STATE OF MICHIGAN PROCUREMENT
Department Technology, Management and Budget
Central Procurement Services
320 S Walnut Street Lansing, MI 48933
P.O. Box 30026, Lansing, MI 48909

CONTRACT CHANGE NOTICE

Change Notice Number **3**
to
Contract Number **MA210000000880**

CONTRACTOR	
	U.S. BANK
	200 South 6th St, EP-MM-L16C
	Minneapolis MN 55402
	Kelli Keller
	612-973-2799
	Kelli.keller@usbank.com
	CV0014056

STATE			
	Program Manager	Various	Various
	Contract Administrator	Emily Massa	DTMB
		517-897-7321	
		massae@michigan.gov	

CONTRACT SUMMARY			
Electronic Payment Card Services			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
July 30, 2021	July 29, 2026	2 - 1 Year	July 29, 2026
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
N/A		N/A	
ALTERNATE PAYMENT OPTIONS		**EXTENDED PURCHASING**	
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other		☐ Yes ☒ No	
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☒	2 Years	☐		July 29, 2028
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$215,000.00	$150,000.00	$365,000.00		

DESCRIPTION
Please note the Program Manager or Contract Administrator may have changed, and are reflected on this Change Notice. Effective May 4th, 2026, the two option years available on this contract are hereby exercised. The revised contract expiration date is July 29th, 2028. The contract is also increased by $150,000.00 All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

Program Managers

for

Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
MSHDA	Marshall Brooks	517-241-0956	brooksm8@michigan.gov
LEO	Lisa Johnson-Washington		JohnsonWashingtonL@michigan.gov
MSL	Tane Dorsey		DorseyT2@michigan.gov
MSL	Julie Proux		ProuxJ@michigan.gov

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES

Department of Technology, Management, and Budget
320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **2**

to

Contract Number **210000000880**

CONTRACTOR	
	U.S. BANK
	200 South 6th St, EP-MM-L16C
	Minneapolis, MN 55402
	Kelli Keller
	612-973-2799
	kelli.keller@usbank.com
	CV0014056

STATE			
	Program Manager	Various	MULTI
	Contract Administrator	Valerie Hiltz	DTMB
		(517) 249-0459	
		hiltzv@michigan.gov	

CONTRACT SUMMARY			
ELECTRONIC PAYMENT CARD SERVICES			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
May 1, 2021	July 29, 2026	2 - 1 Year	July 29, 2026
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card ☐ PRC ☐ Other			☐ Yes ☒ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		July 29, 2026
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$215,000.00	$0.00	$215,000.00		

DESCRIPTION

Effective April 28, 2023 the Michigan State Housing Development Authority (MSHDA) is being added as a user to this contract and is adding the scope related to MSHDA as outlined in Schedule O- Statement of Work as attached.

All other terms, conditions, specifications and pricing remain the same, per agreement between the Contractor and MSHDA, and the approval of DTMB Central Procurement Services.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
LEO	Maria Skonieczny	313-456-1633	skoniecznym1@michigan.gov
MGCB	Paula Tarrant	517-373-3318	tarrantp@michigan.gov
MSHDA	Marshall Brooks	517-241-0956	brooksm8@michigan.gov

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES

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

CONTRACT CHANGE NOTICE

Change Notice Number **1**

to

Contract Number **210000000880**

CONTRACTOR	
	U.S. BANK
	200 South 6th St, EP-MM-L16C
	Minneapolis, MN 55402
	Kelli Keller
	612-973-2799
	kelli.keller@usbank.com
	CV0014056

STATE			
	Program Manager	various	MULTI
	Contract Administrator	Joy Nakfoor	DTMB
		(517) 249-0481	
		nakfoorj@michigan.gov	

CONTRACT SUMMARY			
ELECTRONIC PAYMENT CARD SERVICES			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
May 1, 2021	July 29, 2026	2 - 1 Year	July 29, 2026
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card ☐ PRC ☐ Other			☐ Yes ☒ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☒		☐		July 29, 2026

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$200,000.00	$15,000.00	$215,000.00

DESCRIPTION

Effective June 22, 2021, this contract is hereby increased by $15,000.00 to cover the costs of anticipated return mail. The actual cost of return mail ($0.08/piece) will be billed to and paid for by the State.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

STATE OF MICHIGAN PROCUREMENT

Department of Technology, Management, & Budget –
Central Procurement Services

525 W Allegan St, 1st Floor, Lansing, MI 48933
P.O> Box 30026, Lansing, MI 48909

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. 210000000880
between
THE STATE OF MICHIGAN
and

CONTRACTOR	U.S. Bank National Association
	200 South 6th St, EP-MM-L16C
	Minneapolis, MN 55402
	Kelli Keller
	612-973-2799
	Kelli.keller@usbank.com
	CV0014056

STATE	Program Manager	Various	Multi
	Contract Administrator	Joy Nakfoor	DTMB
		517-249-0481	
		nakfoorj@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: Electronic Payment Card Services			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
May 1, 2021	July 29, 2026	2 – 1 year	July 26, 2026
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-card ☐ Payment Request (PRC) ☐ Other			☐ Yes ☒ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the Solicitation # 200000002309. Orders for delivery will be issued through the issuance of a Delivery Order (DO).			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			**$200,000.00**

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
UIA	Maria Skonieczny	313-456-1633	skoniecznym1@michigan.gov
LOTTERY	Paula Tarrant	517-373-3318	tarrantp@michigan.gov

FOR THE CONTRACTOR:

_____
Company Name

_____
Authorized Agent Signature

_____
Authorized Agent **(Print or Type)**

_____
Date

FOR THE STATE:

_____
Signature

_____
Name & Title

_____
Agency

_____
Date

STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and U.S. Bank National Association ("**Contractor**"), a national banking association. This Contract is effective on May 1, 2021 ("**Effective Date**"), with a go-live date of no later than July 30, 2021 for UIA and August 30, 2021 for Lottery, and unless terminated, expires on July 29, 2026.

This Contract may be renewed for up to two (2) additional one (1) year period(s) upon the written mutual agreement of the parties. The parties will document its exercise of renewal options via Contract Change Notice.

1. Definitions. For the purposes of this Contract, the following terms have the following meanings:

"**Accept**" has the meaning set forth in **Section 19**.

"**Acceptance**" has the meaning set forth in **Section 19**.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control" (including the terms "controlled by" and "under common control with") means the direct or indirect ownership of more than fifty percent (50%) of the voting securities of a Person.

"**Allegedly Infringing Materials**" has the meaning set forth in **Section 33**.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which the State is authorized or required by Law to be closed for business.

"Business Owner" is the individual appointed by the agency buyer to (a) act as the agency's representative in all matters relating to the Contract, and (b) co-sign off on notice of Acceptance. The Business Owner will be identified in the Statement of Work.

"**Change**" has the meaning set forth in **Section 5.**

"**Change Notice**" has the meaning set forth in **Section 5.**

"**Change Proposal**" has the meaning set forth in **Section 5.**

"**Change Request**" has the meaning set forth in **Section 5.**

"**Confidential Information**" has the meaning set forth in **Section 38.a.**

"**Configuration**" means State-specific changes made to the Software without Source Code or structural data model changes occurring.

"**Contract**" has the meaning set forth in the preamble.

"**Contract Activities"** refers to the Services, Deliverables, delivery of commodities, or other contractual requirements set forth in **Schedule A – Statement of Work**, including any subsequent Statement(s) of Work, that the Contractor agrees to provide and the State agrees to purchase pursuant to the terms of this Contract.

"**Contract Administrator**" is the individual appointed by each party to (a) administer the terms of this Contract, and (b) approve any Change Notices under this Contract. Each party's Contract Administrator will be identified in the Statement of Work.

"**Contractor**" has the meaning set forth in the preamble.

"**Contractor's Bid Response**" means the Contractor's proposal submitted in response to the State's requests to obtain Contract Activities.

"**Contractor Marks**" refers to the names "US Bank" and "US Bancorp" and the US Bank and shield design, U.S. Trademark Registration No. 2,247,139, registered on May 25, 1999, which are owned by U.S. Bancorp or one or more of its Subsidiaries, as well as any other trademark or service marks owned by U.S. Bancorp that include the terms "US Bank" ("UBANK," "US," "U") or "US Bancorp," however these terms may be capitalized or punctuated.

"**Contractor Personnel**" means all employees of Contractor or any Permitted Subcontractors involved in the performance of Services hereunder.

"**Deliverables**" means all materials, including, but not limited to Software, Documentation, written materials and commodities, that Contractor is required to or otherwise does provide to the State under this Contract and otherwise in connection with any Services, including all items specifically identified as Deliverables in **Schedule A** - **Statement of Work**.

"**Dispute Resolution Procedure**" has the meaning set forth in **Section 55**.

"**Documentation**" means all generally available documentation relating to the Software, including all user manuals, operating manuals and other instructions, specifications, documents and materials, in any form or media, that describe any component, feature, requirement or other aspect of the Software or Hosted Services (as defined in **Schedule D**), including any functionality, testing, operation or use thereof.

"**DTMB**" means the Michigan Department of Technology, Management and Budget.

"**Effective Date**" has the meaning set forth in the preamble.

"**Fees**" means collectively all fees collected by the Contractor pursuant to the terms of this Contract.

"**Financial Audit Period**" has the meaning set forth in **Section 42**.

"**Force Majeure**" has the meaning set forth in **Section 54.**

"**HIPAA**" has the meaning set forth in **Section 47**.

