

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

CHANGE NOTICE NO. 1
 to
CONTRACT NO. 071B0200246
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Informatix, Inc. 2485 Natomas Park Drive, Suite 430 Sacramento, CA 95833	Michele Blanc	Michele.Blanc@informatixinc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(916) 830-1400	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR				
BUYER	DTMB	Jarrold Barron	517-284-7045	Barronj1@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Financial Institution Data Match (FIDM) Services for DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
July 1, 2010	June 30, 2015	2, one year	June 30, 2015
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:			ESTIMATED REVISED AGGREGATE CONTRACT VALUE:	
\$0.00			\$406,741.67	

Effective immediately, the vendor's address is updated to the following:

Informatix, Inc.
 2485 Natomas Park Drive, Suite 430
 Sacramento, CA 95833

Please also note that the buyer has been changed to Jarrold Barron. All other terms, conditions, pricing and specifications remain the same. Per vendor and DTMB Procurement agreement.

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

June 15, 2010

NOTICE
OF
CONTRACT NO. 071B0200246
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR Informatix, Inc. 1740 Creekside Oaks Dr., Suite 175 Sacramento, CA 95833		TELEPHONE (916) 830-1400 Michele Blanc
Email: Michele.Blanc@informatixinc.com		CONTRACTOR NUMBER/MAIL CODE
Contract Compliance Inspector: Patty Bogard Financial Institution Data Match (FIDM) Services for DHS		BUYER/CA (517) 241-3215 Steve Motz
CONTRACT PERIOD: 5 years + 2 one-yr options From: July 1, 2010 To: June 30, 2015		
TERMS N/A	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of RFP #071I0200012, this Contract Agreement and the Contractor's quote dated 1/28/2010. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the Contractor, those of the State take precedence.		
Estimated Contract Value: \$406,741.67		

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

CONTRACT NO. 071B0200246
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR Informatix, Inc. 1740 Creekside Oaks Dr., Suite 175 Sacramento, CA 95833 Email: Michele.Blanc@informatixinc.com	TELEPHONE (916) 830-1400 Michele Blanc CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 241-3215 Steve Motz
Contract Compliance Inspector: Patty Bogard Financial Institution Data Match (FIDM) Services for DHS	
CONTRACT PERIOD: 5 years + 2 one-yr options From: July 1, 2010 To: June 30, 2015	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of RFP #071I0200012, this Contract Agreement and the Contractor's quote dated 1/28/2010. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the Contractor, those of the State take precedence.	
Estimated Contract Value: \$406,741.67	

FOR THE CONTRACTOR: <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">Informatix, Inc.</div> <div style="text-align: center; margin-bottom: 5px;">Firm Name</div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">Authorized Agent Signature</div> <div style="text-align: center; margin-bottom: 5px;">Authorized Agent (Print or Type)</div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">Date</div>	FOR THE STATE: <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">Signature</div> <div style="text-align: center; margin-bottom: 5px;">Steve Motz / Buyer Specialist</div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">Name/Title</div> <div style="text-align: center; margin-bottom: 5px;">IT</div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">Division</div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">Date</div>
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STATE OF MICHIGAN
Department of Technology, Management and Budget
Purchasing Operations

Contract No. **071B0200246**
Financial Institution Data Match (FIDM) Services for FIDM Alliance

Buyer Name: **Steve Motz**
Telephone Number: **517-241-3215**
E-Mail Address: **MotzS@michigan.gov**



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DEFINITIONS

“Days” means calendar days unless otherwise specified.

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

“Additional Service” means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.

“Alliance” means the FIDM Alliance States.

“Audit Period” has the meaning given in **Section 2.112**.

“Business Day,” whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.

“Blanket Purchase Order” is an alternate term for Contract and is used in the State of Michigan computer system.

“Business Critical” means any function identified in any Statement of Work as Business Critical.

“Chronic Failure” is defined in any applicable Service Level Agreements.

“Deleted – Not Applicable” means that section is not applicable or included in this Contract. This is used as a placeholder to maintain consistent numbering.

“Deliverable” means physical goods and/or commodities as required or identified by a Statement of Work

“DTMB” means the Michigan Department of Technology, Management and Budget

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

“Excusable Failure” has the meaning given in **Section 2.244**.

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

“Incident” means any interruption in Services.

“ITB” is a generic term used to describe an Invitation to Bid. The ITB serves as the document for transmitting the RFP to potential bidders

“Key Personnel” means any Personnel designated in **Section 1.031** as Key Personnel.

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



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

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

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

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

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

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

“Services” means any function performed for the benefit of the Alliance State(s).

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

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

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

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

“Waste prevention” means source reduction and reuse, but not recycling.

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

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

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



Article 1 – Statement of Work (SOW)

1.010 Project Identification

1.011 Project Request

The State of Michigan, through the Michigan Department of Technology, Management and Budget (DTMB) for the Department of Humans Services (DHS) have issued this contract to obtain services for conducting data matching between state child support enforcement agencies and financial institutions. The Contractor will implement a program that is to enhance the collection of overdue child support. See [Exhibit 1](#), for Current FIDM Alliance Information Statistics.

Eighteen states have entered into an Alliance for the purpose of outsourcing in-state FIDM programs. The Alliance is a coalition of states formed to cooperatively develop, issue, and oversee these FIDM operations. The Alliance will continue to focus on cooperation on data matching functions. Michigan is responsible for coordinating the contract solicitation process in accordance with Michigan procurement policies. Each participating state is responsible for entering into individual contracts with the selected contractor in accordance with each state's procedures and laws. (The Alliance lead state may change effective 2010).

- The mission for child support enforcement is to enforce the support obligations owed by obligors to their children, locate delinquent obligors, establish paternity, and obtain child, spousal and medical support. The Federal Office of Child Support Enforcement (OCSE), under the adoption of PRWORA (Personal Responsibility and Work Opportunity Reconciliation Act) authorizes this activity.
- The primary objective of each state's Financial Institution Data Matching (FIDM) program is to discover assets belonging to delinquent obligors thereby increasing the collection of past due child support.
- Project implementation involves executing agreements with each of the eighteen states participating in the Alliance, and collecting all financial institution information that will be provided by each state to commence data matching effective 2010 (This date may vary by state) The Contractor will facilitate state to state matching to increase the discovery of assets across state lines.

1.012 Background

The child support enforcement Program was established in 1975 as Part D of title IV of the Social Security Act. The Program helps to strengthen families and reduce welfare dependency by placing responsibility for supporting children on their parents. Designed as a joint Federal, State, and local partnership, the Child Support Enforcement (CSE) Program involves 54 separate State or territorial organizations, each with its own unique laws and procedures. State and local human service agencies, often with the unique laws and procedures often with the help of prosecuting attorneys and other law enforcement officials of family or domestic courts, usually run the Program. At the Federal level, the U.S. Department of Health and Human Services provides funding, training, and technical assistance to States through the Administration for Children and Families Office of Child Support Enforcement (OCSE).

Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), provided new enforcement remedies for child support. Among these are Section 466(a) (17) of the Act which requires States to establish procedures under which the State child support enforcement (IV-D) agency shall enter into agreements with financial institutions doing business in the State for the purpose of securing information leading to the enforcement of child support orders. The State shall develop and operate, in coordination with these financial institutions, a data match system in which each financial institution will provide quarterly the name, records address, social security number or other taxpayer identification number for each non-custodial parent who maintains an account at such institution and who owes past-due support. The State must supply the name and social security number or other taxpayer identification numbers. These procedures must provide for automated data exchanges to the maximum extent feasible.



The data matches are done by either of the following two methods using data specifications approved by the U.S. Office of Management and Budget (OMB Control No: 0970-0196) in 2004, or as amended thereafter.

- Under **Method 1** (all accounts method) a financial institution submits a file containing all accounts that are matched against records of delinquent obligors.
- Under **Method 2** a financial institution receives a file containing records of delinquent obligors from the Contractor, matches the file against all its accounts, and submits a file of matched records.

Legal Basis

MSFIDM - (Multi-State Financial Institution Data Match) Public Law 105-200, the Child Support Performance and Incentive Act of 1998, modified PRWORA to better facilitate the data match for multi-state financial institutions (MSFI's); i.e., those operating within two or more States. Public Law 105-200 authorized the federal Office of Child Support Enforcement (OCSE) to act as the conduit between the States and territories and the MSFI's in the development and implementation of a centralized, quarterly data match program for the collection of child support delinquencies. Multi-state financial institutions may opt to match through the federal OCSE or with the individual states in which they do business. Beginning in July, 1999, the OCSE began distributing the national file of delinquent obligors to the MSFIs for matching using Method 2, as well as disseminating information to the State IV-D agencies. We refer to this process as "MSFIDM".

Pursuant to Section 466(a)(17)(C) of the Social Security Act, a financial institution will not be liable under any federal or state law to any person for (1) any disclosure of data match information to the state IV-D agency, for (2) encumbering or surrendering any assets held by a financial institution in response to a notice of lien or levy issued by the state IV-D agency, or (3) for any other action taken in good faith to comply with the requirements of Section 466(a)(17) of the Act.

Lien And Levy - Section 466(a)(17)(C) A state child support agency is required to establish procedures to identify cases that meet arrearage threshold and other program screening criteria subjecting them to the data match and to any subsequent attachment/lien and levy action. Financial institutions subject to the matching provision are required to encumber or surrender the assets held by the delinquent obligor in response to the notice of attachment/lien and levy from the state agency. The attachment/lien and levy action is subject to the laws of the state where the asset is located and to those respective due process provisions, as well as to account balance thresholds and exemption thresholds of those laws

Multi-State FIDM Alliance

All FIs that choose not to exchange data with the federal OCSE must exchange financial information with the IV-D agency of the state where the FIs are physically located. For this purpose each state enacted enabling legislation. Citations for the legal authority to accomplish in state FIDM are included in state Attachments.

1.020 Scope of Work and Deliverables

1.021 In Scope

The overall objective of the resulting contract is to procure the full range of services described in Section 1.022 Work and Deliverables, for each FIDM Alliance member, in order to increase child support collections through the identification and location of financial institution accounts of delinquent obligors; facilitate interstate case processing; simplify standardization and centralization of the data match for Alliance states; and provide savings through cost sharing of an Alliance wide FIDM processing unit.

OUT OF SCOPE: An example of "out of scope" work would be a state's requesting that the Contractor appear at a hearing where a delinquent obligor is contesting a lien notice.

1.022 Work and Deliverable

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



TASK 1 – INITIAL OUTREACH to FINANCIAL INSTITUTIONS (FIs)

a. Outreach to existing FIs

The Contractor must develop an outreach strategy, produce necessary contact materials, contact all FI associations and perform outreach to FIs for those states that have not mailed initial FIDM packets to FIs. This outreach task will primarily assist new states, which may join the Alliance and have yet to start a FIDM matching program.

See Table below:

State	Total FIs*	Number of FIs Signed	Percent
Alaska	19	17	89%
Arizona	91	90	99%
Colorado	281	212	75%
Illinois	1027	997	97%
Indiana	339	334	99%
Maine	95	95	100%
Maryland	182	165	91%
Michigan	480	480	100%
Montana	124	122	98%
Nebraska	321	293	91%
Nevada	63	58	92%
North Dakota	150	146	97%
Ohio	631	553	88%
Texas	1173	1145	98%
Wisconsin	511	511	100%

State	Total FIs*	Number of FIs Signed	Percent
Idaho	87	64	74%
New York	664	622	94%
New Jersey	321	282	88%

*Total FIs column represents FIs identified. Number of FIs Signed represents those that have signed as of August 2009.

The following outreach steps must be accomplished (but are not limiting):

- Identify all FIs doing business within the state
- List all FIs by category (e.g. type of institution, matching multi-state or in-state, meeting waiver criteria, etc.)
- Contact all trade associations
- Contact all single state FIs and conduct outreach about FIDM requirements, protocols, and lien and levy activity for the respective state.
- Sign-up (enroll) FIs to participate in the State FIDM program or identify them as participating in MSFIDM.

The contractor must provide on-going outreach to all respective trade associations for the same purpose.



