond, Virginia RJA office will lead the team**. Listed Traders, Over the Counter Traders, other exchange transactions, physical securities, bonds, worthless items, and foreign securities will be handled in the RJA Memphis, Tennessee and Raleigh, North Carolina offices as required. The individuals assigned to these tasks have been involved with liquidating unclaimed securities for a number of years. Pam Allen, who has worked with Ron Tillett for a number of years on liquidating unclaimed securities, is in the Raleigh, North Carolina RJA office.

	RJA is a publicly traded company on the New York Stock Exchange with more than 18,000 stock holders. RJA is a publicly traded company and the Executive Management Team consists of approximately 21 executive officers. Their background information can be found in the Raymond James 2014 Proxy Statement on the RJA website: www.raymondJames.com.

1.6 PROJECT MANAGEMENT

1.6.1 Project Plan

The Contractor must provide a Project Plan in the event of a contract change that provides new scope to contract. This plan will identify items such as the required contact personnel; the date the project plan must be submitted to the State; project management process; project breakdown identifying sub-projects, tasks, and resources required; expected frequency and mechanisms for updates/progress reviews; process for addressing issues/changes; and individuals responsible for receiving/reacting to the requested information.

The Contractor will carry out this project under the direction and control of the Program Manager. Within 30 calendar days of the Contract Effective Date, the Contractor must submit a project plan to the Program Manager for final approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, and resources required.

1.6.2 Reporting

The Contractor must submit, to the Program Manger, the following written reports:

1. Monthly reports required by the State must be electronically accessible by designated UPD staff. Designated UPD staff will also require access to generate custodial holdings and financial reports throughout the month, on an as-needed basis.

2. Monthly Transaction Report

   a. The Monthly Transaction Report must list all transactions/corporate actions during the month.
   b. The listing must be in an Excel format, allowing the data to be manipulated.
   c. The Monthly Transaction Report must indicate the total cash receipts for the month.

3. Monthly Securities Inventory

   The Monthly Securities Inventory report must include the month-end inventory and be in an Excel format, allowing the data to be manipulated. The Monthly Securities Inventory report must list all securities held as of the last day of the month and must include the following:

   a. Name of issue
   b. CUSIP number
   c. Number of shares per issue
   d. Market value per share of each issue
   e. Total market value of each issue
   f. Total market value of all securities in portfolio.

1.7 ORDERING

1.7.1 Authorizing Document

The appropriate authorizing document for the Contract will be a Purchase Order release off a Blanket Purchase Order.

1.8 INVOICE AND PAYMENT

1.8.1 Invoice Requirements

All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.

1.9 Pricing

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

EXHIBIT B - RESERVED

EXHIBIT C

PRICING

A. The Contractor must provide a pricing schedule for the proposed Contract Activities using the pricing table provided in Exhibit C. The pricing schedule should be submitted in a modifiable format.

B. Contractor 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 (e.g., shipping and handling, per piece pricing, and palletizing).

C. The Contractor is encouraged to offer quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

D. The Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.

Tasks	Monthly Unit Cost	Estimated Monthly Volume	Estimated Monthly Subtotals
1. Monthly Maintenance Fee			
a. for securities held at DTC	$5.75	300	$1,725.00
b. for physical securities held	$5.75	30	$172.50
2. Corporate Actions			
a. for securities held at DTC	No Charge (included in Monthly Maintenance Fee)	20	$0.00
b. for physical securities held	No Charge (included in Monthly Maintenance Fee)	5	$0.00
3. Receipt of Securities			
a. through DTC account	$15.00	100	$1,500.00
b. physical securities	$15.00	20	$300.00
4. Liquidation of Securities			
a. for securities held at DTC	$15.00*	100	$1,500.00
b. physical securities	$15.00*	20	$300.00
5. Transfer of Securities to Claimant's name			
a. for securities held at DTC**	$20.00	5	$100.00
b. for physical securities**	$20.00	5	$100.00
6. Medallion Signature Guarantee Requests	No Charge (Included in Monthly Maintenance Fee)	10	$0.00
7. Other Charges (please explain)			
a. Monthly Account Administration Fee	$208.33 ($2,500 annual pass-through charge)		
b. Wires / Checks	$15.00		
d. On-line access: Workbench and Extranet	No Charge		
e. Mutual Funds – Monthly Maintenance (per position)	$5.75		
f. Mutual Funds – Receipt	$25.00		
g. Mutual Funds – Transfer to Claimant’s Name	$25.00		
h. Mutual Funds – Liquidation	$25.00		

Exhibit 1
Security Requirements

Overview

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 and best security ŧ practices.

The Contractor must perform annual testing of security control requirements to determine they are working as intended. Annual certification must be provided in writing to the Contract Compliance Inspector (CCI) or designee in the form of a SSAE16 or similar audit report,

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.

B. Security Rick Assessment

The Contractor must conduct assessments of risks and attempt to 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.

C. System Security Plan

The Contractor must develop and implement a security plan that provides an overview of the security requirements for the information system. If a security plan does not exist, the contractor shall provide a description of the security controls planned for meeting those requirements. The security plan must be reviewed periodically and revised to address system/organizational changes or problems.

D. Network Security - N/A

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 and in accordance with its classification of the information Classification and the associated designated controls (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 designed and implemented 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)., and in association with controls as designated by its information classification schema.

4. N/A

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. Except that such data may also be processed as necessary for internal administrative functions, risk management functions, audit functions, and as otherwise required by law.

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 except that the Contractor may disclose such data to its agents, affiliates and subcontractors as necessary to provide services under this contract or to comply with applicable law.

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, in accordance with its information classification and applicable controls, 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 that 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 on one inch or smaller

3. In the methodology associated with its information classification and designated controls. 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 will be purged based on BNY Mellon's records retention program

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 (bank standard is 180 days) 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	• 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	• 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: • 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.

J. System Auditing

The Contractor must ~~(i)~~ create, protect, and retain information system audit log records. Log records should trace activities

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 predetermined 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 CCI –The Contractor must immediately notify any security incidents and/or breaches to the CCI.

2. The Contractor must have a documented and implemented Incident Response Policy and Procedure

3. The Contractor must have an incident handling form for consistent, repeatable process for monitoring and reporting when dealing with incidents

4. The Contractor must have an incident response resource identified to assist users in handling and reporting incidents.

M. Physical and Environmental Security

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

1. Environmental protection for magnetic and other media from fire, temperature, liquids, magnetism, smoke, and dust.

2. Control of physical access points to facilities containing information systems (except those areas within the facilities officially designated as publicly accessible), review of physical security logs periodically, investigation of security violations or suspicious physical access activities, and initiation of remedial actions.

3. Periodic review of the established physical and environmental security controls to verify whether 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 Treasury provided security awareness training. (On line training to be identified by the CCI)

P. Web Application Security

The Contractor shall have established adequate security controls for web application(s) to provide a 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 designed and implemented to limit vulnerability 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. Use of SSL (128 bit or higher) or similar protocol for secure communication between the user's browser and the system. To 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)