"**Intellectual Property Rights**" means all or any of the following: (a) patents, patent disclosures, and inventions (whether patentable or not); (b) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, together with all of the associated goodwill; (c) copyrights and copyrightable works (including computer programs), mask works and rights in data and databases; (d) trade secrets, know-how and other confidential information; and (e) all other intellectual property rights, in each case whether registered or unregistered and including all applications for, and renewals or extensions of, such rights, and all similar or equivalent rights or forms of protection provided by applicable Law in any jurisdiction throughout the world.

"**Key Personnel**" means any Contractor Personnel identified as key personnel in **Schedule A** – **Statement of Work**.

“**Law**” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree or other requirement or rule of any federal, state, local or foreign government or political subdivision thereof, or any arbitrator, court or tribunal of competent jurisdiction.

“**Loss or Losses**” means all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the costs of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

“**Maintenance Release**” means any update, upgrade, release or other adaptation or modification of the Software, including any updated Documentation, that Contractor may generally provide to its licensees from time to time during the Term, which may contain, among other things, error corrections, enhancements, improvements or other changes to the user interface, functionality, compatibility, capabilities, performance, efficiency or quality of the Software.

“**MasterCard Marks**” means all names, logos, trademarks, and service marks owned by MasterCard Worldwide and its subsidiaries in the United States.

“**New Version**” means any new version of the Software that the Contractor may from time to time introduce and market generally as a distinct licensed product, as may be indicated by Contractor's designation of a new version number.

“**Permitted Subcontractor**” has the meaning set forth in **Section 13**.

“**Person**” means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

“**PLUS SYSTEM Marks**” means the service marks “PLUS SYSTEM” and a certain diamond design, which are registered as United States Registration No. 1,116,468 dated April 10, 1979 for PLUS SYSTEM, Registration No. 1,120,179 dated June 12, 1979 for a diamond design, Registration No. 1,117,432 dated May 1, 1979 for PLUS SYSTEM used in conjunction with the diamond design, and all of which are owned by Visa International Inc.

“**Pricing**” means any and all fees, rates and prices payable under this Contract, including pursuant to any Schedule or Exhibit hereto.

“**Pricing Schedule**” means the schedule attached as **Schedule B**, setting forth the Fees, rates and Pricing payable under this Contract.

“**Program**” means the program between Contractor and State for the issuance of Cards to Cardholders, according to the terms of this Contract.

“**Program Manager**” is the individual appointed by each party to (a) monitor and coordinate the day-to-day activities of this Contract, and (b) for the State, to co-sign off on its notice of Acceptance of the Deliverables. Each party’s Program Manager will be identified in the Statement of Work-Schedule A or the Master Services Agreement-Schedule J.

“**Representatives**” means a party's employees, officers, directors, partners, shareholders, agents, attorneys, successors and permitted assigns.

“**RFP**” means the State’s request designed to solicit responses for Contract Activities under this Contract.

"**Software**" means Contractor's software set forth in the Statement of Work, and any Maintenance Releases or New Versions provided to the State and any Configurations made by or for the State pursuant to this Contract, and all copies of the foregoing permitted under this Contract and the License Agreement.

"**Services**" means any of the services Contractor is required to or otherwise does provide under this Contract, **Schedule A** - Statement of Work, **Schedule C** - Software Terms for On-site Hosting (if applicable), and **Schedule E** – Contractor Hosted Software and Services (if applicable).

"**Source Code**" means the human readable source code of the Software to which it relates, in the programming language in which the Software was written, together with all related flow charts and technical documentation, including a description of the procedure for generating object code, all of a level sufficient to enable a programmer reasonably fluent in such programming language to understand, build, operate, support, maintain and develop modifications, upgrades, updates, adaptations, enhancements, new versions and other derivative works and improvements of, and to develop computer programs compatible with, the Software.

"**Site**" means the physical location designated by the State in, or in accordance with, this Contract or the Statement of Work for delivery or installation of the Contract Activities.

"**State**" means the State of Michigan.

"**State Data**" has the meaning set forth in **Section 37.a**.

"**State Marks**" refers to any State logo, trademark, or service mark owned by State.

"**State Materials**" means all materials and information, including equipment, documents, data, know-how, ideas, methodologies, specifications, software, content and technology, in any form or media, directly or indirectly provided or made available to Contractor by or on behalf of the State in connection with this Contract.

"**Statement of Work**" means any statement of work entered into by the parties and attached as a schedule to this Contract. The initial Statement of Work is attached as **Schedule A**, and subsequent Statements of Work shall be sequentially identified and attached as Schedules A-1, A-2, A-3, etc.

"**Stop Work Order**" has the meaning set forth in **Section 26**.

"**Term**" has the meaning set forth in the preamble.

"**Third Party**" means any Person other than the State or Contractor.

"**Transition Period**" has the meaning set forth in **Section 31**.

"**Transition Responsibilities**" has the meaning set forth in **Section 31**.

"**Unauthorized Removal**" has the meaning set forth in **Section 15**.

"**Unauthorized Removal Credit**" has the meaning set forth in **Section 15**.

"**Visa Marks**" refers to the "Visa" service mark and the Three Bands Design, along with all other logos, trademarks and service marks owned by Visa U.S.A. or Visa International, Inc.

"**Warranty Period**" means the period set forth in Schedule A, the Statement of Work, commencing on the date of acceptance of all Deliverables purchased pursuant to the terms of this Contract.

"**Work Product**" means all State-specific deliverables that Contractor is required to provide to the State under this Contract including but not limited to written materials, computer scripts, software configuration,

software customization, macros, user interfaces, reports, project management documents, forms, templates, and other State-specific documents and related materials together with all ideas, concepts, processes, and methodologies developed in connection with this Contract whether or not embodied in this Contract. Work Product does not include software.

2. **Duties of Contractor.** Contractor must perform the Services and provide the Deliverables described in **Schedule A – Statement of Work**. An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

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

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

3. **Statement(s) of Work**. Contractor shall provide the Contract Activities pursuant to Statements of Work entered into under this Contract. No Statement of Work shall be effective unless signed by each party's Contract Administrator. The term of each Statement of Work shall commence on the parties' full execution of the Statement of Work and terminate when the parties have fully performed their obligations. The terms and conditions of this Contract will apply at all times to any Statements of Work entered into by the parties and attached as a schedule to this Contract. The State shall have the right to terminate such Statement of Work as set forth in **Sections 26** and **27**. Contractor acknowledges that time is of the essence with respect to Contractor's obligations under each Statement of Work and agrees that prompt and timely performance of all such obligations in accordance with **this** Contract and the Statements of Work is strictly required.

4. **Statement of Work Requirements.** Each Statement of Work may include the following: (a) names and contact information for Contractor's Contract Administrator, Program Manager and Key Personnel; (b) names and contact information for the State's Contract Administrator, Program Manager and Business Owner; (c) a detailed description of the Services to be provided under this Contract, including any training obligations of Contractor; (d) a detailed description of the Deliverables to be provided under this Contract; (e) a description of all liquidated damages associated with this Contract, if any; and (f) a detailed description of all State Resources, if any, required to complete the Implementation Plan, if such a Plan is necessary.

5. **Change Control Process.** The State may at any time request in writing (each, a "Change Request") changes to the Statement of Work, including changes to the Contract Activities (each, a "Change"). Contractor will respond within thirty (30) days of the State's submission of a Change Request, and upon mutual agreement the parties will evaluate and implement all Changes in accordance with this **Section 5**. No Change will be effective until the parties have executed a Change Notice. Except as the State may request in its Change Request or otherwise in writing, Contractor must continue to perform its obligations in accordance with the Statement of Work pending negotiation and execution of a Change Notice. Contractor will use its best efforts to limit any delays or Fee increases from any Change to those necessary to perform the Change in accordance with the applicable Change Notice. Contractor may, on its own initiative and at its own expense, prepare and submit its own Change Request to the State. However, the State will be under no obligation to approve or otherwise respond to a Change Request initiated **by** Contractor.

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

If to State:	If to Contractor:
Joy Nakfoor 525 W Allegan St Lansing, MI 48933 nakfoorj@michigan.gov 517-249-0481	U.S. Bank: U.S. Bank National Association 200 South 6th Street, EP-MN-L16C Minneapolis, MN 55402 Attn: SVP – Prepaid Debit Products Copy to: U.S. Bancorp Corporate Counsel 800 Nicollet Mall, BC-MN-H21N

	Minneapolis, MN 55402 Attn: Corporate Payment Solutions Counsel

7. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Schedule A) if, in the opinion of the State, it will ensure performance of the Contract.

8. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. The Commercial General Liability and Automobile Liability shall be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State. All insurance shall be provided by a company with an A.M. Best rating of "A-" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimum Limits: $1,000,000 Each Occurrence Limit $1,000,000 Personal & Advertising Injury Limit $2,000,000 General Aggregate Limit $2,000,000 Products/Completed Operations	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 04.
Automobile Liability Insurance	
Minimum Limits: $1,000,000 Per Accident	Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
Privacy and Security Liability (Cyber Liability) Insurance	
Minimum Limits: $1,000,000 Each Occurrence $1,000,000 Annual Aggregate	Contractor must have their policy: cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Crime (Fidelity) Insurance	
Minimum Limits: $1,000,000 Employee Theft Per Loss	Contractor must have their policy: (1) cover forgery and alteration, theft of money and securities, robbery and safe burglary, computer fraud, funds transfer fraud, money order and counterfeit currency.