The Contractor will not negotiate the agreements, but rather will present the outreach packet in a professional fashion and pursuant to instructions by the client State. All outreach activities must be reported regularly to the State. Outreach materials have been developed by the federal OCSE and each state. The contractor must build its outreach materials on these materials and in all cases must obtain approval from the contract administrator prior to any distribution of outreach materials to the FIs or trade associations. (Material production, or reproduction, postage, and distribution costs will be reimbursed by each state).

Additional states may join the FIDM Alliance during the term of this contract. If a new state has yet to start FIDM activity, or has a minimal amount of FIs signed up, the outreach start-up tasks will be key to the success of the new state's program and participation in the Alliance.

Compensation for this task will be provided on a per FI basis. See [Attachment A](#) for a pricing breakdown by tasks.

b. Outreach to newly established FIs

Each year newly established FIs open their doors for business and register their institution with the banking regulatory agencies. It is anticipated that newly formed FIs will not be familiar with the FIDM program. The Contractor must act as the states' agent in orienting these FIs with regards to the FIDM program requirements and state policies.

The Contractor must monitor regulatory agency listings to identify these newly established FIs, and enroll such institutions with the in-state FIDM program or determine that such FIs are matching through MSFIDM. The Contractor must also notify each state FIDM Contract Administrator when new FIs are identified and/or drop out of the program. Details of this notification will be arranged by the State.

The Contractor will be compensated for this work through a unit price quoted in Attachment A. (Compensation for this task excludes newly named/formed FIs as a result of a merger). Any associated material production, distribution and postage will be reimbursed "at cost" by each state.

TASK 2- SUPPORT SERVICES TO FINANCIAL INSTITUTIONS and CLIENT STATE

The support services must include the following:

Contractor shall provide the link to the financial data match specifications handbook. This is a user guide to assist technical staff.

Contractor shall develop and support a dedicated toll free customer service telephone line for financial institutions. The Contractor is required only to provide one toll free line for the entire Alliance. The Contractor shall have live operators to respond to inquiries from callers. The Contractor must track and report statistics such as number of calls and types of questions. Participating states must be allowed to access the call center information and stats via a website. Attached [FIDM Alliance Call Center Specifications](#) are provided in **Exhibit 2**.

Costs quoted for the customer service line will include all expenses for this feature including Contractor staff, maintenance and all telephone line fees. Contractor will charge a quarterly customer service line fee which will include the first 300 incoming calls and invoice the state for any calls above the 300 allowance. (See Attachment A – Contract Pricing - Task 2a and Task 2b).

Invoices provided to the State must include detailed calling information (e.g. who called in).



TASK 3- DATA MATCHING SERVICES

A: Match Methods:

The Contractor will offer Method 1 and Method 2 matching.

- Under **Method 1** (all accounts method) a financial institution submits a file containing all accounts that are matched against records of delinquent obligors.
- Under **Method 2** a financial institution receives a file containing records of delinquent obligors from the Contractor, matches the file against all its accounts, and submits a file of matched records.

In performing these match operations, the Contractor will receive and send information according to the data specifications approved by the U.S. Office of Management and Budget and per Financial Data Match Specifications Handbook.

To conduct the match operations, the Contractor will receive delinquent obligor records. The delinquent obligor records are contained in each state's central file, known as "delinquent obligor file," or "inquiry file." Some states provide the inquiry file to the Contractor with duplicate social security numbers. In such cases, the Contractor must strip out the duplicate social security numbers prior to sending the file to Method 2 FIs. After the initial load of delinquent obligor cases, the respective states will provide regular updates on a periodic basis. Complete reload can occur at the States request.

3a) Matching Method 1 (all accounts method)

The Contractor will receive account records and quarterly updates from financial institutions. The Contractor will match these accounts with the records of delinquent obligors quarterly; the match must be conducted within two business days of receipt of the financial institution file and the results transmitted to the respective state's child support agency within two business days of completion of the match process. The respective state is not liable to pay for any match results not transmitted to the state within four business days of receipt of the financial institution file from the FI.

3b) Matching Method 2 (matched accounts method)

The Contractor must send, on a quarterly basis, the records of delinquent obligors to each financial institution and receive matched records back from the financial institution. The Contractor must track and perform follow-up with financial institutions to ensure that the FIs comply with a forty-five day response deadline. The results of the matching process must be transmitted to the respective state's child support agency within two business days following the day of receipt of the match response file from the FI. The state is not liable to pay for any match results not transmitted to the financial institution or state child support agency within the specified time frames. Exceptions to the two-day rule will be made when 5% or more of the records in the file received from FIs contain errors.

B: Transmission:

The Contractor must send and receive record information in the specified format (Method 1 and Method 2, as defined by the federal Financial Data Match Specifications Handbook) of the participating state and the selected media option of each financial institution. The media and transmission options which are accepted include, but are not limited to, the following:

- Cartridge - 3480/3490 and EBCDID and ASCII
- Tape reel
- CDs
- DAT - 4mm and 8mm
- File transfer protocol (FTP)
- Internet
- **3c) Paper File Data Entry** – extremely small FIs may transmit data in paper format. The Contractor must encode information pursuant to each state's requirement. The Contractor is compensated for the encoding process separately. Cost for this is identified in Section 3c of the pricing table.

**3d) Secure Internet FT Website/FTP**

The Contractor must provide data security for all file transfers and record matching processes through various means as required by both the FIs and the respective states such as but not limited to encryption, file transfer protocols, public-key infrastructure and unique log-on identification and password combination. Each state will identify its desired format and data security requirements prior to commencement of the project. The Cost for this is identified in Section 3d of the pricing table.

C. Data Screening and Data Reliability:

The Contractor must work with each state to identify each state's major criteria for data integrity reliability per the federal Financial Data Match Specification Handbook.

The Contractor must develop and maintain an automated process for screening delinquent obligor cases and files received from financial institutions to ensure data integrity and correct formats necessary for processing results to the client state's system. The Contractor must work with the states and FIs to report and correct any data integrity and reliability issues. Ensuring reliable data is a priority when processing financial institution files. The matching process validates numerous fields such as account numbers, account balances, last name control, match flag and payee indicators. Data received from FIs must be carefully screened to eliminate errors before the Contractor sends the data to the client state. These errors include, but are not limited to, invalid file formats, incomplete files (no trailer record provided), no account numbers provided, invalid or missing account balances, and payee last name control not populated. In some instances the match processing will validate all method 2-trailer records before any data is sent to the client state. This assists in ensuring that financial institutions send valid data. If there are no major errors (to be defined by the client state) contained in the file, the Contractor will send the data to the client state in the manner and format specified by the client state. The Contractor shall record all abnormalities within each FI or state file and will work towards a solution to ensure that more accurate data is provided to the client state in the next quarter's file.

D. Matching Files Between Participating States Having Reciprocal Agreements:

Several Alliance states have entered into reciprocal agreements for Method 1 matching which calls on the Contractor to share incidental hits among these states. Incidental hits may occur when (Method 1) financial institutions share the entire account holder file with the FIDM Contractor. For example: The FIDM Contractor can match the Michigan obligor against Texas' "Method 1" Financial Institutions and report back to Michigan any hits located as a result of this routine matching process.

The Contractor must offer each participating state the option to perform a match of the state's delinquent obligor records with Method 1 financial institutions for this purpose once per quarter. **The Contractor shall not charge an extra fee for these incidental hits.**

3e) State to State Matching within the Alliance (ie: Michigan and Texas)

This task is at the request of the participating states, and is only charged per occurrence. This task is for matching one Alliance state's obligor file or sub-file with another Alliance state's file. Concatenation of such files is the contractor's responsibility as is processing of data and sending the results of the data match to both states. The state to state matching process requires a letter of understanding between the two states. (I.e. Texas exchanges obligor files with Michigan, but includes only obligors whose last known address is in Michigan. Michigan reciprocates in the same fashion.)

3f) State to State Matching outside the Alliance (ie: Michigan and California)

This task is at the request of the client state and is only charged per occurrence. This task is for matching the client state's file with a file from a state that is not a part of the Alliance. The Contractor is responsible for the concatenation, processing and reporting results to the client state. The Contractor will provide updates once per quarter for participating state.

Costs in Attachment A include all expenses for Contractor staff, equipment, materials, line charges and any other expenses associated with these activities.



3h) Alliance to Alliance Matching (ie: FIDM alliance matching with IDEC)

This task is at the request of the lead state and is only charged per occurrence on each states Contract price. This task is for matching the Alliance state's file with the file from another consortium. The Contractor is responsible for the concatenation, processing and reporting results by state to FIDM coordinator of each respective state. This may include states that are members of IDEC, formerly known as the Electronic Parent Locator Network (EPLN) Consortium, or other states or other jurisdictions that are prepared to consolidate as a consortium. The Contractor will provide updates once per quarter for participating state. The Pricing section includes the opportunity to quote "Bulk Matching Option" – when more than one state is on the file to be matched (i.e. IDEC). This quotation is also known as "Alliance to Alliance matching".

Costs in Attachment A will include all expenses for Contractor staff, equipment, materials, line charges and any other expenses associated with these activities.

- a) The total rate charged to the Alliance will not vary based on the number of participating states. The states will divide the total, by the number of participating states to determine the per state cost and pay the invoice.
- b) For example, if the alliance to alliance is \$1,050, and there 10 participating states, the amount per state would be \$105 per occurrence. In all situations such where the traditional calculation is lower than the "Alliance to Alliance" cost, the state shall be billed the lower of the two.

3g) REPORTS (See Section 1.042)

Contractor shall meet the reporting requirements provided in Section 1.042 of this Contract.

TASK 4 - COMPLIANCE ASSURANCE

4a) FI Compliance Assurance

The guiding principle for all Contractor communications with FIs is to establish and preserve a sound and professional relationship. The success of any IV-D FIDM program depends on positive relationships among the FIs, the FI associations, the state and the Contractor. It also depends on valid data being provided within set timeframes.

The Contractor is responsible for detecting compliance issues and remedying them as set forth below. Minimum contact with a non-compliant FI includes written notification, followed by a phone call if the letter does not produce timely results. (Unreturned phone calls do not constitute an action.) If the Contractor is unsuccessful with remedying the compliance issues the state must be notified. Non-compliant FIs include FIs who are out of compliance with their agreed upon exchange schedule; those who do not submit data within the 45 day return period; those who have failed to respond to outreach efforts (i.e., have not entered into an agreement with the state); and FIs who submit files with errors. In the case of FIs who submit files with errors, the remedying timeframe will apply only to files with critical errors that render the file useless. Less critical errors should be corrected for the following quarter's data match. It is the contractor's responsibility to work with technical personnel at the FI to ensure timely and accurate data matching.

The Contractor must:

- Monitor Financial institution compliance with the data match;
- Monitor Financial institution compliance with deadlines;
- Contact delinquent FIs in a timely fashion to obtain compliance and, when necessary, work with personnel at the FI to resolve problems;
- Report to the state's contract administrator when contacts do not result in compliance;
- Maintain an electronic communication log accessible to Alliance states documenting all contacts with FIs;
- Detect errors in FI files and actively working with FIs to correct the errors;
- Document and report Financial institution compliance with deadlines;
- Report non-compliance through a Contractor supplied website that provides a secured web page for each participating state or through paper reports as requested by each state.



The Contractor must provide to the state’s contract administrator on-line reports summarizing:

- Financial institution compliance with the data match;
- Financial institution compliance with deadlines;
- Contractor compliance with deadlines;
- Contractor compliance with performance standards and quality assurance of processing requirements;
- Summary of financial institution reporting errors and
- Name of financial institution whose accounts were matched against the state records, for state to state matching the state in which the institution/hit is located then the total number of hits matched for that quarter.

The Contractor must ensure compliance and, at a minimum, provide enforcement on four levels. For the purpose of this task a “day” is defined as a business day.

a. Level One non-compliance - FIs that have been contacted, but never signed FIDM contract. (Day 1).

FIs that have not signed a FIDM agreement must be contacted within two days from “due date” defined by the original solicitation letter (day 3). The Contractor may need to provide the FI with a second packet to include a letter from the state, a FIDM brochure, a copy of the laws governing the FIDM authority, and a copy of the agreement to be executed. The Contractor must also provide the FI an opportunity to call in to a toll free number for technical and/or program support. The technical support must include the opportunity for FI technical staff to test a FIDM exchange harness and/ or test an Internet exchange test transaction. An emphases must be placed on data security as well as offering all Method 1 FIs (Method 1 is not available in all states) the option to receive the data file back through a secured exchange.