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

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or delivery order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section or policies which are commensurate to the services they provide; and (c) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

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

9. Reserved.

10. Reserved.

11. Independent Contractor. Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor.

12. Intellectual Property Rights. Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Work Product produced as part of the Contract Activities, and all associated intellectual property rights, if any. In general, Work Product constitutes works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Work Product, and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Work Product, including all intellectual property rights therein. Contractor also irrevocably waives any and all claims Contractor may have now or hereafter have in any jurisdiction to so called "moral rights" or rights of *droit moral* with respect to the Work Product. If Contract Activities includes the purchase or use of software, such purchase, use, or access to Software shall be subject to **Schedules B** and **C** or **D** of this Contract.

13. Subcontracting. Contractor will not, without the prior written approval of the State (which approval will not be unreasonably withheld), engage any Third Party to perform Services solely for this Contract. The State's approval of any such Third Party (each approved Third Party, a "**Permitted Subcontractor**") does not relieve Contractor of its representations, warranties or obligations under this Contract. Without limiting the foregoing, Contractor will: (a) be responsible and liable for the acts and omissions of each such Permitted Subcontractor (including such Permitted Subcontractor's employees who, to the extent providing Services or Deliverables, shall be deemed Contractor Personnel) to the same extent as if such acts or omissions were by Contractor or its employees; (b) name the State a third party beneficiary under Contractor's Contract with each Permitted Subcontractor with respect to the Services; (c) be responsible for all fees and expenses payable to, by or on behalf of each Permitted Subcontractor in connection with this Contract, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits; and (d) notify the State of the location of the Permitted Subcontractor and indicate if it is located within the continental United States. It is further understood and agreed that if Contractor uses subcontractors, which are not used solely for the purposes of this Contract, but still provide certain Services or Deliverables under this Contract, Contractor will:

(a) be responsible and liable for the acts and omissions of each such subcontractor (including such subcontractor's employees who, to the extent providing Services or Deliverables, shall be deemed Contractor Personnel) to the same extent as if such acts or omissions were by Contractor or its employees;

(b) be responsible for all fees and expenses payable to, by or on behalf of each subcontractor in connection with this Contract, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits; and

(c) upon request, notify the State of the location of the subcontractor and indicate if it is located within the continental United States.

14. Staffing. Contractor is solely responsible for all Contractor Personnel and for the payment of their compensation, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and

disability benefits. The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.

15. **Key Personnel**. If, in the sole discretion of the State, Key Personnel are required to complete the Contract Activities, such Key Personnel shall be identified in **Schedule A - Statement of Work**. The State has the right to recommend and approve in writing the initial assignment, as well as any proposed replacement, of any Key Personnel. The State's approval will not be unreasonably withheld. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Program Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection.

    Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The State's consent will not be unreasonably withheld. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("**Unauthorized Removal**"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, reduction in force or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under **Section 27**.

    It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this 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 27**, Contractor will issue to the State an amount set forth in **Schedule A – Statement of Work** (each, an "**Unauthorized Removal Credit**").**Background Checks.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, Contractor must perform background checks on all employees and will require subcontractors to perform background checks on its employees. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.

16. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. This approval will not be unreasonably withheld. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.

17. **Change of Control.** Contractor will notify within 30 days of any public announcement, or otherwise once legally permitted to do so, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

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

18. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A.

19. Acceptance. Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Schedule A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted, but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with **Section 27**, Termination for Cause.

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

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

20. Reserved.

21. Reserved.

22. Reserved.

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

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

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at http://www.michigan.gov/SIGMAVSS to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

24. Payment Disputes. The State may withhold from payment any and all payments and amounts the State disputes in good faith, pending resolution of such dispute, provided that the State: (a) timely renders all payments and amounts that are not in dispute; notifies Contractor of the dispute prior to the due date for payment, specifying in such notice: (i) the amount in dispute; and (ii) the reason for the dispute set out in sufficient detail to facilitate investigation by Contractor and resolution by the parties; (b) works with Contractor in good faith to resolve the dispute promptly; and (c) promptly pays any amount determined to be payable by resolution of the dispute.

Contractor shall not withhold any Contract Activities or fail to perform any obligation hereunder by reason of the State's good faith withholding of any payment or amount in accordance with this **Section 24** or any dispute arising therefrom.

25. Liquidated Damages. Liquidated damages, if applicable, will be assessed as described in **Schedule A**. Amounts due the State as liquidated damages may be set off against any Fees payable to Contractor under this Contract, or the State may bill Contractor as a separate item and Contractor will promptly make payments on such bills.

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

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

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in **Section 28**, Termination for Convenience.

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

If Contractor terminates this Contract under this Section, the Contractor will issue a termination notice specifying the reason or reasons why the Contractor believes the State is in default under this Contract. The State will have a period of 45 days from receipt of the notice to cure the cited default to the Contractor's satisfaction. In the event the default is not cured by the end of such 45 day period, then the Contractor may immediately terminate this Contract by providing the State with another written notice stating that this Agreement is being terminated under this Section.

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

29. Contractor Termination Rights.

Following the Dispute Resolution process outlined in Section 55:

(a) Contractor may terminate its remaining obligations under this Contract upon 30 days' prior written notice; (i) if the State fails to make payment obligations, as set forth in this Contract; (ii) if the State becomes insolvent; or (iii) if the State breaches any of its material duties or obligations under this Contract.

(b) Other than Contractor's direct deposit obligations, Contractor may curtail or restrict its Program obligations under this Contract without liability, except for liabilities accrued prior to the termination, upon Contractor's determination, that State's activities relating to the Program have subjected the Contractor to undue legal or regulatory risk. In the event that Contractor wishes to curtail or restrict operations under this Contract for a reason specified in this section, Contractor shall give written notice to State which specifically supports the reason or reasons why Contractor has determined the State's activities relating to the Program have subjected the Contractor to undue legal or regulatory risk, and request State to specify the act or acts

which it will accomplish to cure the cited concerns. State will have a period of 60 days from its receipt of this notice to cure the cited concerns. In the event the concerns are not resolved by the end of such 60 day period, the Contractor may then elect to curtail or restrict its operations under this Contract by giving State another written notice stating that this Contract is curtailed or restricted under the provisions of this Section 29(b). In the event the concerns are not resolved by the end of such 60 day period, the Contractor may then immediately terminate the Program operations under this Contract associated with the uncured legal or regulatory risk. Contractor will have no Transition Responsibilities outlined in Section 31.

(c) Other than Contractor's direct deposit obligations, Contractor may curtail or restrict its Program obligations under this Contract without liability, except for liabilities accrued prior to the termination, upon Contractor's commercially reasonable determination, that State's activities relating to the Program may subject Contractor to undue financial risk. In the event that Contractor wishes to curtail or restrict operations under this Contract for a reason specified in this section, Contractor shall give written notice to State which specifically states the reason or reasons why Contractor in its commercially reasonable determination believes the State's activities relating to the Program have subjected the Contractor to undue financial risk, and request State to specify the act or acts which it will accomplish to cure the cited concerns. State will have a period of 60 days from its receipt of this notice to cure the cited concerns. In the event the concerns are not resolved by the end of such 60 day period, the Contractor may then elect to curtail or restrict its operations under this Contract by giving State another written notice stating that this Contract is curtailed or restricted under the provisions of this Section 29(c). In the event such curtailment or restriction of the State's activities relating to the Program, the curtailment or restriction will be considered a partial termination of that specific Program only and subject to the Contractor's Transition Responsibilities under Section 31.

(d) Survival. This **Section** survives termination or expiration of this Contract.

30. Effect of Termination. Upon and after the termination or expiration of this Contract or one or more Statements of Work for any or no reason: (a) Contractor will be obligated to perform all Transition Responsibilities specified in **Section 31**; (b) all licenses granted to Contractor in State Data will immediately and automatically also terminate. Contractor must promptly return to the State all State Data not required by Contractor for its Transition Responsibilities, if any; (c) Contractor will: (i) return to the State all documents and tangible materials (and any copies) containing, reflecting, incorporating, or based on the State's Confidential Information; (ii) permanently erase the State's Confidential Information from its computer systems; and (iii) certify in writing to the State that it has complied with the requirements of this **Section 30** in each case to the extent such materials are not required by Contractor for Transition Responsibilities, if any. Notwithstanding the foregoing, Contractor may retain an electronic copy of State Data and Confidential Information for archival purposes in accordance with its records retention schedule, provided all data security measures provided in this Contract are maintained and transactional data shall not be retained longer than 7 years or according to Applicable Law.

31. Transition Responsibilities. Upon termination, expiration, curtailing, or restricting obligations under this Contract, for any reason other than those specified under sections 29(a)(i), 29(a)(ii) or 29(b), Contractor must, for a period of time specified by the State (not to exceed 90 calendar days "**Transition Period**"), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period. Contractor shall have no transition responsibilities if obligations under this Contract are restricted, curtailed or terminated under Section 29(a)(i), Section 29(a)(ii) or Section 29(b).

32. **General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), to the extent arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor not pursuant to the terms of the Contract (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

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

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel at its own cost and expense; and to (iv) retain control of the defense, at its own cost and expense, if the State deems necessary. Contractor will not, without the State's prior written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. Notwithstanding the foregoing, the State shall promptly notify Contractor in writing of any claim and provide Contractor with reasonable assistance in the defense thereof. The State reserves the right to control or participate in the defense to the extent required by law. In the event the State is legally required to control or participate in its own defense, it shall do so in good faith coordination with Contractor. If State elects to retain control of the defense, it shall permit Contractor to reasonably participate in the defense or settlement of such claim.

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

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

34. **Limitation of Liability and Disclaimer of Damages.** NEITHER PARTY WILL BE LIABLE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOST PROFITS AND LOST BUSINESS OPPORTUNITIES.