FIs that do not comply with the second FIDM packet within 14 days must be contacted by telephone within four days (day 21). The Contractor must make every effort to overcome concerns raised by the FI to ensure a FIDM agreement can be executed. If it is determined that a personal meeting with FI officials would assist in overcoming FI concerns, the Contractor shall schedule such a meeting within 10 days from the telephone contact date (deadline for meeting - day 31). (Such meetings will only occur with prior written approval from the state contract administrator). Should the Contractor and FI reach an impasse, either with or without a face to face meeting, the situation (including communication log, correspondence, etc.) must be submitted to the state’s contract administrator. (Either day 24 or day 33 – see chart). Once the state resolves FI concerns, the Contractor must follow up and ensure FIDM contract execution, profile completion and distribution of material.

An ongoing “non compliant” level one report, with aging column indicating the number of days the FI is considered to be out compliance must be provided to the state through the secured Web site.

Summary table "**Level One**"

Day 1 - Contractor determined no response by original due date
Day 3 - Second packet mailed with reminder letter (If no response) Contractor to determine if an impasse has been reached or if communication may solve the matter. A meeting may be scheduled within 14 days
Day 17 - Contractor must make phone contact – actual personal contact
Day 21 - Contractor determines, no meeting needed, impasse
Day 24 - Situation is turned over to state (if no meeting is held)
Day 31 – Deadline for meeting
Day 33 – (meeting failed) File is turned over to state

b. Level Two non-compliance - FI signed contract but never exchanged data

A second level non-compliance must be reported to the state when an FI does not comply with the FIDM agreement and did not exchange data (day 1). The Contractor must send a letter to the FI within seven days after the data/file was due (day 8). If there is no response within 14 days from date of the letter, the Contractor must contact the FI by telephone or in person -day 22. (Any meetings between the Contractor and the FI must be pre-approved in writing by the state). A communication log and FI profile must be updated to document all



communiqués. If the FI indicates it has had problems meeting its FIDM requirements, the Contractor must assist the FI so that it can resume the data matching process. In the event that the Contractor and the FI reach an impasse after a discussion, the situation must be elevated to the state’s contract administrator within 5 days (day 27).

An ongoing “non-compliant” level two report, with aging column indicating the number of days the FI is considered out of compliance, must be made available to the state through the secured Web site.

The state will notify the Contractor once the problems associated with exchanging the data have been removed, and request that a data exchange commence within a certain time frame to be determined by the client state.

Summary table "**Level Two**"

Day 1 -Contractor determined no file received by due date
Day 8 – Contractor must mail Letter as a reminder (if no response)
Day 22 - Contractor must make either a telephone contact or a personal contact (Contractor must determine if an impasse is reached or if communication may solve matter.)
Day 27 – Situation is turned over to state

c. Level Three non-compliance - FIs that have matched but have failed to maintain the agreed exchange schedule. (Day 1)

The Contractor must send a letter to the FI within fourteen days after the file was due (day 15). If no response is received within 14 days from the date of the letter, the Contractor must contact the FI by telephone or in person -day 29. (Any meetings between the Contractor and the FIs must be pre-approved in writing by the state.) A communication log and FI profile must be updated to document all communiqués. The FI may indicate that it has encountered problems meeting its FIDM requirements, and that submitting a file within the time frame agreed upon is unattainable, the Contractor must assist the FI so that it can resume the data matching process.

In the event that the Contractor and the FI have reached an impasse, the situation (including the FIs electronic communication and copies of any correspondences) must be elevated to the state’s contract administrator within 5 days (day 34). The Contractor must participate in any technical discussions that take place between the state and the FI. An ongoing “non-compliant” level three report, with aging column indicating the number of days the FI is considered out of compliance, must be made available to the state through the secured Web site.

The state will notify the Contractor once barriers for exchanging data have been removed and request that a data exchange commence within a certain time frame to be determined by the client state.

Summary table "**Level Three**"

Day 1- Contractor determined a data file is not received
Day 15 - If data file is not provided, a reminder letter must be mailed to the FI
Day 29 - Still no data - Contractor must make telephone contact (Contractor to determine if an impasse is reached, or if communication may solve matter.)
Day 34 - Situation is turned over to state

d. Level Four non-compliance - FIs that match FIDM data, but repeatedly submit files that contain data errors. (Day 1)

Data files submitted by FIs might contain data errors, which must be corrected. However, at the state’s discretion, records containing errors must not delay the “hit” data from being transmitted to the state. For example: Some FIs may submit matched accounts to the state with erroneous coding of account types (such as categorizing a Certificate of Deposit account as a miscellaneous account). Such errors must be brought to the attention of the FI (or the third party processor) within 7 days of the error discovery (day 7). The Contractor



must ensure that the “hit” file is still provided to the state. The Contractor must work with the FI to ensure that the error is corrected.

Depending on the nature of the error, a state, at its option, may direct the Contractor to reject the data file and ensure that the file is corrected before providing the hits to the state. An ongoing “non-compliant” level four report, with aging column indicating the number of days the FI is considered out of compliance, must be made available to the state through the secured Web site. The nature of the error must be included in this report.

In the event the same errors appear on the next quarterly match (day 98), the Contractor must contact the FI to assess situation. If an impasse is reached, the situation must be turned over to the state (day 105).

The state will notify the Contractor once barriers for exchanging data have been removed and request that a data exchange commence within a certain time frame to be determined by the client state.

Summary table "**Level four**"

Day 1- Contractor determined file contains data errors - hits sent to state with an alert to data deficiencies
Day 7 - A letter must be mailed to FI with a sample error requesting that the next match to be corrected
Day 98 - New file arrives with same deficiencies - Contractor must make actual contact with FI IT staff / provider. Every effort is to be made to resolve issue
Day 105 – situation is turned over to state

TASK 5 - INFORMATION SHARING VIA THE CLIENT STATE AND FIDM WEB SITE / Teleconference calls

The Contractor must provide sharing of information among participating states via the secured FIDM Web site. In addition to the individual states’ data the web site must include

- Shared files
- Interactive communications log
- Links to state Web sites
- State agreements
- State Attachments
- State Cover letters
- State brochures and FI User Guide
- Any state-specific documents provided
- Contractor services provided under the contract
- Forms and publications used by the Alliance and the Contractor for this project
- Matrix providing a profile of participating state’s data match program
- A link to the federal FIDM Web site
- Secure internet Web site for receiving and sending case and account information to and from participating states and financial institutions that have selected the Internet as the medium for transmission
- The Contractor needs to provide updates once per quarter for each participating state.
- In addition to the quarterly updates, Web site must be amended as needed for corrections, legislative changes, etc.

TASK 6 - PROJECT MANAGEMENT, INVOICING, AND TRANSITION TO NEW CONTRACTOR

The Contractor must provide and oversee the following tasks to ensure comprehensive project management and invoicing.

6a) Maintenance of account (Account is defined as a state)

- Generate invoices timely and on scheduled frequencies of monthly, quarterly and annually; Perform self-assessment
- Facilitate conference calls with state staff and pertinent Contractor operations and technical staff, monthly or as requested by each state; (There shall be no charge to the client state for any conference calls as needed throughout the contract term).



6b) Face to Face Meeting with client state or county staff

Meetings will be set only at state direction and with pre-approval. Contractor will be compensated for professional time upon arrival at client state (per day basis) of an IT specialist and/or a FIDM program staff person.

Face to face meetings between the Contractor and participating states will be established at a state's request. Compensation for requested face to face meetings will be paid for by the state, and can only be billed if the meeting actually occurs. (See pricing section 6b.)

(travel expenses are reimbursed separately at state rates only - reimbursement by the state "at cost" no mark-up)

6c) Facilitating Alliance calls and webinars

- Facilitate Alliance conference calls. The Contractor shall arrange for all Alliance calls using web tools etc and pay for all ATT and other charges related to Alliance wide calls. A line item has been established on each state's pricing page to bill participating states for this nominal expense. The Alliance lead state will direct the Contractor as to which tools are needed for each call. (See pricing section 6c.)

6d) Reimbursing qualified FIs pursuant to state statute/policy.

States that require this service have identified the number of FIs which generally request reimbursement in pricing page line 6d.

The Contractor must process invoices from FIs seeking reimbursement for in-state FIDM matching.

6e) Funding for FI reimbursement

- For those states whose laws require the IV-D office to reimburse FIs, and choose to engage the Contractor for this service, the Contractor must assist the state with this task. Some Alliance states receive invoices from FIs quarterly and others annually. States that require this service have identified the number of FIs which generally request reimbursement in pricing page line 6d.

Prior to processing these invoices, the Contractor must:

- Determine if the FI has met all requirements making them eligible for state reimbursement. (As an example, FIs must show actual expenditures for the cost of the matching e.g. third party processor)
- Ensure that the FI actually matched data for that quarter.
- Contractor must pay the FIs in accordance with the state's reimbursement policy and schedules. Once the Contractor has paid the FI invoice, the Contractor may in turn invoice the state for reimbursement. The contractor's invoice(s) to the state must be accompanied by the original invoice(s) from the FIs (showing the date(s) paid). Invoices to the state must be submitted in accordance with a schedule set by the state's contract administrator.
- The fee for this service is identified pricing page line 6e. States that do not need this service have entered a zero on line 6e.

TASK 7 – ENFORCEMENT UNIT /CUSTOMER SERVICE/ (OPTIONAL TASK BY STATE)

Once the participating state has processed the financial institution's "hit" information it is generally made available to IV-D child support program enforcement staff. The state child support IV-D agency will file a lien and freeze the assets located at the financial institution according to state and federal law.

PRODUCE AND SEND LIEN NOTICES TO FINANCIAL INSTITUTIONS:

The Contractor must provide an optional service that will identify, using a participating state's criteria, financial accounts of obligors that are eligible for filing of a lien. The Contractor must provide a means to permit the state to select and approve identified financial accounts on which a lien will be filed. At state option, this service shall include the contractor's sending liens from multi-state matches.



The contractor's service also must provide the ability for a state to enter information in order to permit the Contractor to send a lien on a financial account that was not identified through the in-state FIDM data matching process, but for which the state desires to issue a lien nevertheless.

Upon written approval from the state, the Contractor must produce and send the lien notice using the state's lien form / lien packet to the financial institution where the account is located, to the obligor, and any other person known to have an ownership interest in the property subject to the lien. This process must follow the participating states' laws and procedures and will be made a part of the contract between the Contractor and the participating state.

All contact information on the lien documents for financial institution and/or obligors will be state or county contact information. In the event that the Contractor is contacted in any manner by any party regarding the lien, the Contractor shall refer the inquiring party to the state's FIDM Lien Coordinator.

The unit price quoted to produce and distribute a lien packet must include all Contractor costs and expenses, not including postage. Actual costs for mailing lien packets will be reimbursed by the participating state, should the state require the Contractor to mail the packets to financial institutions. The Contractor is expected to sort and prioritize FIDM matches, produce lien notices, and track liens mailed to the FIs utilizing its own automated tools. The Alliance does not seek ownership of such tools.

TASK 8 - MAINTAIN AGREEMENTS WITH FINANCIAL INSTITUTIONS

The Contractor must maintain the profiles for financial institutions that have entered into formal agreements with the participating state. This includes:

- modified election forms and waiver forms
- distributing election packets if requested
- tracking the status of outstanding agreements
- maintaining a data base of the financial institutions' reporting information
- tracking financial institution mergers
- tracking all new financial institutions established in the respective Alliance member state and e-mail any additions or deletions to the contract administrator of the respective state
- maintenance of the data field indicating whether or not FI matches through a 3rd party or not.

The Contractor must also provide for maintenance and management of election form amendments as required, with accepted communication being E-mail notification. The Contractor must maintain all financial institution profiles, updating all mergers, closures, and new FI enrollees. Contractor must annually cross-reference each state's FI profile table with FI regulatory authorities to ensure that all FIs are participating with either MSFIDM or single-state FIDM. Contractor is to contact single-state financial institutions (SSFIs) that merge and conduct outreach to obtain a new agreement and ensure data matching is in place if the merger resulted in a new SSFI entity.

Once the individual state contracts are executed under this agreement, each state's contract administrator will assist in determining which regulatory agencies must be cross referenced to maintain current FI tables, and if special access approval is needed it must be obtained.

Each state and the Contractor will establish at the outset which official will be executing FIDM agreements between the IV-D child support agency and the FIs. Some states may delegate signature authority to the Contractor as an agent; others will retain signatory responsibilities.

There are Alliance states that will need to mail out new FI agreements to all FIs for re-signature. Those states who will delegate this assignment to the Contractor have identified the number of FIs which will need to receive new agreements. (See pricing section 8b) States that will not need this service have entered zero on pricing section 8b. It is the state's responsibility to develop the new agreements and provide it to the Contractor as a completed document.



TASK 9 - ASSISTING STATES WITH LIEN & LEVY REQUESTS (AEI) (OPTIONAL TASK BY STATE)

Note: The requirements of Task 9 are not to be confused with Task 7-Central Enforcement/Customer Service.

Background: Several states are transmitting liens directly to FIs within their state as well as across state lines. Many FIs do not accept liens arising outside the state in which they conduct business without domestication of the order. Some states have informally assisted each other in serving liens to FIs within their own state border on behalf of another state.

This process has varied throughout the country, which includes:

- Interstate Transmittal #1 to Central Registry, where assistance is sought through the state where the asset is located. (Full-service)
- Interstate Transmittal #3 through a Central Registry of the state where the asset is located. (Limited service)

Informal Automated Enforcement Interstate (AEI) request is filed through an electronic interface between the requesting state and the responding state. (This is currently being utilized by the Southern Locate and FIDM Alliance, known as Interstate Data Exchange Consortium (IDEC) hosted by South Carolina)

Informal manual process between cooperating states whereby a paper file containing IV-D case information is mailed/faxed to and from requesting and responding states. Currently Michigan and Texas are utilizing this process to assist each other in overcoming the jurisdictional barriers

A formal process has been proposed where the federal Office of Child Support Enforcement would deliver the lien on behalf of requesting states.

Objective: Five members of the Alliance (Texas, Michigan, Ohio, Colorado, and Illinois) have indicated interest in acquiring an automated solution. The Alliance states are requesting that the Contractor provide an automated solution to assist Alliance lien and Levy units (both at a central and county level) to initiate a "lien/levy assistance request" through a secured internet function.

a) States participating in an automated lien/levy assistance request will sign an Alliance letter of agreement to reciprocally receive and send such requests through the contractor's secured web site interface. The Alliance lead state will take the responsibility for developing the Alliance letters of agreement.

b) Customized screen development. With the assistance of the Alliance, the Contractor must develop a standard screen protocol, which will contain optional fields for identifying case information to be entered (or pre-populated from the match-file, where possible). States which have elected to purchase this service must approve the final screen content and development. Additionally, a screen must be developed to allow for the cooperating states to record dollars collected as a result of the lien/levy assistance requests processed through the contractor's web site.

c) Functionality. Any future proposal must explicitly detail what functionality will be achieved for the quoted price. The Alliance states must have the ability to:

- 1) Send the request electronically (with the option of a copy to be sent to the field worker if desired.)
- 2) The receiving state must have the ability to acknowledge receipt (with the option of a copy to be sent to the field worker if desired.)
- 3) The Contractor must record the transmissions and create a tracking and archiving function.
- 4) The Contractor must provide reporting functions to include state-level summary of all requests processed, rejected, and collection results.

Contractor's Compensation-Task 9

The Contractor has not provided a quotation and a method by which they will accept compensation for this task at this time. The State of Texas owns the code for the program related to the FIDM alliance (AEI Product).

Should other States within the alliance wish to customize the program for their use, the State of Texas has generously agreed to share the code with member states. States desiring to customize the program for their use will negotiate with the FIDM Contractor an equitable compensation program for such work.



1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

A. Contractor Staff

The Contractor has committed the below key staff to actually perform the assigned work:

Informatix Title	Staff Member
FIDM Project Manager	Danielle Pittman
FI Liaison/Business Development Manager	Diane Hogan and John Abbott
Systems Engineering Manager and Systems Manager	David Hyde and Barbara Kennelly
Deputy Project Manager	Paul Peters

Danielle Pittman will be assigned the Single Point of Contact (SPOC) for the Contractor. The duties of the SPOC shall include, but not be limited to:

- supporting the management of the Contract,
- facilitating dispute resolution, and
- advising the State of performance under the terms and conditions of the Contract.

The Alliance State(s) reserves the right to require a change in the current SPOC if the assigned SPOC is not, in the opinion of the Alliance State, adequately serving the needs of the Alliance State.

The Contractor will provide a (*project manager*) to interact with the designated personnel from the State to insure a smooth transition to the new system. The project manager/technical lead will coordinate all of the activities of the Contractor personnel assigned to the project and create all reports required by State. This individual will be considered key personnel. The Contractor's project manager/technical lead responsibilities include, at a minimum:

- Manage all defined Contractor responsibilities in this Scope of Services.
- Manage Contractor's subcontractors, if any
- Develop the project plan and schedule, and update as needed
- Serve as the point person for all project issues
- Coordinate and oversee the day-to-day project activities of the project team
- Assess and report project feedback and status
- Escalate project issues, project risks, and other concerns
- Review all project deliverables and provide feedback
- Proactively propose/suggest options and alternatives for consideration
- Utilize change control procedures
- Prepare project documents and materials

The Contractor's Project Manager is expected to have experience with the IV-D program on a national level.

B. On Site Work Requirements

1. Location of Work

The work is to be performed, completed, and managed at the contractor's work location.

2. Michigan Hours of Operation (Note: This section will vary based on the State):

- a. Normal State working hours are 8:00 a.m. to 5:00 p.m. EST, Monday through Friday, with work performed as necessary after those hours to meet project deadlines. No overtime will be authorized or paid.
- b. The State is not obligated to provide State management of assigned work outside of normal State working hours. The State reserves the right to modify the work hours in the best interest of the project.



- c. Contractor shall observe the same standard holidays as State employees. The State does not compensate for holiday pay.

3. Travel:

- a. No travel or expenses will be reimbursed other than those identified in the pricing section. This includes travel costs related to training provided to the State by Contractor.
- b. Travel time will not be reimbursed.

4. Additional Security and Background Check Requirements (Note: This section will vary based on the State):

Contractor must present certifications evidencing satisfactory Michigan State Police Background checks ICHAT and drug tests for all staff identified for assignment to this project.

In addition, proposed Contractor personnel will be required to complete and submit an RI-8 Fingerprint Card for the National Crime Information Center (NCIC) Finger Prints, if required by project.

Contractor will pay for all costs associated with ensuring their staff meets all requirements.

The Contractor operation will reside in Lansing, Michigan with the Michigan SDU in a separate operations room.

The Contractor workflow for the Alliance FIDM Operation Center follows a chain of command policies. The FIDM Specialists report any issues to the Leads; the Leads then escalate to the Deputy Project Manager if needed and so on. All system issues will be sent to Contractors development support group via email, and are then entered into a issues tracking database. Those issues are tracked by our Project Manager to ensure timely completion.

Weekly staff meetings will be held with the Deputy Project Manager and Operations Staff; monthly to bi-monthly meetings are held between the Project Manager and all staff onsite. The Project Manager communicates daily with the Deputy Project Manager to ensure operations are running smoothly. Contractor has procedures in place to communicate directly with their technical support group to ensure any issues are addressed immediately. The Project Manager is kept informed of all operational activities and monitors the network in real-time ensuring contract requirements are met.

1.032 State Staff, Roles, And Responsibilities

The State of Michigan will assign the following officials to the Michigan contract. It is anticipated that the Alliance lead state role will transfer from Michigan to Texas in 2010.

Name	Agency/Division	Title
Pratin Trivedi	DTMB	Project Manager
Ody Norkin	DHS	Project Manager

DTMB shall provide a Contract Administrator whose duties shall include, but not be limited to, supporting the management of the Contract.

Name	Agency/Division	Title
Patty Bogard	DTMB/Bureau of Strategic Policy	Contract Administrator



1.040 Project Plan

1.041 Project Plan Management (This section is specific to Michigan and will vary by State)

- a. The Contractor will carry out this project under the direction and control of the DTMB/DHS.
- b. Although there will be continuous liaison with the Contractor team, the project manager will speak monthly at minimum (conference call acceptable), with the Contractor 's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c. The Contractor will submit brief written weekly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the client agency's Project Manager; and notification of any significant deviation from previously agreed-upon work plans. These reports should be sent via email to DHS and DTMB Project Manager. A copy of this report will be forwarded to the named buyer in Acquisition Services.
- d. Within thirty (30) days Contract Execution, the Contractor will submit a work plan to DTMB/DHS Project Manager for final approval. This implementation plan must include the following:
 - 1) The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - 2) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
 - 3) The time-phased plan showing each event, task and decision point in the work plan.
 - 4) The Contractor's project organizational structure.

1.042 Reports

The Contractor must produce the reports listed below and make them available to the contract administrator through a web view product. In addition to the State's ability to review these reports online, the State also must have the ability to download these reports on demand. **Reports must be available online and for downloading for at least 3 months from date of report.**

FIDM SUMMARY BY STATE (MONTHLY) (AKA "FIDM AT A GLANCE")

This report provides a view of each state's FIDM summary including; total number of cases submitted for matching, total number of obligors, matches completed (both full and partial), located funds and received funds. The received funds report can only be produced if the state elects to provide this data to the contractor.

FULL MATCH ACCOUNT ANALYSIS (QUARTERLY)

This report lists all "hits" which were established through the matching process (both method 1 and 2). The report provides alphabetical listing of the obligor's name, social security number, case number, FI name and Tax Id number, and located account numbers.

PARTIAL MATCHED ACCOUNTS ANALYSES (QUARTERLY)

This report lists all "hits" which were established through the matching process (both method 1 and 2) but were not a perfect match. This occurs primarily due to name field discrepancies.

The report provides alphabetical listing of the obligor's name, social security number, case number, FI name and Tax ID number and the located account numbers.

**CASE MATCH ANALYSIS (QUARTERLY)**

This report summarizes the total number of hits received and the sum total available for lien and levy activity. The fields that are required at a minimum are; FI name, tax ID number, state where the FI is located, method number used for matching, FI account base which the state's obligor file is being matched against, accounts actually processed during the match, number of matches made, hit ratio, sum total of the FI reported balances for those accounts which made a "hit", and the obligor's arrears along with an arrears ratio as it relates to the sum found within the FI.

FILE COMPLIANCE SCHEDULE – (MONTHLY)

This report shows a complete list of all FIDM FIs in matching production, match method used, scheduled week for matching, the date a file was last received from the FI, and the date that the file was processed by the Contractor.

NON-COMPLIANT FINANCIAL INSTIUTIONS - (WEEKLY)

This report is to ensure that all FIs are participating in the data matching process as detailed in the agreements with the client state where the FI is located. The minimum fields required are: FI name and tax ID number, match method type, media type used by the FI, the week in the quarter that the file was due, non-compliance date (or the date the file was due), number of days which the FI is overdue, FI administrator's contact information, the date the Contractor contacted the FI regarding the problem and the contact method.

STATE TO STATE REPORT – (QUARTERLY)

This report is a summary of all state-to-state matching activity completed and in progress between two states. It depicts which two states are exchanging obligor files, which quarter is being processed and the status of the match.

HITS RECEIVED/ACCOUNT BALANCE STATE TO STATE - (NEW REPORT FOR 2005-2010)

This report requires that the Contractor provide a view / report summarizing the matches accomplished as a result of an effort by any two Alliance (state to state results only).

Additional Ad Hoc Reports:

- Potential Collection Report (Assets found correlated to arrears on case.)
- Account Balances greater than \$XXX (This will vary by state – some use \$250 others up to \$3,000)
- Un-registered Financial Institutions - monthly
- Registered Financial Institutions – monthly log of all contracted FI's

In addition to the reports Web Site communication log (page) must be established and maintained to facilitate communication between state FIDM staff and the Contractor.

Additional reports that may be needed and customized to individual states specifications will be negotiated on a state to state basis.