EXCEPT FOR OBLIGATIONS ARISING DIRECTLY FROM THE PROCESSING OF UNFUNDED ACH PAYMENT INSTRUCTIONS SUBMITTED BY THE STATE, IN NO EVENT WILL THE STATE'S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, RELATED TO OR ARISING UNDER THIS CONTRACT EXCEED ONE MILLION DOLLARS PER YEAR.

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, UNDER NO CIRCUMSTANCES SHALL CONTRACTOR BE LIABLE TO STATE TO DEFEND, INDEMNIFY OR HOLD STATE HARMLESS FROM ANY FINES OR PENALTIES IMPOSED SOLELY DUE TO THE STATE'S FAILURE TO COMPLY WITH APPLICABLE LAW. THIS AGGREGATE LIABILITY CAP SHALL NOT APPLY TO ANY FINES OR PENALTIES IMPOSED DUE SOLELY TO THE STATE'S FAILURE TO COMPLY WITH APPLICABLE LAW.

EXCEPT FOR CONTRACTOR'S LIABILITY RELATED TO INDEMNIFICATION AND/OR STATE DATA OBLIGATIONS UNDER THIS CONTRACT, IN NO EVENT WILL THE CONTRACTOR'S AGGREGATE

LIABILITY TO STATE UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT EXCEED FIVE MILLION DOLLARS.

35. **Disclosure of Litigation, or Other Proceeding**. Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") that involves any services under this Contract or that would materially impact the ability of Contractor to perform the services Contractor provides to the State.

36. **Reserved.**

37. **State Data.** If the Contract Activities includes the hosting of State Data with Contractor or Permitted Subcontractors, Contractor must also comply with **Schedule F – Data Security Requirements** of this Contract.

    a. Ownership. The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.

    b. Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. Notwithstanding the foregoing, Contractor may disclose State Data without consent: (i) to a bank regulatory agency or in connection with an examination of its records by authorized bank examiners, (ii) at the express direction of any other authorized government agency, (iii) pursuant to a subpoena or other court order, or (iv) as may otherwise be required by law. In the event Contractor must disclose State Data without the State's consent, Contractor will notify the State within three (3) days of the disclosure with the following information: (1) who requested the State Data; (2) what State Data was provided; and (3) the basis for the disclosure without the State's consent. This Section survives the termination of this Contract.

    c. Extraction of State Data. Contractor must, within five (5) business days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.

    d. Backup and Recovery of State Data. Unless otherwise specified in Schedule A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Schedule A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.

    e. Loss or Compromise of Data. In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises or creates the potential to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than seventy-two (72) hours of becoming aware of such occurrence and prior to any public

disclosure/media releases; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) with approval and assistance from the State, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within five (5) calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within ten (10) calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. The parties agree that any damages relating to a breach of this **Section 37** are to be considered direct damages and not consequential damages. This section survives termination or expiration of this Contract.

f. State's Governance, Risk and Compliance (GRC) platform, if applicable. If the Contract Activities includes the purchase, use, or access to software, Contractor is required to assist the State with its security accreditation process through the development, completion and ongoing updating of a system security plan using the State's automated GRC platform and implement any required safeguards or remediate any security vulnerabilities as identified by the results of the security accreditation process.

g. Compliance with IRS Pub 1075. If the Contract Activities includes access to, or the hosting of, any tax information, Contractor must also comply with the applicable requirements of IRS Publication 1075, **Schedule G –Safeguarding Requirements of Confidential Tax Data** Any Confidential Tax Data used in the Contract Activities will be described in the applicable Statement of Work.

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

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

Cardholder Data and Card Account information will be considered Confidential Information belonging to Contractor.

b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section. Notwithstanding the foregoing, Contractor may disclose Confidential Information without the State's prior written consent: (i) to a bank regulatory agency or in connection with an examination of its records by authorized bank examiners, (ii) at the express direction of any other authorized government agency, (iii) pursuant to a subpoena or other court order, or (iv) as may otherwise be required by law.

c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.

e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires. Contractor shall maintain a copy of commercially standard records regarding the provision of services under this Contract for the period required by Contractor's record retention policy or as required by Applicable Law, provided all data security measures provided in this Contract are maintained and transactional data shall not be retained longer than 7 years or according to Applicable Law.

f. In addition, for all unemployment compensation programs, Contractor will comply with **Schedule H - Safeguard Requirements of Confidential Unemployment Compensation Information.**

39. Data Privacy and Information Security.

a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case

will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State as identified in **Schedule F – Data Security Requirements**.

b. Contractor Audit Reports. No more than annually, Contractor will provide its most recent independent auditor's report (e.g. SSAE, SOC 2 Type 2, etc.) or its equivalent to the State within 15 days of the State's written request for such report.

c. Right of Audit by the State. No more than once per calendar year, the State shall have the right to assess the policies, standards, and practices of Contractor with respect to the Services provided under this Contract, to the extent reasonably necessary to verify Contractor's compliance with the terms of this Contract. The State acknowledges that information which Contractor deems confidential or proprietary may not be considered reasonably necessary to verify Contractor's compliance.

d. Audit Findings. Contractor shall make reasonable efforts to resolve deficiencies noted as a result of such audit in a manner commensurate to the risk those deficiencies represent.

e. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

40. Payment Card Industry Data Security Standard – See Schedule F - Data Security Requirements.

41. CEPAS Electronic Receipt Processing Standard. All electronic commerce applications that allow for electronic receipt of credit or debit card and electronic check transactions must be processed via the State's Centralized Electronic Payment Authorization System (CEPAS). To minimize the risk to the State, full credit/debit card numbers, sensitive authentication data, and full bank account information must never be stored on state-owned IT resources.

42. Records Maintenance, Inspection, Examination, and Audit. The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract for 7 years after the origination of record or 3 years after the latter of termination, expiration, or final payment under this Contract or any extension, whichever is later ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

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

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

43. Warranties and Representations. Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) Contractor will perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (c) Contractor will meet or exceed the performance and operational standards, and specifications of the Contract; (d) Contractor will provide all Contract Activities in good quality, with no material defects; (e) Contractor will not interfere with the State's operations; (f) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (g) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (h) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (i) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (j) the Contract signatory has the authority to enter into this Contract; (k) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; (l) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (m) Contractor is neither currently engaged in nor will engage in the boycott

of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under **Section 27**, Termination for Cause. If Contract Activities includes purchase, use, or access to software, Contractor must agree to additional Warranties and Representations found in **Schedules B, D, or F** of this Contract, as applicable.

The State represents to Contractor that: (a) this Contract constitutes a valid, binding, and enforceable agreement of itself; provided, however, that any changes to this Contract must go through the Contract Change process to be valid and binding upon the State; (b) the execution of this Contract and the performance of its obligations under this Contract are within its powers, has been authorized by all necessary action; (c) the State will comply with all applicable laws; (d) the State shall use Accounts solely for the State's governmental purposes; (e) the State, or any agency or department thereof, has received necessary consents from Account holders prior to providing Contractor with any Account holder PII; (f) to the best of the State's knowledge, information, and belief, the material information provided by the State to Contractor is true, complete, and accurate; and (g) the State has obtained all necessary approvals from the State's Administrative Board to execute this Contract.

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

45. Compliance with Laws. Contractor must comply with all federal, state and local laws, rules and regulations applicable to Contractor.

46. ADA Compliance. The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. Contractor's Service Software must comply, where relevant, with level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0.

47. HIPAA Compliance. The State and Contractor must comply with all obligations under HIPAA and its accompanying regulations, including but not limited to entering into a business associate agreement, if reasonably necessary to keep the State and Contractor in compliance with HIPAA.

48. Reserved.

49. Reserved.

50. Nondiscrimination. Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq*., the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq*., and Executive Directive 2019-09. Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.

51. Unfair Labor Practice. Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.

52. Governing Law. This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.

53. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.

54. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.

55. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

    Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to a senior executive of the parties and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. Nothing in this Section 55 shall be deemed to limit, modify or curtail the parties' rights under Section 27 (Termination for Cause), Section 28 (Termination for Convenience), or Section 29 (Contractor Termination Rights). The obligation to participate in dispute resolution shall not apply with respect to willful or grossly negligent conduct hereunder.

56. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.

57. **Use of Marks and Logos.**

    a. Use of State Marks. Subject to the State's prior written approval, Contractor will be given a non-exclusive, non-transferable limited license to use State Marks in connection with the Program, as provided in the State's written approval. Contractor acknowledges that State is the owner of the State Marks. Contractor will have no right, title or interest in State Marks other than the license specifically granted in this section, and Contractor will not do anything inconsistent with such ownership.

    b. Use of Contractor Marks. Contractor hereby grants to State a non-exclusive non-transferable limited license to use the Contractor Marks solely in connection with the Program. State acknowledges that it has no right, title or interest in and will not use the Contractor Marks without Contractor's specific prior written consent, which consent will not be unreasonably withheld or delayed if the proposed use thereof by State is for advertising or promoting the Program. State hereby accepts this license subject to the terms and conditions provided in this section. This limited license terminates upon termination of this Contract. State acknowledges that Contractor, or one or more of its Affiliates or Subsidiaries, is the owner of the Contractor Marks. State will have no right, title or interest in the Contractor Marks other than the license specifically granted in this section, and State will not do anything inconsistent with such ownership.

    c. Third Party Marks. State has no right, title or interest in, nor will State use, any PLUS SYSTEM Marks, Visa Marks, or MasterCard Marks without specific prior written consent of the owner of the mark.

    d. Additional Mark Provisions. To the extent such use is permitted under this Contract, a party may only use the other party's name and marks only in the form and manner and with appropriate legends as prescribed from time to time by the owner of such name or mark, and except as otherwise set forth in this Contract, a party will not use any other trademark or service mark in combination with such other party's name or mark without the prior written approval of the owner of such name or trademark. Each party will promptly notify the other party of any unauthorized use by others of such other party's name or mark, which may come to such other party's

attention. Each party has the sole right and discretion to bring infringement or unfair competition proceedings involving its own name or mark.