POTENTIAL COLLECTION REPORT

Assets found correlated to arrears on case. The intent of this report is to gage the potential collections, by case, by county and/or statewide.

The state must be able to query the contractor's database by individual social security number, county FIPS code and statewide to establish the potential collections available if a lien(s) was served. Additionally, this query must include a "minimum balance" field to enable the user to retrieve all hits that contain a balance above a certain threshold as used by each client state.

UN-REGISTERED FINANCIAL INSTITUTIONS (MONTHLY)

A state's contract administrator must be able to monitor the communication and the status of FIs that are corresponding with the Contractor, but have not yet executed an agreement with the state. This report requires listing all such FIs with the same information as in the "non-compliant" report.



FI REIMBURSEMENT REPORT

Some states have laws mandating that the state reimburse an FI for administrative costs associated with processing FIDM files. A report is required to assist such states in accomplishing the payment process.

1.050 Acceptance

1.051 Criteria

The following criteria will be used by the State to determine Acceptance of the Services or Deliverables provided under this SOW:

The Contractor must log the lapsed time between the date the match was received from the bank and the date the FIDM Contractor delivered the file to the State. Upon receipt of the financial institution matches, The State Project manager will review, and only approve invoices upon verification that all files were transferred in a timely fashion.

1.052 Final Acceptance

See section 2.258 Final Acceptance.

1.060 Proposal Pricing

1.061 Contract Pricing

For authorized Services and Price List, see [Attachment A](#).

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

1.062 Price Term

(X) Firm Fixed Unit Price

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

1.063 Tax Excluded from Price

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

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

1.064 Holdback – RESERVED

1.070 Additional Requirements

SAFEGUARDING OF DATA

Federal Requirements Governing the Child Support Enforcement Program
PART D--CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

S 669A. Non-liability for financial institutions providing financial records to State child support enforcement agencies in child support cases

(a) In general

Notwithstanding any other provision of Federal or State law, a financial institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support



obligation of such individual, or for disclosing any such record to the Federal Parent Locator Service pursuant to > section 666(a)(17)(A) of this title.

(b) Prohibition of disclosure of financial record obtained by State child support enforcement agency
A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) of this section may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

(c) Civil damages for unauthorized disclosure

(1) Disclosure by State officer or employee

If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b) of this section, such individual may bring a civil action for damages against such person in a district court of the United States.

(2) No liability for good faith but erroneous interpretation

No liability shall arise under this subsection with respect to any disclosure, which results from a good faith, but erroneous, interpretation of subsection (b) of this section.

(3) Damages

In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of--

(A) the greater of--

(i) \$1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

(ii) the sum of--

(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

(B) the costs (including attorney's fees) of the action.

(d) Definitions

For purposes of this section--

(1) Financial institution

The term "financial institution" means--

(A) a depository institution, as defined in > section 1813(c) of Title 12;

(B) an institution-affiliated party, as defined in > section 1813(u) of Title 12;

(C) any Federal credit union or State credit union, as defined in > section 1752 of Title 12, including an institution-affiliated party of such a credit union, as defined in > section 1786(r) of Title 12; and

(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

(2) Financial record

The term "financial record" has the meaning given such term in > section 3401 of Title 12.

CREDIT(S)

(Aug. 14, 1935, c. 531, Title IV, S 469A, as added Aug. 22, > 1996, Pub.L. 104-193, Title III, S 353, 110 Stat. 2240, and amended July 16, > 1998, Pub.L. 105-200, Title IV, S 406(c), 112 Stat. 672.)

General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1996 Acts. > House Report No. 104-651 and > House Conference Report No. 104- 725, see 1996 U.S. Code Cong. and Adm. News, p. 2183.

1998 Acts. > House Report No. 105-422, see 1998 U.S. Code Cong. and Adm. News, p. 290.

Amendments

1998 Amendments. Subsec. (a). > Pub.L. 105-200, S 406(c), inserted ", or for disclosing any such record to the Federal Parent Locator Service pursuant to section 466(a)(17)(A)" before the period.

Effective and Applicability Provisions

1996 Acts. For effective date of > Title III of Pub.L. 104-193, see > section 395(a) to (c) of Pub.L. 104-193, set out as a note under section 654 of this title.



Pursuant to Federal regulations governing the IV-D child support enforcement program, the State's IV-D agency shall be responsible and accountable for the operation of State IV-D program. See 45 CFR 302.12 (a) (2).

The regulation provides that, with certain exceptions, the agency need not perform all of the functions of the IV-D program so long as it insures that all these functions are being carried out properly, efficiently, and effectively. Exceptions cited in 45 CFR 303.20.

If the IV-D agency delegates any of the functions of the IV-D program to any other State or local agency or official, or any official with whom a cooperative agreement has been entered into, or purchases services from any person or private agency, the IV-D agency shall have responsibility for securing compliance with the requirements of the State plan by such agency or officials. See 45 CFR 302.12 (a) (3) and also Section 454 of the Act, State plan requirements, 42 U.S.C. 654.

FINANCIAL INSTITUTION DATA MATCHING AND SAFEGUARDING OF DATA

Pursuant to Federal law, each State must have in effect laws requiring the use of certain procedures. These laws and procedures require the IV-D agency to enter into agreements with financial institutions doing business in the State to develop and operate, in coordination with the financial institutions, and the FPLS in the case of financial institutions doing business in two or more States, a data match system. See Section 466 (a) (17) of the Act. See also the definition of "financial institution" in section 469A (d) (l) of the Act.

Federal law further requires that a State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to the data match system described in section 466 (a) (17) of the Act may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying or enforcing a child support obligation of such individual. See section 469A (b) of the Act. See also the definition of "financial record" in section 469A (d) (2) of the Act. The civil damages described in section 469A (c) of the Act apply to any unauthorized disclosure.

AGREEMENT TO COMPLY, CONTRACTOR SPECIFIC SECURITY

The Contractor must commit to provide a secured physical and system environment for the data match project. Virtually all of our projects require a comprehensive security plan. The Contractor must have extensive experience with security in regards to federal and state governments.

The Contractor must handle sensitive information for child support operations and financial records and must abide by the requirements of Federal and State laws and regulations. Under this contract the Contractor must maintain rigorous corporate standards regarding the security of information. The Contractor must adhere to a comprehensive security plan to ensure that all data is used for only professional and authorized purposes.

For the operation of the financial institution data match system on behalf of the issuing IV-D agency, the Contractor must agree to comply with the requirements of title IV-D of the Act pertaining to the safeguarding of data, including those provisions that specifically apply to the operation of the financial institution data match system.

OPERATIONS CENTER SECURITY

Federal regulations impose stringent accountability and security requirements for the management of financial information. The Contractor must ensure guidelines are met to safeguard financial account records, and match result records. The first level of security is the physical-processing center, which is accessible only by authorized personnel carrying correct access cards.

NETWORK AND DATA PROCESSING SECURITY

PHYSICAL DATA HANDLING

The data received by the Contractor for the FIDM project must be only used for the match and results processing. This data must be highly secured and used for no other purpose than to build and maintain a database of IV-D case arrearage records (obligor database), receive and process financial account



records against the obligor database, format the result records, and return the data to the requesting donor states.

Data must be archived to physical media at agreed-upon intervals and deleted from the database, and the archives will be returned to the donor states. Data must be disclosed only to personnel authorized to handle the data files and process the match and results records. Physical files received from financial institutions must be returned upon conclusion of the processing or used for the next quarter obligor extract and effectively overwritten by the new file. No data records should be kept that are not required by the processing center after the end of the quarter and after the states have accepted the results. Financial institution records must not be written to a database; they will be used as the basis for the match and stored only if a positive match is made that requires the account information to be returned to the state.

" **ADDITIONAL SAFEGUARDING OF DATA** Policies and procedures - The Contractor must maintain an ongoing basis policies and procedures for managing the complete operation of the processing center. This includes all necessary security measures; access rights; and proper handling of the data files, from receipt to return. each State must have in effect laws requiring the use of certain procedures. These laws and procedures require the IV-D agency to enter into agreements with financial institutions doing business in the State to develop and operate, in coordination with the financial institutions, and the FPLS in the case of financial"



Article 2, Terms and Conditions (Michigan Specific)

2.000 Contract Structure and Term

2.001 Contract Term

This Contract is for a period of 5 years beginning **July 1, 2010** through **June 30, 2015**. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002 Options to Renew

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to **two** additional **one** year periods.

2.003 Legal Effect

Contractor shall show acceptance of this Contract by signing two copies of the Contract and returning them to the Contract Administrator. The Contractor shall not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

2.004 Attachments, Appendices & Exhibits

All Attachments, Appendices and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing this Contract, are incorporated in their entirety and form part of this Contract.

2.005 Ordering

The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under this Contract. All orders are subject to the terms and conditions of this Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order's or Blanket Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown, however, the Contractor will be required to furnish all such materials and services as may be ordered during the CONTRACT period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

2.006 Order of Precedence

(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005**.

(b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of the Contract, which may be modified or amended only by a formal Contract amendment.



2.007 Headings

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

2.008 Form, Function & Utility

If the Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

2.009 Reformation and Severability

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

2.010 Consents and Approvals

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

2.011 No Waiver of Default

If a party fails to insist upon strict adherence to any term of the Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of the Contract.

2.012 Survival

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.020 Contract Administration

2.021 Issuing Office

This Contract is issued by the Department of Technology, Management and Budget, Purchasing Operations, and Contracts and Procurement (including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. Purchasing Operations **is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contractor Administrator within Purchasing Operations for this Contract is:

[Steve Motz](#)

Purchasing Operations

Department of Technology, Management and Budget

Mason Bldg, 2nd Floor

PO Box 30026

Lansing, MI 48909

Email: motzs@michigan.gov

Phone: 517-241-3215

**2.022 Contract Compliance Inspector (CCI)**

After DTMB-Purchasing Operations receives the properly executed Contract, it is anticipated that the Director of Purchasing Operations, in consultation with the office of Contracts and Procurements, will direct the person named below, or any other person so designated, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract as that authority is retained by DTMB Purchasing Operations.** The Contract Compliance Inspector for this Contract is:

[Patty Bogard](#)

DTMB Contract Office
Michigan Department of Technology, Management and Budget
Constitution Hall, 1st Floor North
525 W. Allegan
Lansing, MI 48933
bogardp@michigan.gov
Phone: 517-335-4051

2.023 Project Manager

The following individual will oversee the project:

[Ody Norkin](#)

Central Enforcement Unit (CEU)
Office Of Child Support
Department of Human Services
State Of Michigan

235 South Grand Avenue
Suite 1215
P.O. Box 30037
Lansing Michigan 48909

Voice 517-241-8519
Fax 517-335-1864

2.024 Change Requests

The State reserves the right to request from time to time any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the Contractor does not so notify the State, the Contractor has no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable.

Change Requests:

(a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").



(b) No proposed Change may be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Technology, Management and Budget, Purchasing Operations.

(c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

2.025 Notices

Any notice given to a party under the Contract must be deemed effective, if addressed to the party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

State:

State of Michigan
Purchasing Operations
Attention: Steve Motz
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor:

[Informatix, Inc.](#)
1740 Creekside Oaks Drive, Suite 175
Sacramento, CA 95833

Either party may change its address where notices are to be sent by giving notice according to this Section.

2.026 Binding Commitments

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in this Contract. Contractor may change the representatives from time to time upon written notice.

2.027 Relationship of the Parties

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

2.028 Covenant of Good Faith

Each party must act reasonably and in good faith. Unless stated otherwise in the Contract, the parties will not unreasonably delay, condition or withhold the giving of any consent, decision or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

2.029 Assignments

(a) Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department,



division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties, and the requirement under the Contract that all payments must be made to one entity continues.

(c) If the Contractor intends to assign the contract or any of the Contractor's rights or duties under the Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

2.030 General Provisions

2.031 Media Releases

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

2.032 Contract Distribution

Purchasing Operations retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operations.

2.033 Permits

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

2.034 Website Incorporation

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

2.035 Future Bidding Preclusion

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any bidder if the State determines that the bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Contractor offering free assistance) to gain a competitive advantage on the RFP

2.036 Freedom of Information

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

2.037 Disaster Recovery

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under this Contract will provide the State with priority service for repair and work around in the event of a natural or man-made disaster.



2.040 Financial Provisions

2.041 Fixed Prices for Services/Deliverables

Each Statement of Work or Purchase Order issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.042 Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

2.043 Services/Deliverables Covered

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under this Contract, the State shall not be obligated to pay any amounts in addition to the charges specified in this Contract.

2.044 Invoicing and Payment – In General

(a) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.

(b) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.

(c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.

(d) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Purchasing Operations, Department of Management & Budget. This activity will occur only upon the specific written direction from Purchasing Operations.

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) will mutually agree upon. The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 15th day of the following month.

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

2.045 Pro-ration

To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services shall be pro-rated for any partial month.

**2.046 Antitrust Assignment**

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

2.047 Final Payment

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract shall constitute 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 unsettled.

2.048 Electronic Payment Requirement

Electronic transfer of funds is required for payments on State Contracts. Contractors are required to register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in Public Act 431 of 1984, all contracts that the State enters into for the purchase of goods and services shall provide that payment will be made by electronic fund transfer (EFT).

2.050 Taxes**2.051 Employment Taxes**

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes.

2.052 Sales and Use Taxes

Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two or more trades or businesses under common control" the term "organization" means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

2.060 Contract Management**2.061 Contractor Personnel Qualifications**

All persons assigned by Contractor to the performance of Services under this Contract must be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and must be fully qualified to perform the work assigned to them. Contractor must include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of this Contract, independent contractors engaged by Contractor solely in a staff augmentation role must be treated by the State as if they were employees of Contractor for this Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

2.062 Contractor Key Personnel

- (a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.



(c) The State will have 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, will introduce the individual to the appropriate State representatives, and will 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.

(d) Contractor must not remove any Key Personnel from their assigned roles or the 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"). Unauthorized Removals 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. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.

(e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

2.063 Re-assignment of Personnel at the State's Request

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted for a time as agreed to by the parties.

2.064 Contractor Personnel Location

All staff assigned by Contractor to work on the Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel will, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.065 Contractor Identification

Contractor employees must be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

2.066 Cooperation with Third Parties

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor will provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very



specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with the requests for access.

2.067 Contractor Return of State Equipment/Resources

The Contractor must return to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

2.068 Contract Management Responsibilities

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

2.070 Subcontracting by Contractor

2.071 Contractor Full Responsibility

Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under this Contract, including payment of any and all charges for Services and Deliverables.

2.072 State Consent to Delegation

Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Technology, Management and Budget, Purchasing Operations has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work will not be counted for a time agreed upon by the parties.

2.073 Subcontractor Bound to Contract

In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract.

**2.074 Flow Down**

Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, 2.200** in all of its agreements with any Subcontractors.

2.075 Competitive Selection

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

2.080 State Responsibilities**2.081 Equipment**

The State will provide only the equipment and resources identified in the Statements of Work and other Contract Exhibits.

2.082 Facilities

The State must designate space as long as it is available and as provided in the Statement of Work, to house the Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). The Contractor must have reasonable access to, and, unless agreed otherwise by the parties in writing, must observe and comply with all rules and regulations relating to each of the State Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor agrees that it will not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

2.090 Security**2.091 Background Checks**

On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/dit>. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.092 Security Breach Notification

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.



2.093 PCI Data Security Requirements

Contractors with access to credit/debit card cardholder data must adhere to the Payment Card Industry (PCI) Data Security requirements. Contractor agrees that they are responsible for security of cardholder data in their possession. Contractor agrees that data can ONLY be used for assisting the State in completing a transaction, supporting a loyalty program, supporting the State, providing fraud control services, or for other uses specifically required by law.

Contractor agrees to provide business continuity in the event of a major disruption, disaster or failure.

The Contractor will contact the Department of Technology, Management and Budget immediately to advise them of any breaches in security where card data has been compromised. In the event of a security intrusion, the Contractor agrees the Payment Card Industry representative, or a Payment Card Industry approved third party, will be provided with full cooperation and access to conduct a thorough security review. The review will validate compliance with the Payment Card Industry Data Security Standard for protecting cardholder data.

Contractor agrees to properly dispose sensitive cardholder data when no longer needed. The Contractor will continue to treat cardholder data as confidential upon contract termination.

The Contractor will provide the Department of Technology, Management and Budget documentation showing PCI Data Security certification has been achieved. The Contractor will advise the Department of Technology, Management and Budget of all failures to comply with the PCI Data Security Requirements. Failures include, but are not limited to system scans and self-assessment questionnaires. The Contractor will provide a time line for corrective action.

2.100 Confidentiality

2.101 Confidentiality

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

2.102 Protection and Destruction of Confidential Information

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

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



2.103 Exclusions

Notwithstanding the foregoing, the provisions of **Section 2.100** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.100** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 No Implied Rights

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

2.105 Respective Obligations

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

2.110 Records and Inspections

2.111 Inspection of Work Performed

The State's authorized representatives must at all reasonable times and with 10 days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and must have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon 10 Days prior written notice and at all reasonable times, the State's representatives must be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that the access will not reasonably interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives.

2.112 Examination of Records

For seven years after the Contractor provides any work under this Contract (the "Audit Period"), the State may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules. The State must notify the Contractor 20 days before examining the Contractor's books and records. The State does not have the right to review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

2.113 Retention of Records

Contractor must maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract according to generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records must be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

2.114 Audit Resolution

If necessary, the Contractor and the State will meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within 30 days from receipt of the report, unless a shorter



response time is specified in the report. The Contractor and the State must develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in the audit report.

2.115 Errors

(a) If the audit demonstrates any errors in the documents provided to the State, then the amount in error must be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of the Contract, whichever is earlier.

(b) In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than 10%, then the Contractor must pay all of the reasonable costs of the audit.

2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:

(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.

(b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.

(c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under this Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

(d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.

(e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.

(f) It is qualified and registered to transact business in all locations where required.

(g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.

(h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.



- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.
- (l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.
- (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the Contract.
- (n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Technology, Management and Budget, Purchasing Operations.

2.122 Warranty of Merchantability

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

2.123 Warranty of Fitness for a Particular Purpose

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

2.124 Warranty of Title

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

2.125 Equipment Warranty

To the extent Contractor is responsible under this Contract for maintaining equipment/system(s), Contractor represents and warrants that it will maintain the equipment/system(s) in good operating condition and will undertake all repairs and preventive maintenance according to the applicable manufacturer's recommendations for the period specified in this Contract.



The Contractor represents and warrants that the equipment/system(s) are in good operating condition and operate and perform to the requirements and other standards of performance contained in this Contract, when installed, at the time of Final Acceptance by the State, and for a period of one year commencing upon the first day following Final Acceptance.

Within 10 business days of notification from the State, the Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor must assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

The Contractor must provide a toll-free telephone number to allow the State to report equipment failures and problems to be remedied by the Contractor.

The Contractor agrees that all warranty service it provides under this Contract must be performed by Original Equipment Manufacturer (OEM) trained, certified and authorized technicians.

The Contractor is the sole point of contact for warranty service. The Contractor warrants that it will pass through to the State any warranties obtained or available from the original equipment manufacturer, including any replacement, upgraded, or additional equipment warranties.

2.126 Equipment to be New

If applicable, all equipment provided under this Contract by Contractor shall be new where Contractor has knowledge regarding whether the equipment is new or assembled from new or serviceable used parts that are like new in performance or has the option of selecting one or the other. Equipment that is assembled from new or serviceable used parts that are like new in performance is acceptable where Contractor does not have knowledge or the ability to select one or other, unless specifically agreed otherwise in writing by the State.

2.127 Prohibited Products

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Purchasing Operations has approved a change order pursuant to **Section 2.024**.

2.128 Consequences For Breach

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

2.130 Insurance

2.131 Liability Insurance

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

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

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

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



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

See www.michigan.gov/dleg.

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

The Contractor is required to pay for and provide the type and amount of insurance checked below:

- 1. Commercial General Liability with the following minimum coverage:
 \$2,000,000 General Aggregate Limit other than Products/Completed Operations
 \$2,000,000 Products/Completed Operations Aggregate Limit
 \$1,000,000 Personal & Advertising Injury Limit
 \$1,000,000 Each Occurrence Limit

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

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

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

- 3. Workers' compensation coverage must be provided according to applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

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

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision must not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

- 4. Employers liability insurance with the following minimum limits:
 \$100,000 each accident
 \$100,000 each employee by disease
 \$500,000 aggregate disease

- 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).



6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which must apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.
7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.
8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State must be endorsed on the policy as a loss payee as its interests appear.

2.132 Subcontractor Insurance Coverage

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

2.133 Certificates of Insurance and Other Requirements

Contractor must furnish to DTMB-Purchasing Operations, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) must contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Technology, Management and Budget. The notice must include the Contract or Purchase Order number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

The Contractor must maintain all required insurance coverage throughout the term of the Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must secure tail coverage for at least three years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and must not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor is responsible for all deductibles with regard to the insurance. If the Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, then the State may, after the State has given the Contractor at least 30 days written notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.



2.140 Indemnification

2.141 General Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its Subcontractors, or by anyone else for whose acts any of them may be liable.

2.142 Code Indemnification

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

2.143 Employee Indemnification

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its Subcontractors, the indemnification obligation under the Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its Subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

2.144 Patent/Copyright Infringement Indemnification

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

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

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

2.145 Continuation of Indemnification Obligations

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.



2.146 Indemnification Procedures

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

(a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. 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. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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

2.150 Termination/Cancellation

2.151 Notice and Right to Cure

If the Contractor breaches the Contract, and the State in its sole reasonable discretion determines that the breach is curable, then the State will provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

2.152 Termination for Cause

(a) The State may terminate this Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State



(b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.

(c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

(d) If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in this Contract for a termination for convenience.

2.153 Termination for Convenience

The State may terminate this Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

2.154 Termination for Non-Appropriation

(a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).

(b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

(c) If the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

**2.155 Termination for Criminal Conviction**

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

2.156 Termination for Approvals Rescinded

The State may terminate this Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State will pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

2.157 Rights and Obligations upon Termination

(a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

(c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.158 Reservation of Rights

Any termination of this Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

2.160 Termination by Contractor**2.161 Termination by Contractor**

If the State breaches the Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.



The Contractor may terminate this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.190** before it terminates the Contract.

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities

If the State terminates this 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 equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 90 days. These efforts must include, but are not limited to, those listed in **Sections 2.171, 2.172, 2.173, 2.174, and 2.175**.

2.172 Contractor Personnel Transition

The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.

2.173 Contractor Information Transition

The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

2.174 Contractor Software Transition

The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This must include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

2.175 Transition Payments

If the transition results from a termination for any reason, reimbursement must be governed by the termination provisions of this Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 State Transition Responsibilities

In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

- (a) Reconciling all accounts between the State and the Contractor;



- (b) Completing any pending post-project reviews.

2.180 Stop Work

2.181 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.180**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.150**.

2.182 Cancellation or Expiration of Stop Work Order

The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract must be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.024**.

2.183 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.150**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.180**.

2.190 Dispute Resolution

2.191 In General

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.192 Informal Dispute Resolution

(a) All disputes between the parties must be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DTMB, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:

- (i) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.



- (ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other's position.
- (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
- (iv) Following the completion of this process within 60 calendar days, the Director of Purchasing Operations, DTMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

(b) This Section will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.193**.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

2.193 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.194 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot 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., and any breach of this provision may be regarded as a material breach of the Contract.

2.202 Unfair Labor Practices

Under 1980 PA 278, MCL 423.321, et seq., the State must not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under Section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under Section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.203 Workplace Safety and Discriminatory Harassment

In performing Services for the State, the Contractor must comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the



Contractor must comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

2.210 Governing Law

2.211 Governing Law

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

2.212 Compliance with Laws

Contractor shall comply with all applicable state, federal and local laws and ordinances in providing the Services/Deliverables.

2.213 Jurisdiction

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

2.220 Limitation of Liability

2.221 Limitation of Liability

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The Contractor's liability for damages to the State is limited to two times the value of the Contract or \$500,000 which ever is higher. The foregoing limitation of liability does not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor is limited to the value of the Contract.

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor must disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.