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

59. **Schedules**. All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Schedule A	Statement of Work
Schedule B	Pricing and Fees
Schedule C (as applicable)	Removed
Schedule D (as applicable)	Removed
Schedule E (as applicable)	Contractor Hosted Software and Services
Exhibit 1 to Schedule E (as applicable)	Support Services and Service Level Agreement for Hosted Services
Schedule F (as applicable)	Data Security Requirements
Exhibit 1 to **Schedule F** (as applicable)	Contractor's Disaster Recovery Plan
Schedule G (as applicable)	Safeguard Requirements of Confidential Tax Data
Schedule H (as applicable)	Safeguard Requirements of Confidential Unemployment Compensation Information
Schedule I (as applicable)	Federal Provisions Addendum
Schedule J	U.S. Bank Master Services Agreement
Schedule K	U.S. Bank Services Terms and Conditions
Schedule L	U.S. Bank Prepaid Debit Card Agreement
Schedule M	U.S. Bank Deposit Account Agreement
Schedule N	General Purpose Instant Issue Card Agreement

60. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and schedules and exhibits which are hereby expressly incorporated, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. Any capitalized terms contained in the Contract that are not defined herein shall have the meanings set forth in their respective schedule. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT

OF THIS CONTRACT OR IS BINDING ON THE STATE OR ITS AUTHORIZED USERS FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

61. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.

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

63. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.

SCHEDULE A
STATEMENT OF WORK
CONTRACT ACTIVITIES

BACKGROUND
Michigan established its Electronic Payment Services (ePay) program, in 2008 for the Unemployment Insurance Agency (UIA). Since then the option of offering the ePay services to all agencies for their appropriate disbursement programs under the scope of services of this Contract has been available. These additional ePay services might be offered through separate debit cards with separate terms of service, or through a single State-wide card. The Michigan Lottery (Lottery) was added as a program in 2017.

UIA issues approximately 94,650 cards per year. For Fiscal Year (FY) 2019, Lottery issued approximately 1,300 non-reloadable cards, which represents roughly 2.5% of prizes paid through Lottery claim centers.

SCOPE

This Contract is for ePay to be used by multiple agencies within the State of Michigan to implement an electronic payment solution for the disbursement of funds for Vendors, Retirement, Income Tax, Lottery Winnings, and UI Benefits. The State will originate payments in Automated Clearing House (ACH) format using the National Automated Clearing House Association (NACHA) standards and send them to the Contractor. Some Agencies may choose an alternative method. The Contractor must accept the incoming ACH file and fund each individual ePay according to the specifications listed herein. The card must be Visa or MasterCard branded.

The Department of Labor and Economic Opportunity (LEO), UIA, is also seeking electronic payments for Direct Deposit in addition to the ePay with this Contract.

Lottery is seeking a Visa or Mastercard branded prepaid card to load with Lottery prize winnings with a prize value of no more than $10,000 at their regional office claim centers located throughout the State. Lottery may elect to use non-reloadable cards for their program. The card (although not personalized with the prize winner's name at the time of issuance) is registered to the cardholder by linking the prize winner's personal information to the card.

Program Managers (PMs) will be assigned within each Agency utilizing this contract. The period up to six (6) months after the Contract award will be for implementation and transition with testing to begin as soon as possible; no payment will be made to the Contractor during this period. The Contractor must begin providing all services, without interruption, for UIA no later than July 30, 2021 and for Lottery no later than August 30, 2021. For additional State Agencies, implementation and transition may occur at any time during the Contract period.

The Contractor must comply with all Work and Deliverables listed.

1. REQUIREMENTS

1.1 General Requirements
A. In Scope for State Agencies under Treasury Oversight
The Contractor must provide ePay services to the State. The State will originate payments in Automated Clearing House (ACH) format using the NACHA standards and send them to the Contractor. The Contractor must accept the incoming ACH file and fund each individual ePay according to the Contract specifications.

The Program Manager (PM) will be with the Department of Treasury, Office of Financial Services. DTMB, SIGMA functions like a Subcontractor for Treasury. All payment files are sent to the Originating Depository Financial Institution (ODFI) by DTMB, SIGMA. The ODFI will generate the

outgoing ACH file to the Contractor. All payments, cancellations, reversals, reclamations, and returns are routed through the ODFI.

The business objectives of this unit include:

1. Quick access to payments by Payees without mail delivery delay.
2. No check cashing fees for unbanked Payees.
3. Significant savings in the cost of purchasing, securing, accounting for, and maintaining blank check stock.
4. Eliminate the reissuance and stop payments required for checks lost in the mail or stolen.
5. Reduces burden to Treasury and DTMB in the processing of paper checks.
6. Reduces fraud associated with theft or lost checks or cards.
7. Provides business continuity in the event of a disaster.
8. High audit capability to support a high degree of accountability, financial integrity, and reduction of fraud associated with ePay footprints.

B. In Scope for UIA

The Contractor must provide ePay and Direct Deposit services to the UIA. The State will originate payments in ACH format using NACHA standards and send them to the Contractor. The Contractor must accept the incoming ACH file and either 1) transfer the funds to each individual's account via ACH or 2) fund each individual ePay according to the contract specifications.

The PM will be with the UIA. All payment files are sent directly to the Contractor by UIA. All payments, cancellations, reversals, reclamations, and returns are routed through the Contractor.

The business objectives of this unit include:

1. Continue to provide Direct Deposit and ePay options for unemployment claimants;
2. Provide flexibility for claimants to access benefit payments;
3. Maintain and improve the timeliness and ease of accessing benefit payments;
4. Reduce fees charged to claimants as they use the ePay;
5. High audit capability as electronic payment transactions leave a specific footprint that supports a high degree of accountability, financial integrity, and reduction of fraud;
6. Have minimal impact on the environment; and
7. Reduce fraud by improving the verification of Cardholder identity.

C. In Scope for Lottery

The Contractor must provide ePay services to Lottery. The State will require that funds be loaded immediately following a successful API call between the Contractor's system and the Lottery's designated system.

The Lottery requires:

1. A prepaid Visa or Mastercard branded card to load lottery prize winnings at claim centers located throughout the State;
2. Lottery may elect to use non-reloadable cards.
3. The cardholder to have multiple fee-free transaction types that can be performed to access the funds immediately after they are loaded;

4. The card must be able to be used everywhere the card brand is accepted;

5. Cash can be withdrawn at ATMs, point-of-sale locations where cashback is offered, and at any card brand location for over-the-counter teller cash access; and

6. Configurable load limits assigned per Lottery's recommendation.

There are currently six (6) Lottery claim centers that issue cards. The Lottery considers a business day to be 7:00 am EST to 5:00 pm EST, Monday thru Friday.

The Contractor is responsible for providing integration requirement documentation, implementation, testing, and support to the Lottery's gaming vendor at their own cost. The Lottery requires there be three (3) environments, Quality Assurance, User Acceptance Testing, and Production.

The Contractor will load funds onto the card the same day the card is issued. An agreed upon process will be established between the Contractor and the Michigan Lottery to send the load value to the Contractor.

The business objectives of this unit include:

1. Continue to provide debit card options for prize claimants.

2. Provide flexibility for claimants to access prize winnings.

3. Maintain and improve the timeliness and ease of accessing prize winnings.

4. Reduce fees charged to claimants for use of the card.

5. High audit capability as transactions leave a specific footprint that supports a high degree of accountability, financial integrity, and reduction of fraud.

6. Reduce fraud by improving the verification of Cardholder identity.

D. Contractor Institution Requirements

1. The Contractor must be a North American financial institution.

2. The Contractor must be affiliated with either VISA or MasterCard and be Electronic Funds Transfer (EFT) capable using NACHA, ACH format, Preauthorized Payment, and Deposit (PPD) standards.

3. The Contractor must have all card production and call center services executed within the United States.

4. The Contractor must maintain certification/membership and compliance with Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF) rules and regulations. The Contractor must provide evidence of certification/membership and compliance with FDIC or NCUSIF rules and regulations with your proposal.

    a. The Contractor deposits must be insured by the FDIC or NCUSIF as provided by law and regulations.

    b. The Contractor agrees to assume all Regulation E responsibility to the card and provide Regulation E protection to all Cardholders.

    c. The Contractor must provide that all accounts created for Cardholders under the ePay program are insurable to FDIC limits per individual payments.

E. Initial Setup and Ongoing Operations

1. The Contractor must be ready to issue cards, accept deposits from the State, and fund Payment Cards on the Contract go-live date, unless otherwise agreed to by both parties through negotiation.

2. The Contractor must provide training and instructional materials for State staff on the use of the proposed system. The Contractor must provide, at no cost to the State or Cardholders, materials created for card usage and training.

3. The Contractor must provide expedited call center support, including for issues raised by PMs and for assisting with State payments. Queries made via phone or email between 8:00 am – 8:00 pm ET must be responded to within two (2) hours.

4. The domestic Customer Service Call Center(s) are:

    a. U.S. Bank
    b. Elavon (TN & CO)
    c. Alorica, Inc (TX & AL)
    d. DialAmerica (13 cities)
    e. Teleperformance USA (work from home-based teams)
    f. Wipro (work from home-based teams)
    g. Concentrix (work from home-based teams)

5. The Contractor must work with the State and other contractors to provide services/ deliverables, assist in problem resolutions including, but not limited to, establishing new communication channels, downtime, testing, etc. (i.e. DTMB, UIA, Treasury, information technology systems contractors, Lottery, and Lottery's prize payment vendor, etc.).