(b) Assurances. If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:

- (i) the ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or
- (ii) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
 - (a) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and
 - (b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

(c) Contractor must make the following notifications in writing:

- (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DTMB Purchasing Operations.
- (2) Contractor must also notify DTMB Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
- (3) Contractor must also notify DTMB Purchasing Operations within 30 days whenever changes to company affiliations occur.

2.232 Call Center Disclosure

Contractor and/or all Subcontractors involved in the performance of this Contract providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information is a material breach of this Contract.

2.233 Bankruptcy

The State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:

- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process must be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

2.240 Performance

2.241 Time of Performance

(a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.

(b) Without limiting the generality of **Section 2.241(a)**, Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.



(c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to the Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

2.242 Service Level Agreements (SLAs)

(a) SLAs will be completed with the following operational considerations:

- (i) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.
- (ii) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.
- (iii) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.
- (iv) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:
 1. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
 2. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.

(b) Chronic Failure for any Service(s) will be defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service will not affect any tiered pricing levels.

(c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.

(d) All decimals must be rounded to two decimal places with five and greater rounding up and four and less rounding down unless otherwise specified.

2.243 Liquidated Damages

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work and the State does not elect to exercise its rights under **Section 2.152**, the State is entitled to collect liquidated damages in the amount of \$5,000.00 and an additional \$100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.

It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.152**, the State may assess liquidated damages against Contractor as specified below.



For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is \$10,000.00 per individual if the Contractor identifies a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.

If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 days, in addition to the \$10,000.00 liquidated damages for an Unauthorized Removal, Contractor must pay the amount of \$250.00 per day for each day of the 30 day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$15,000.00 maximum per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide 30 days of shadowing must not exceed \$20,000.00 per individual.

2.244 Excusable Failure

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. But the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b) the State may terminate any portion of the Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.250 Approval of Deliverables

2.251 Delivery Responsibilities

Unless otherwise specified by the State within an individual order, the following must be applicable to all orders issued under this Contract.



(a) Shipment responsibilities - Services performed/Deliverables provided under this Contract must be delivered "F.O.B. Destination, within Government Premises." The Contractor must have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates will be specified on the individual purchase order.

(b) Delivery locations - Services will be performed/Deliverables will be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.

(c) Damage Disputes - At the time of delivery to State Locations, the State must examine all packages. The quantity of packages delivered must be recorded and any obvious visible or suspected damage must be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record the damage.

Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within 14 days of receipt. Any damage must be reported to the Contractor within five days of inspection

2.252 Delivery of Deliverables

Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable"), a good ("Physical Deliverable") or a Service. All Deliverables must be completed and delivered for State review and written approval and, where applicable, installed according to the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

2.253 Testing

(a) Before delivering any of the above-mentioned Statement of Work Physical Deliverables or Services to the State, Contractor will first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and conforms with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor must certify to the State that (1) it has performed the quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during the quality assurance activities and testing, (4) the Deliverable or Service is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.

(b) If a Deliverable includes installation at a State Location, then Contractor must (1) perform any applicable testing, (2) correct all material deficiencies discovered during the quality assurance activities and testing, and (3) inform the State that the Deliverable is in a suitable state of readiness for the State's review and approval. To the extent that testing occurs at State Locations, the State is entitled to observe or otherwise participate in testing.

2.254 Approval of Deliverables, In General

(a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, according to the following procedures. Formal approval by the State requires the State to confirm in writing that the Deliverable meets its specifications. Formal approval may include the successful completion of Testing as applicable in **Section 2.253**, to be led by the State with the support and assistance of Contractor. The approval process will be facilitated by ongoing consultation between the parties, inspection of interim and intermediate Deliverables and collaboration on key decisions.

(b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.

(c) Before commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State



may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor according to **Section 2.253**.

(d) The State will approve in writing a Deliverable/Service after confirming that it conforms to and performs according to its specifications without material deficiency. The State may, but is not be required to, conditionally approve in writing a Deliverable/Service that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable/Service that remain outstanding at the time of State approval.

(e) If, after three opportunities (the original and two repeat efforts), the Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that the Contractor cure the failure and give the Contractor additional time to cure the failure at the sole expense of the Contractor; or (ii) keep the Contract in force and do, either itself or through other parties, whatever the Contractor has failed to do, and recover the difference between the cost to cure the deficiency and the contract price plus an additional sum equal to 10% of the cost to cure the deficiency to cover the State's general expenses provided the State can furnish proof of the general expenses; or (iii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure the breach. Notwithstanding the foregoing, the State cannot use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if the process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity that renders continuing the process unproductive or unworkable. If that happens, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery before resuming the testing or approval process.

2.255 Process For Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (and if the Statement of Work does not state the State Review Period, it is by default five Business Days for Written Deliverables of 100 pages or less and 10 Business Days for Written Deliverables of more than 100 pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable before its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State notifies the Contractor about deficiencies, the Contractor will correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.256 Process for Approval of Services

The State Review Period for approval of Services is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 Business Days for Services). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Services (or at the State's election, after approval of the Service). If the State delivers to the Contractor a notice of deficiencies, the Contractor will correct the described deficiencies and within 30 Business Days resubmit the Service in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts will be made at no additional charge. Upon



implementation of a corrected Service from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Service for conformity and that the identified deficiencies have been corrected.

2.257 Process for Approval of Physical Deliverables

The State Review Period for approval of Physical Deliverables is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 continuous Business Days for a Physical Deliverable). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State delivers to the Contractor a notice of deficiencies, the Contractor will correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from the Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.258 Final Acceptance

Unless otherwise stated in the Article 1, Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable must occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.251-2.257**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

2.260 Ownership

2.261 Ownership of Work Product by State

The State owns all Deliverables as they are works made for hire by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

2.262 Vesting of Rights

With the sole exception of any preexisting licensed works identified in the SOW, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon the State's request, the Contractor must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

2.263 Rights in Data

(a) The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of the Contractor. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

(b) The State is the owner of all State-specific data under the Contract. The State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable



information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

2.264 Ownership of Materials

The State and the Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

2.270 State Standards

2.271 Existing Technology Standards

The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://www.michigan.gov/dit>.

2.272 Acceptable Use Policy

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice>. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.273 Systems Changes

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the Project Manager. Any changes Contractor makes to State systems with the State's approval must be done according to applicable State procedures, including security, access and configuration management procedures.

2.280 Extended Purchasing

2.281 MIDEAL

Public Act 431 of 1984 permits DTMB to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. A current listing of approved program members is available at: www.michigan.gov/buymichiganfirst. Unless otherwise stated, the Contractor must ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.

The Contractor will supply Contract Services and equipment to these local governmental agencies at the established State of Michigan contract prices and terms to the extent applicable and where available. The Contractor must send its invoices will be submitted to and pay the local unit of government on a direct and individual basis.

To the extent that authorized local units of government purchase quantities of Services and/or equipment under this Contract, the quantities of Services and/or equipment purchased will be included in determining the appropriate rate wherever tiered pricing based on quantity is provided.

2.282 RESERVED - State Employee Purchases

2.290 Environmental Provision

2.291 Environmental Provision

Energy Efficiency Purchasing Policy – The State seeks wherever possible to purchase energy efficient products. This includes giving preference to U.S. Environmental Protection Agency (EPA) certified 'Energy Star' products for any category of products for which EPA has established Energy Star certification. For other purchases, the State may include energy efficiency as one of the priority factors to consider when choosing among comparable products.



Environmental Purchasing Policy – The State of Michigan is committed to encouraging the use of products and services that impact the environment less than competing products. The State is accomplishing this by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution.

Environmental components that are to be considered include: recycled content and recyclability; energy efficiency; and the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bioaccumulative. The Contractor should be able to supply products containing recycled and environmentally preferable materials that meet performance requirements and is encouraged to offer such products throughout the duration of this Contract. Information on any relevant third party certification (such as Green Seal, Energy Star, etc.) should also be provided.

Hazardous Materials:

For the purposes of this Section, “Hazardous Materials” is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, construction materials including paint thinners, solvents, gasoline, oil, and any other material the manufacture, use, treatment, storage, transportation or disposal of which is regulated by the federal, state or local laws governing the protection of the public health, natural resources or the environment. This includes, but is not limited to, materials the as batteries and circuit packs, and other materials that are regulated as (1) “Hazardous Materials” under the Hazardous Materials Transportation Act, (2) “chemical hazards” under the Occupational Safety and Health Administration standards, (3) “chemical substances or mixtures” under the Toxic Substances Control Act, (4) “pesticides” under the Federal Insecticide Fungicide and Rodenticide Act, and (5) “hazardous wastes” as defined or listed under the Resource Conservation and Recovery Act.

(a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The State must provide a safe and suitable environment for performance of Contractor’s Work. Before the commencement of Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor must immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.

(b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State must order a suspension of Work in writing. The State must proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State must terminate the affected Work for the State’s convenience.

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor must resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.242** for a time as mutually agreed by the parties.

(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).



Michigan has a Consumer Products Rule pertaining to labeling of certain products containing volatile organic compounds. For specific details visit http://www.michigan.gov/deq/0,1607,7-135-3310_4108-173523--,00.html

Refrigeration and Air Conditioning:

The Contractor shall comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this Contract.

Environmental Performance:

Waste Reduction Program - Contractor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by this Contract. The Contractor's programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).



Attachment A – Contract Pricing

Tasks are defined in Article 1 of the Contract

	TASK 1. Outreach to FIs (optional task)	FREQUENCY	DEFINITION OF UNIT	UNIT QUANTITY	UNIT PRICE	FORMULA	5 Year PRICE
1a)	Solicitation through Signature of Existing FIs that have not yet signed up to FIDM (occurrence is defined as execution)	Per occurrence	1 FI agreement signed	0	\$ 6.44	Estimated number of FI's who never received an Initial FIDM letter. Cost quoted Unit Quantity x Unit Price x 5 Years = 5 Year Price	\$0.00
1b)	Solicitation through Signature For newly established FIs (excluding mergers)	Per occurrence	1 FI agreement signed	10	\$ 15.00	\$ _____ agreement X ___ = Unit Quantity x Unit Price x 5 Years = 5 Year Price	\$750.00
1c)	Face to Face Meeting with FI or groups of FIs/ associations Meetings will be set only at state direction and with pre-approval. Contractor will be compensated for professional time upon arrival at client state (per day basis) of an IT specialist and/or a FIDM program staff person.	Per occurrence	1 staff- person for 1 day of consultation (professional time at meeting location only)	10	\$ 100.00	IT Staff person Unit Quantity x Unit Price x 5 Years = 5 Year Price	\$5,000.00
				10	\$ 75.00	FIDM Staff person Unit Quantity x Unit Price x 5 Years = 5 Year Price	\$3,750.00
	(travel expenses are reimbursed separately at state rates only - reimbursement by the state "at cost" no mark-up)	N/A	N/A	N/A	\$0.00	State Estimate for Reimbursement of Contractor's travel expenses for state budget purpose only.	
1d)	Produced materials and reproduction (only with pre-approval from the state)	Per Invoice	NA – at cost	N/A	\$5,000.00	The contractor shall bill the state for all design, production and reproduction at actual cost. No "mark up". (for state budget purposes only)	
						TASK TOTAL	\$9,500.00