F. Services Provided to Cardholders

1. The Contractor must annually provide a map with locations of all ATM's and direct teller sites inside the State of Michigan that offer fee free transactions.

2. Recipients living in Canada must be able to access the Contractor's product both through ATM's and POS terminals.

3. The Contractor must provide secure access to Cardholders to review their balance/ transaction accounts via ATM, telephone (toll-free for domestic and international calls), and Web inquiry at no charge to the Cardholders.

4. The Contractor must provide Customer Service support via a toll-free call center 24x7x365, which must be free of cost and unlimited.

5. The Contractor's Customer Service Representatives must be trained to resolve the majority of the issues presented by callers including, but not limited to:

    a. Issuance of cards and replacement cards.
    b. Pin changes, withdrawals, and account balances.
    c. Fraudulent use of cards, account overdrafts, etc.
    d. If an issue needs to be escalated, it must be done within one (1) business day.

6. The Contractor must provide, at no cost to the Cardholder, secure access to a website for all Cardholders to obtain account information 24x7x365. At a minimum:
    a. The Contractor's website should provide customers with the ability to view monthly statements, change pin, locate ATMs throughout the world, etc.
    b. Cardholders must be able to access up to 180 days of detailed transaction history and balance information, at a minimum.
    c. Cardholder must be able to have access to all applicable Card and Cardholder terms and conditions, fee structure, etc.
    d. The Contractor must have multiple features available through desktop and mobile browsers and a responsive web design to accommodate all devices.
7. The Contractor must respond to Cardholder inquiries regarding card transactions within 24-hours.
8. The Contractor must provide customer support for Cardholders who contact the Customer Service Center using Teletypewriter (TTY) services.
9. The Contractor must provide support to Cardholders who require additional language support including, but not limited to, Spanish and Arabic.
10. In the event a Cardholder wishes to dispute a transaction posted to their account, they must first call the Contractor's Customer Service Center, where a Customer Service Representative can review the charge with the Cardholder.
    a. Should the Cardholder still wish to dispute the transaction, the Customer Services Representative must outline the dispute procedures and any required correspondence to the Cardholder.
11. The Contractor must establish processes to handle disputes and reports of unauthorized usage.

G. General Account Features

1. The State Agency's account must not be charged prior to the settlement date of the payments.
2. The Contractor must reimburse the Payee/Claimant for reasonable bank related expenses for failure to transfer funds to the Payee's financial institution or debit card account as directed by the State Agency.
3. At the discretion of each State Agency, Cardholder accounts must remain open throughout the life of the Contract and can accept deposits from the State Agency at any time. The Contractor must deposit funds for Cardholders into previously established accounts before opening a new account.
4. If Lottery elects to use non-reloadable cards, the Contractor must establish a new account each time a Card is issued.

H. ODFI Services for UIA

1. If the State Agency requires a Pre-Notification Entry (prenote), the Contractor must send a prenote transaction through the ACH network to the receiving depository financial institution. Any notifications of change (NOC) received must be applied, thereby providing State Agency with the most accurate Cardholder banking information. Should the prenote reject, the Contractor must notify the State Agency, via an electronic file, to correct the information. The notice of prenote change or rejection must occur within three (3) business days.

2. Entries initiated into the ACH system, either prenote or Live Dollar Entries, may be returned for specific reasons. Returns may be originated by the Contractor, ACH Operator, or the Receiving Depository Financial Institution (RDFI) per NACHA rules.

    a. The Contractor's software must be able to recognize returns for delivery to the State ODFI.

3. Entries initiated into the ACH system, either prenote or Live Dollar Entries, must be responded to by a NOC. NOCs must be originated by the Contractor or the RDFI.

    a. The Contractor's software must be able to recognize NOCs.

    b. The Contractor must send the State Agency an electronic file with the returned items or NOC changes.

    c. Delivery must occur per NACHA rules.

4. Funds must be transmitted to the Cardholder's financial institution within one business day from the receipt of funds. The State Agency can initiate an ACH file up to 11:00 p.m. EST one business day prior to settlement date.

5. If there is a failure when depositing funds on a participant's account, the Contractor must report this failure back through the normal ACH process.

6. Contractor must provide a sample document of an ACH Return and NOC. Include details on what type of format the document(s) is/are provided in.

I. Debit Card Services for Lottery

1. The funds must be immediately available on a card once the load has been confirmed back to the Lottery's prize payment system.

2. If a card load fails due, in any part, to the Contractor's system and a successful response was provided to the Lottery's prize payment system, the error must be reported back to the processing claim center immediately so a correction can be performed before the prize winner/Cardholder leaves the claim center. If it is not possible to notify the claim center immediately, the Contractor must correct the account as soon as possible and honor all transactions up to and including the withdraw or spend of the full load amount.

3. The Contractor must not restrict the number of signatures or POS transactions a Cardholder can make on a daily basis that are within the velocity limit specified. In addition, inasmuch as the Cardholder has a sufficient account balance, there must be no limits (subject to card velocity limits controlled by Contractor) on the dollar amounts or number of transactions for over-the-counter transactions Cardholders can perform at participating bank teller locations (ATMs for Lottery programs include MoneyPass locations only). Cardholders are allowed to request changes to their transaction limits for larger transactions. Best practice is for the cardholder to contact customer service to request a temporary increase.

    a. The velocity limits for Lottery cards are:

Transaction Limits	
Maximum Card Balance at any time	$20,000
Maximum Daily Debits	10 transactions and $5,050 per day
ATM Withdrawals	Up to 5 transactions per day are permitted. A single transaction cannot exceed $1,025 and the aggregated daily limit is $1,250

Purchases at the Point of Sale (including cash over the amount of purchase)	10 transactions and $5,050 per transaction
Teller Cash Withdrawals (at Visa member banks) (Financial Institutions may have lower limits)	3 transactions and $5,050 per day
Maximum Daily Credits	10 transactions and $20,000 per day
Returns and Refunds	May not exceed 4 transactions per day

4. If a card is lost or stolen, the Contractor will reimburse for any unauthorized card transactions, subject to certain terms and conditions set forth in the deposit agreement, which must be provided in the card package received when the Card was loaded.

5. Each claim center will need inventory assigned and tracked to its location.

    a. Unloaded cards must have no monetary value until they are loaded by the claim process.

    b. Card inventory must be delivered in a sealed package where the card number is not exposed and must provide a scannable barcode (e.g. a 16-digit proxy card number) viewable by the claim center staff without opening the card packaging.

        i. The scannable proxy must be the primary mechanism to load the card during the claim process.

        ii. The proxy number must also be viewable, allowing for manual entry.

        iii. Each delivery of inventory must contain a detailed record of all expected materials so Lottery can verify the delivery is correct and compare to the order placed through the Contractor's system.

    c. The terms of use documents including a fee structure must be included within the cards sealed envelope.

    d. The Lottery's prize payment system will provide applicable card information and Cardholder details to the Contractor via an Application Program Interface (API) call to load funds to the card.

    e. The Contractor's system must immediately provide a confirmation that funds have been loaded on the card.

    f. Once the funds are loaded onto the card, an activation step must be required to be performed by the Cardholder to make the funds available for immediate spend.

    g. Once the load confirmation has been received by the claim center and the card has been provided to the Cardholder, the responsibility of customer service and card management is to be handled by the Contractor.

    h. Any inquiries about the card or functionality will be directed to the Contractor's customer service.

J. Debit Card Account Features for UIA

1. The Contractor must immediately deposit all funds to the account designated within individual ACH records upon receipt, unless the deposit has a future effective date. The Contractor must make funds available to all debit Cardholder accounts at the opening of business on the settlement day assuming the ACH file is received by payment type from each State Agency by 11:00 p.m. EST the day before settlement.

2. The Contractor must not restrict the number of signatures or POS transactions a Cardholder makes on a daily basis that are within the velocity limit specified. In addition, inasmuch as the Cardholder has sufficient account balance, there must be no limits on the number of or dollar amount of over-the-counter transactions Cardholders can perform at participating bank teller locations.

    a. The Contractor must provide a Statewide ATM solution that offers at least three (3) entirely fee free ATM withdrawal transactions per load to the State and the Cardholder (fee free includes, but is not limited to, the following: surcharge fees, convenience fees, network fees, interchange fees, and ATM operator/owner fees). Contractor's in-network ATMs (U.S. Bank, MoneyPass, and Allpoint) have unlimited, fee free withdrawals.

    b. There will be no limit on the number of ATM transactions for the life of the contract; however, as a fraud deterrent, the Contractor may require velocity limit restriction over a 24-hour period. The velocity limit may affect POS or over-the-counter teller assisted transactions. The velocity limit must be able to be configurable by Agency/Program area.

    c. The velocity limits for UIA cards are provided in the table below. Velocity limits are subject to change with mutual agreement between State and Contractor.

Prepaid Card Limits		
Transaction Limits	**Count**	**Amount**
Purchases (includes cash back)	20 per day	$4,000 per day
Teller cash withdrawal	2 per day	$1,025 per day
ATM withdrawal	10 per day	$1,025 per day
Returns and refunds	May not exceed 4 transactions per day	N/A

3. Cardholders must be able to receive cash back with purchase for PIN debit transactions.

4. The Contractor must not charge the Cardholder a monthly account fee.

5. Cardholders must have no line of credit and must not be able to make deposits or add value to the card. Cardholders are only provided access to funds which have been authorized and loaded by the State Agency.

6. Cardholders must not be able to negotiate paper checks against the ePay or underlying account(s). The specific account information is only provided to the State and thus eliminates the ability of the Cardholder to negotiate paper checks against the card or the underlying account.

    a. Cardholders must not be able to write paper checks against the card or underlying accounts.

7. Cardholders must have the ability to withdraw or make purchases in any amount as allowed by the location (e.g., "cash out" odd dollar and cents amounts, including amounts less than one dollar) and according to velocity limits.

8. All denied transactions will be provided at no cost to the Cardholder.

9. The Contractor must provide a means for the State Agency to manually adjust money on specific debit card accounts on an as-needed basis.

10. The Contractor must adjust money on specific debit card accounts on an as needed basis for Lottery.

K. Debit Card Requirements

1. The Card must:

    a. Be an Association branded VISA or MasterCard

    b. Operate via the VISA or MasterCard network

    c. Allow for PIN-based and signature-based purchases

    d. Conform to all the governing bylaws and applicable association operating rules and procedures in effect at the time of transaction.

2. The Contractor must not deny any Cardholder referred by the State for participation in the ePay program unless required by federal law (e.g. the Patriot Act).

3. The Contractor must deliver stock of cards to specific location(s) as designated by Agency or program.

4. The Contractor must create an account for each new person or new card, depending on program requirements (e.g. reloadable cards vs. single-use cards), that includes a dedicated Routing/Transit and Account Number. All cards must be issued in the name of the individual as provided by the State Agency.

    Note: For income tax refunds filed by joint filers, the Contractor must issue one card for each of the filers.

    a. The Contractor is responsible for distribution of both initial and replacement cards to Cardholders, for applicable Agencies. Distributions must occur within two (2) business days of receiving the new account file.

    b. The Contractor must have the ability to mail ePay cards outside the United States, including FPO/APO addresses, at the Contractors expense.

    c. The Contractor must have the ability to mail ePay cards to PO Box addresses, at the Contractors expense.

    d. Each ePay mailed to Cardholders, both initial and replacement, must contain inserts to assist Cardholder in using their card and managing their account such as instructional material, operating guidelines, terms and conditions, and disclosure information. The Contractor will be responsible for production of all instructional, training, marketing, and informational materials required. The Contractor must provide a sample of all materials as requested by agency or program. State reserves the right to review and approve all materials.

    e. Instructional materials for reporting an ePay as lost, stolen, or damaged by a Cardholder must be included with each new card account delivery package.

    f. The Contractor acknowledges that the State reserves the right to approve the name, design, and graphics of the card used by the Contractor by program. Custom artwork/card design will become property of the State of Michigan. The Contractor retains the rights to standard card design and card names.

    g. The State recognizes that a generic design may save costs. If this is the case, Contractor must provide a detailed explanation and reflect in pricing.

h. The Contractor must work with the State to define the timeline of the card design process.

i. The Contractor must work with the State to coordinate the initial conversion and card issuance process.

5. The Contractor must establish, activate, and re-activate a Cardholder's account at no cost to the Cardholder or the State Agency.

6. The Contractor must notify the State in writing of any Contractor controlled changes affecting Cardholders a minimum of 30 days prior to the implementation of the change. The Contractor must obtain approval from the State Agency PM, and through issuance of a Change Notice, before changing any policy affecting Cardholders.

   Changes imposed by the Card Associations, ATM networks, the Federal Reserve, or other regulators do not require approval under this provision and must be implemented in accordance with direction of those entities. When possible, 30 days' notice must still be provided.

7. The Contractor must notify Cardholders of any changes.

   a. In accordance with federal Regulation E, Cardholders must receive a minimum of 21 days advance written notice of changes in policy or procedure that affect them.

   b. Any notification of changes in Cardholder accounts must be sent to Cardholders by the Contractor at no cost to the State.

8. Accounts for reloadable cards must stay active for at least one (1) year past the termination of the contractor's contract with the State. Non-reloadable cards with a zero balance may be closed after 90 days of no activity. Cards with a balance and no activity for 3 years are considered abandoned. Abandoned funds fall under the Michigan Uniform Unclaimed Property Act (referenced in 8.c). Expired cards that have funds remaining, should be replaced by the Contractor per above requirements.

9. As required by program or agency PM, the Contractor agrees to return all funds related to accounts not activated by the Cardholders under the ePay program to the State within one (1) year or as required per State and federal laws.

   a. Cardholders must be required to activate their card and, by doing so, acknowledge all terms and conditions of the ePay program and participation.

   b. The Contractor must produce a report based on a one (1) year unemployment eligibility cycle of inactive debit card accounts identifying deposited funds in which there has been no activation.

   c. The Contractor must return funds to the State as abandoned and unclaimed property for cards with remaining funds and no activity for three (3) years or as agreed with State Agency PM or designee and per state and federal laws.

10. The operating network must disallow any transaction that causes the Cardholder to overdraw the account.

    a. In no event will the State be in any way liable for any transaction or other associated costs that cause the Cardholder to exceed the amount available in their account. The State will not have any responsibility or obligation for such overdrafts, nor for any other costs or liabilities incurred by the bank due to the actions of a Cardholder.

11. The Contractor must not close a Cardholder's account without the concurrence of the State Agency. The Contractor reserves the right to suspend the account of any Cardholder who willingly abuses the program and/or commits fraud.

    a. This does not apply to non-reloadable cards unless otherwise directed by the State agency PM.

    b. As required by program or agency PM, if the Contractor suspends an account due to fraud a report must be provided. The report must contain, at a minimum, Cardholder name, card proxy number, balance on card, date of suspension, and other information as required by the agency or program and agreed to by Contractor.

12. In the event funds are deposited to a Cardholder's account before the Cardholder has activated their card, the Cardholder will have access to all deposit funds immediately upon activation.

L. Material Provided to Cardholders

1. The State will assist the Contractor with developing informational and marketing materials for customers as well as for training of State staff on ePay programs.

    a. All customer informational material must be clear regarding all impacts to the customer such as the provided services, all possible customer fees involved, time frames in receiving cards, etc.

    b. The State must have final approval of all materials.

2. The Contractor must provide a monthly mailed statement to Cardholders who opt to receive them with detailed account activity for the card and must also make this information accessible online to all customers. This requirement might not be required for all programs as decided by the agency PM.

M. Debit Card and Fraud Security

1. Fraud Controls. The Contractor must provide all necessary security to guard against fraudulent access, fraudulent creation, and fraudulent receipt of the State's files. Line items must only be altered by the State.

2. The State Agency will assume no liability for fraudulent transactions resulting through the ePay program.

3. The Contractor is required to handle all fraud complaints and investigations. The Contractor must provide information in addition to standard reporting as directed by the agency PM or per program requirements to aid in agency investigations. Information must be provided within 2 business days of the request.

4. The Contractor must fully comply with Section 12 of the Code of Federal Regulations 205, Electronic Fund Transfers (Regulation E) and all applicable provisions that provide consumer protections to all Cardholders.

5. The Contractor must protect all Cardholders against fraudulent transactions through Regulation E, as well as VISA or MasterCard's Zero Liability policy.

6. All card activation methods must require identity verification utilizing unique security keys from the Cardholder (e.g. debit card number, last four of social security number, street address, etc.).

7. The Contractor must suspend any card that has had more than a set number of unsuccessful PIN entry attempts within a specified period of time. These settings should be configurable

by program or as agreed by the agency PM. Timing of account resets is not configurable by program but is controlled by Contractor.

8. The Contractor must protect and keep Cardholder information confidential. The Contractor must not offer for sale or use any form of Cardholder information for commercial and/or marketing purchases. The Contractor must not use Cardholder information for internal or external marketing purposes. The Contractor's security package, processes, and procedures must ensure confidentiality of the Cardholder's information as applicable by law.

9. Should a Cardholder require a replacement of a lost, damaged, or stolen card, they must have multiple options of contacting the Contractor including, but not limited to, a Customer Service toll-free telephone number, mobile application, or in writing.

10. The Contractor must provide at least one replacement card to the cardholder per calendar year at no cost to the Cardholder. The State will not be charged for replacement cards.

11. The Contractor must immediately deactivate the card once it is reported as lost, damaged, or stolen. Funds must remain within the Cardholder's account and once a replacement card is received and activated, the Cardholder must be able to access their funds.

12. If requested by the cardholder, the Contractor must expedite delivery of replacement cards with the expedited delivery fee (if applicable) charged to the Cardholder. Fees must be provided in Schedule B - Pricing.

13. The Contractor must replace/issue a card within two (2) business days of receiving a Cardholder request.

14. The Contractor's funding security feature must eliminate the ability of Cardholders to have access to the account number associated with the card. The Contractor must prevent the Cardholder or other unauthorized sources from funding the card account.

15. The Contractor must allow the Cardholder to choose and change the PIN (with proper verification of their identity) at no cost and at any time through a secure website or by placing a toll-free telephone call.

16. The Contractor must provide certifications of transactions and provide them upon proper request.

17. The Contractor must use value load monitors to detect unauthorized deposits to Cardholder accounts.

18. The Contractor must prevent card transactions based on demographics (for example: by specific country, vendor type, certain retail establishments, zip code, etc.) provided by the agency or PM, as required.

19. The Contractor website must not allow customers to enroll in debit card programs; all enrollment information will be provided to the Contractor via secure file provided, other integration, or manual entry by a State Agency.

20. The Contractor's Security (e.g. firewall security, user IDs, passwords, etc.) must be used to protect the data transfer from unauthorized access.