	TASK 2.Services to Financial Institutions and client state	FREQUENCY	DEFINITION OF UNIT	UNIT QUANTITY	UNIT PRICE	FORMULA	5 Year PRICE
2a)	Call center hotline to FIs and client state. An allowance of 300 incoming calls will be included in the quarterly fee.	Quarterly	1 quarter	20	\$1,050.00	\$_____ X 20 QTR = Call Center quarterly fee includes 300 (Quarterly) incoming calls.	\$21,000.00
2b)	Every call thereafter please quote cost per call.	Quarterly billing	1 incoming call	1	\$ 1.75	\$_____ Price per call X Unit Quantity X 20 (quarters)=	\$35.00
						TASK TOTAL	\$21,035.00
	TASK 3. Data Matching Services	FREQUENCY	DEFINITION OF UNIT	UNIT QUANTITY	UNIT PRICE	FORMULA	5 Year PRICE
3a)	Matching Method 1 (all accounts method)	Quarterly	1 FI matched	94	\$ 23.00	\$_____ per FI X ___ Method 1 FI's X 20 quarters =	\$43,240.00
3b)	Matching Method 2 (matched accounts method)	Quarterly	1 FI matched	384	\$ 26.00	\$_____ per FI X ___ Method 2 FI's X 20 quarters =	\$199,680.00
3c)	Paper file data entry	Quarterly	1 hour of data entry	6	\$ 30.00	\$_____ per hourly rate X ___ hrs. X 20 quarters =	\$3,600.00
3d)	Secure Internet FT Web site/FTP (Cost can vary from State to State)	One time	NA – one time	N/A	\$ -	Set up with State and FI's testing	
3e)	State to State matching (Voluntary by State) matching within the Alliance – per occurrence to facilitate file exchange between states.	Quarterly	1 state-to-state request by 1 state	8	\$ 70.00	\$_____ per State to State Match Exchange X number of State to State requests X 20 quarters =	\$11,200.00
3f)	State to State matching – (Voluntary by State) matching outside the Alliance – per occurrence to facilitate file exchange between states.	Quarterly	1 state-to-state request by 1 state	18	\$ 175.00	\$_____ per State to State Match Exchange X number of State to State requests X 20 quarters =	\$63,000.00
3h)	Alliance to Alliance matching – (Voluntary by State) matching all FIDM Alliance states with all IDEC states – per occurrence to facilitate file exchange between both Alliance's.	Quarterly	1 Alliance-to-Alliance request	1	\$1,050.00	\$_____ per Alliance to Alliance Match X number of Alliance to Alliance requests X 5 estimated occurrences = Total billed by Contractor, divided by 18 participating States (to estimate Contract Cost per State.)	\$291.67



3g)	Production Reports via Website views/queries (See Section 1.042 of RFP for minimum)	Quarterly	1 quarterly fee	20	\$ -	\$ _____ Quarterly X 20 quarters =	\$0.00
						TASK TOTAL	\$321,011.67
	TASK 4.Compliance Assurance	FREQUENCY	DEFINITION OF UNIT	UNIT QUANTITY	UNIT PRICE	FORMULA	5 Year PRICE
4a)	Compliance assurance	Quarterly	1 quarterly fee	20	\$ 750.00	\$ _____ quarterly X 20 quarters =	\$15,000.00
4b)	Face to Face Meetings with FI for compliance issues/resolution. Meetings will be set only at state direction and with pre-approval. Contractor will be compensated for professional time upon arrival at client state (per day basis) of an IT specialist and/or a FIDM program staff person. (travel expenses are reimbursed separately at state rates only - reimbursement by the state "at cost" no mark-up)	Per occurrence	1 staff- person for 1 day of consultation (professional time at meeting location only)	1	\$ 100.00	IT Staff person Unit Quantity x Unit Price x 5 Years = 5 Year Price	\$500.00
				1	\$ 75.00	FIDM Staff person Unit Quantity x Unit Price x 5 Years = 5 Year Price	\$375.00
				N/A	\$0.00	State Estimate for Reimbursement of Contractor's travel expenses for state budget purpose only.	
						TASK TOTAL	\$15,875.00
	TASK 5. Information sharing via client state and FIDM website	FREQUENCY	DEFINITION OF UNIT	UNIT QUANTITY	UNIT PRICE	FORMULA	5 Year PRICE
5a)	web site development (The Unit Price must be uniform, State by State Alliance Wide)	One time	NA – one time	1	\$ -	Developmental costs for web site "lump sum"	\$0.00
5b)	web site maintenance (The Unit Price must be uniform, State by State Alliance Wide)	Yearly	1 year fee	5	\$1,225.00	\$ _____ yearly fee X 5 years =	\$6,125.00
						TASK TOTAL	\$6,125.00



	TASK 6. Project Management, Invoicing and Transition	FREQUENCY	DEFINITION OF UNIT	UNIT QUANTITY	UNIT PRICE	FORMULA	PRICE
6a)	maintenance of account (Account is defined as a state)	Quarterly	1 quarterly fee	20	\$ 840.00	\$_____ X 20 quarters =	\$16,800.00
6b)	Face to Face Meeting with client state or county staff Meetings will be set only at state direction and with pre-approval. Contractor will be compensated for professional time upon arrival at client state (per day basis) of an IT specialist and/or a FIDM program staff person.	Per occurrence	1 staff- person for 1 day of consultation (professional time at meeting location only)	1	\$ 100.00	IT Staff person Unit Quantity x Unit Price x 5 Years = 5 Year Price	\$500.00
				1	\$ 75.00	FIDM Staff person Unit Quantity x Unit Price x 5 Years = 5 Year Price	\$375.00
	(travel expenses are reimbursed separately at state rates only - reimbursement by the state "at cost" no mark-up)	N/A	N/A	N/A	\$0.00	State Estimate for Reimbursement of Contractor's travel expenses for state budget purpose only.	\$0.00
6c)	Facilitating Alliance calls and webinars	Per occurrence	60 calls per contract term	60	\$5.00	State Estimate for Reimbursement of Contractor's conference calls and webinars.	\$300.00
6d)	Reimbursing qualified FIs pursuant to state statute/policy. (Only for states who are mandated to reimburse FI's)	Per QTR	All FI's reimbursed	0	N/A	\$_____ / Quarter X 20 QTR=	
6e)	Funding for FI reimbursement	Entire contract term	NA	N/A	\$0.00	Total Estimated Lump sum funds for reimbursement for State budgeting purposes only.	
						TASK TOTAL	\$17,975.00



	TASK 7. Central Enforcement/Customer Service (Optional by state)	FREQUENCY	DEFINITION OF UNIT	UNIT QUANTITY	UNIT PRICE	FORMULA	5 Year PRICE
7a)	Sending Liens. Unit price to include all of contractor's overhead costs and expenses (excluding postage and fax lines – postage and fax lines will be reimbursed seperately with no markup)	Per occurrence	1 lien notice printed and or transmitted	500	\$ 0.50	Cost per lien notice:_____/ sent X ____/liens per quarter X 20 quarters = _____ (total estimated cost 5 year)	\$5,000.00
						TASK TOTAL	\$5,000.00
	TASK 8. Maintain Agreements with Financial Institutions	FREQUENCY	DEFINITION OF UNIT	UNIT QUANTITY	UNIT PRICE	FORMULA	5 Year PRICE
8a)	Database development and database maintenance (development to be included in quarterly fee)	Quarterly	1 Quarterly fee	20	\$ 350.00	\$_____ quarterly X 20 Quarters =	\$7,000.00
8b)	One-time distribution of new contracts to all current FIs to establish perpetual FIDM agreements between Alliance states and their FIs.	One time	1 per FI	500	\$ 6.44	\$One Time Cost per Contract Term =	\$3,220.00
						TASK TOTAL	\$10,220.00
	TASK 9 - To be negotiated by each state. Bidders were instructed not to provide pricing at the time of submitting cost proposals.					TOTAL FOR ALL TASKS	\$406,741.67



Exhibit 1 – Current FIDM Alliance Information Statistics

Alliance Information (Part 1):

State	Obligor Count	Number of FIs	Population	Estimated Cost for 2009
Alaska	21,326	17	686,293	\$12,379
Arizona	132,649	90	6,500,180	\$18,923
Colorado	65,730	212	4,939,456	\$29,701
Idaho	26,704	70	1,523,816	\$25,291
Illinois	342,744	996	12,901,563	\$106,692
Indiana	136,473	334	6,376,792	\$45,843
Maine	26,194	95	1,316,456	\$18,610
Maryland	105,904	164	5,633,597	\$26,909
Michigan	219,911	479	10,003,422	\$69,454
Montana	16,564	122	967,440	\$26,969
Nebraska	37,898	293	1,783,432	\$42,581
Nevada	72,152	57	2,600,167	\$14,476
New Jersey	117,532	279	8,682,661	\$100,012
North Dakota	28,504	146	641,481	\$23,434
Ohio	278,279	553	11,485,910	\$62,466
Texas	501,526	1,144	24,326,974	\$125,801
Wisconsin	108,428	510	5,627,967	\$62,014



Alliance Information (Part 2):

	Total number of licensed in-state financial institutions (FIs):	Total number of in-state FIs contracted with the state for FIDM:	a. Number of banks:	b. Number of credit unions:	c. Number of other financial institutions:	Current number of FIs using Method 1:	Current number of FIs using Method 2:	Number of delinquent obligor records for match:	Number of FIs utilizing electronic file transmission:	Number of FIs utilizing paper file:
Alaska	19	17	6	11	0	3	14	23,448	17	0
Arizona	91	90	40	50	0	14	76	137,119	90	0
Colorado	281	212	101	111	0	18	194	71,380	212	0
Idaho	85	72	20	52	0	17	55	29,437	72	0
Illinois	1,025	995	619	376	0	284	711	354,638	975	20
Indiana	339	334	149	185	0	144	190	141,956	334	0
Maine	95	95	28	67	0	0	95	26,378	94	1
Maryland	182	164	79	85	0	1	163	108,354	164	0
Michigan	478	478	149	324	5	94	384	222,821	473	5
Montana	124	122	64	58	0	50	72	17,210	122	0
Nebraska	321	293	227	66	0	13	280	41,439	293	0
Nevada	62	57	32	25	0	19	38	77,452	57	0
New Jersey	319	276	118	157	1	77	202	122,237	273	6
New York	664	622	167	453	2	318	304	570,917	610	12
North Dakota	150	146	95	51	0	57	89	30,696	144	2
Ohio	631	553	240	313	0	14	539	295,682	550	3
Texas	1,172	1144	616	528	0	523	621	499,033	1,137	7
Wisconsin	512	510	275	235	0	202	308	125,461	508	2



Exhibit 2 – FIDM Alliance Call Center Specifications

- 2.3.1 The Contractor shall have live operators respond to inquiries from callers according to the following requirements.
 - 2.3.1.1 The Contractor shall operate the call center and answer calls on all Business Days from 8:00 a.m. to 5:00 p.m. local time for each Alliance state. The Alliance will provide the Contractor with a holiday calendar.
 - 2.3.1.2 Access to the operator-assisted call center must be provided at no cost to the caller.
 - 2.3.1.3 The contractor must assure that a daily average call wait time, including wait time for abandoned calls, for callers in the Contractor queue waiting to speak with call center staff does not exceed one minute (60 seconds).
 - 2.3.1.4 The longest call wait time for any caller in the Contractor queue (including abandoned calls) is not to exceed three minutes (180 seconds).
 - 2.3.1.5 A monthly answer rate of at least 95% of the total calls received must be achieved.
 - 2.3.1.6 A monthly abandon rate not to exceed 5% of the total calls received must be achieved.
- 2.3.2 The Contractor shall not transfer to voice mail or automatically disconnect any call in the call center queue. The Contractor must answer any calls remaining in the queue at close of business.
- 2.3.3 In order to ensure quality customer service is achieved throughout each and every call, the Contractor shall not employ a business practice intended to limit talk time.
- 2.3.4 The Contractor shall maintain an adequate staffing level to include the flexibility to adjust staffing levels to accommodate changes in the average volume of calls. This volume will be based on quarterly operational projections provided by the Alliance states.

The Contractor's call center shall answer and return calls in accordance with Alliance states' procedures.

The contractor must track and report statistics individually for each Alliance state such as number of calls and types of questions. Alliance states' must be allowed to access the call center information and stats via a website. The reports must include: a statistical report identifying the number of calls received, number of calls answered, number of calls abandoned, average wait time, and the average talk time,; and a "Pilot Answered Call Profile" report or substantially similar report.

2.3.5 The Contractor's call center shall include standard PBX features and, at a minimum, the following features and functionalities:

2.3.5.1 Full Automatic Call Distribution (ACD) functionality, including:

2.3.5.2 Menu options for the caller.



2.3.5.3 Ability to send calls to the longest idle agent.

2.3.5.4 Ability for agent sign-on/sign-off.

2.3.5.5 Skill based routing.

2.3.5.6 Generate scheduled and on-demand reports to include timeframe intervals of: 15 minutes, 30 minutes, Hourly, Daily, Weekly, Monthly and Summary formats.

2.3.6 The Contractor shall retain and retrieve the historical traffic data for the duration of the Contract and make the data accessible to the Alliance states' as deemed necessary.