N. File / Data Transmission

1. As required by program or agency PM, The Contractor must process/update all demographic information provided by the State Agency daily.

2. The Contractor must accept reversals from a State Agency for any credit entries made in error to a Cardholder account per NACHA rules. Reversals may be for the full amount of the transaction or for an amount less than the original transaction.

3. As required by program or agency PM, the Contractor must offer a file delivery solution that allows the State Agency to send and receive ACH files via a secure Internet connection. Additionally, for ePay, the Contractor must provide a daily "End Of Day" Refresh File, that contains Cardholder account and demographic updates which must be forwarded to each applicable State Agency.

4. As required by program or agency PM, the Contractor must supply each State Agency with information and file formats that allow the Agency to initiate funding to the Cardholder's account. Reconciliation of payments is managed between the State Agency and its ODFI. As the RDFI for the card funding transactions, the Contractor must acknowledge receipt of the ACH loads with the ACH Operator. The Contractor must support NACHA's PPD format.

O. UIA Process Specifications

The State and/or federal laws require timely payments be made to recipients. To accomplish this, the Contractor must meet the following timelines:

1. The Contractor will receive electronically, daily from the State or ODFI:

    a. A new account file containing information necessary to set up new accounts and issue cards, direct deposit, and re-activate previously inactive accounts.

    b. A payment file containing deposits with assigned account numbers and other required identifying information.

    c. The data file transfer must be automated, requiring no manual intervention by the State Agency.

    d. File formats the Contractor can accept include CSV via (S)FTP using PGP encryption.

2. The Contractor understands that within one (1) business day of receiving the new account file, the Contractor must:

    a. Establish an account for the Cardholder.

    b. Provide the State with the Cardholder's account number and any other information necessary for the State to begin making payments, via a website, segmented by payment type.

    c. If for any reason this information is altered by the Contractor (change to account, termination of account, etc.), the Contractor must notify the State.

3. New Account Creation:

    a. The Contractor must mail cards and appropriate information inserts to all new accounts within two (2) business days following enrollment, regardless of enrollment method (batch or web).

4. Daily the State must receive from the Contractor for each program and payment type:

    a. A file containing new Debit Card account numbers.

    b. A file containing ACH returns.

    c. A file containing any notifications of change (NOCs).

i. ACH and NOC files may be combined into one file.

d. All other information necessary for the State to properly process payments.

e. The Contractor must send a response file, by payment type, to the State Agency acknowledging receipt and processing of the participant information. Included with this file are the participant's payment type, new Routing/Transit and Account number.

P. Lottery Process Specifications

Prize payments made through Lottery claim centers happen in real time. The Contractor must meet the following requirements:

1. Cards must be loaded via integration between Lottery's prize payment system and the Contractor's system:

   a. Card Package is scanned or card proxy information is manually entered by the Lottery prize payment system.

   b. The card proxy information, Cardholder information, and amount to be loaded are sent to the Contractor. The Contractor must be able to receive this information in real time.

   c. The Contractor's system must create an account, attach the Cardholder information and card information to the account, load the funds onto the account, then respond with a confirmation. If any of the steps fail, the Contractor's system must respond with an error notification indicating the reason for the failure. All of this must happen in real time.

   d. Lottery then gives the card to the Cardholder.

   e. The Contractor must make funds immediately available to the Cardholder as soon as the prize payment system receives a successful load message from the Contractor's system.

2. The Contractor understands that Cardholder accounts must be funded immediately and Lottery will send the load value to the Contractor no sooner than the next business day for accounts funded the previous business day. In order to facilitate this, the Contractor must:

   a. Provide the Lottery with access to a detailed report showing daily activity related to funds loaded onto each card including aggregate total card count and total amount loaded, including reversals.

   b. Provide necessary information and follow the agreed upon process to facilitate sending the load value for cards loaded within the previous Lottery business day. The Contractor must align the days and times of reconciliation for payments from Lottery to the Contractor with the Lottery systems and times per program or as directed by the agency PM.

   c. If for any reason, the Contractor needs to take corrective action on an account which results in a need to adjust a previous payment or credit the Lottery, the Contractor and Lottery will follow a process agreed to by the Contractor and the agency PM.

Q. Work Reports

1. As required by program or agency PM, the Contractor must provide daily and monthly activity reports for each payment type (e.g., Vendor, Income Tax, Payroll, Unemployment, Retirement, and Lottery) and make these reports accessible electronically to the PM, or designee, via agreed method by program, such as Secure File Transfer Protocols (SFTP),

access to Contractor's reporting system, email, etc. Minimally, reports should include the following information:

a. Funds amount received (daily transfers)
b. Record count of daily transmission file
c. Dollar amount and record count of funds applied
d. Funds amount returned and account information – Transfer rejections
e. New account cards issued/loaded
f. New accounts activated
g. Accounts closed
h. Funds amount returned and account information – Inactive Accounts
i. Cards returned and destroyed.
j. Cards canceled
k. Daily available balance of Funds on account
l. Daily report detailing accounts with identical addresses
m. Account/Profile updates such as name, address (before and after changes)
n. Inventory levels by location
o. Detailed Inventory ordered and shipped (i.e. fraud control and audit of inventory reporting)
p. Permissions by agency user, including history of permission changes and admin that made the changes
q. User audit report (tracks user's activity)
r. Detailed account activity search by name or card proxy (name, card proxy, dates, times, merchants, amounts, status)
s. Reversals by day
t. Ad Hoc by zip code
u. Other reports mutually agreed to as needed

2. The Contractor's system must make reports available at any time, must allow for custom date ranges, and must be in Eastern Time. Activity in reports must line up with the agency's business days and hours as directed by the agency PM.

3. Reports need to be configurable so that fields that contain confidential information can either be masked or removed for specific users by role/access level. The Contractor's system must allow or restrict access to reports based on user permissions as directed by the agency PM.

4. As required by program or agency PM, the Contractor's reporting system must allow the State to search information by multiple fields.

5. Report functionality must include exporting of all reports to a csv or Excel spreadsheet as required by agency PM.

6. Upon request, the Contractor must provide the State any Cardholder account information obtained by the Contractors Customer Service Center such as phone numbers used by Cardholders or transcripts/recordings of conversations.

7. As required by program or agency PM, the Contractor must notify and provide to the State Agency a listing of non-activated cards within 30 days of card issuance.

8. As required by program or agency PM, when a Card is returned by the United States Postal Service as undeliverable, the Contractor must:

    a. Notify the State daily and

b. Update the status of USPS returned cards in the Contractor's processing system.

9. As required by program or agency PM, authorized users must have access to reports by program type (e.g., Vendor, Income Tax, Payroll, Retirement, Unemployment Benefits, Lottery) and reports must be assignable by user permissions.

10. As required by program or agency PM, in the event that a transfer to a participant's account should fail, the State Agency must be notified daily of any funding transactions that were rejected by the RDFI. The Contractor must provide a detailed account of failure to the State Agency for resolution.

11. As required by program or agency PM, the Contractor must produce a report, based on a one-year eligibility cycle of inactive debit card account, identifying deposited funds in which there has been no activation. The Contractor must return those funds to the State.

12. As required by program or agency PM, the contractor must provide detailed fraud reports on a monthly basis.

13. As required by program or agency PM, the Contractor must provide the State Agency with summary data on the count and amount collected for each type of fee charged to Cardholders on a monthly/annual basis.

14. As required by program or agency PM, the Contractor must provide an annual report of returned funds (escheated) to the State as abandoned and unclaimed property for activated cards with no activity and a remaining fund balance on the card after three (3) years of activation.

15. The Contractor must provide the following UIA Specific reports:

    a. Weekly Project Status Reports (format to be agreed upon) must be provided to the UIA Executive Sponsor, UIA PM, and other key project personnel as identified by UIA.

    b. Monthly Project Plan (format to be agreed upon) updates must be provided to the UIA Executive Sponsor, UIA PM, and other key project personnel as identified by UIA, during implementation.

    c. Monthly Performance Reports (format to be agreed upon) must be provided to the UIA Executive Sponsor, UIA PM, and other key project personnel as identified by UIA, during implementation.

    d. Weekly (or other timeframe as needed) Issue logs (format to be agreed upon) must be provided to the UIA Executive Sponsor, UIA PM, and other key personnel as identified by UIA.

16. The Contractor must provide the following reports for State Agencies under Treasury Oversight:

    a. Reversals

    b. EFT Returns

    c. Notifications of Change (NOC)

    d. Monthly Account Analysis

    e. Monthly Statements

R. Lottery Personnel and Other Security Requirements

1. The Contractor must implement physical security measures (e.g. security cameras, security doors, etc.) before work begins.

    a. Prior to operations under the Contract, the Contractor must establish and maintain an approved security program for any system or personnel interacting with Lottery programs, subject to the written approval of the Lottery. The Contractor must maintain an approved Lottery Programs Security Plan which must be reviewed and approved annually by the Lottery and updated as directed.

2. The Contractor must complete background and criminal history checks for all staff involved with this Contract at Contractor's cost Background checks include, but are not limited to:

    a. Determining if the person has been charged or convicted of a felony and

    b. Obtaining criminal history check from State Police.

3. The Contractor must not assign any individual to work on the State Contract until they have cleared the background check.

4. The Contractor must establish and administer an anonymous tip embezzlement-fraud hotline to encourage workers to report such activity, if they become aware of it. The State Agency must be notified in writing within one (1) business week of any such reports unless approved otherwise by PM.

5. Lottery Personnel Requirements: In addition to the above, Lottery requires the following to ensure the integrity of the Lottery and solely for purposes of this section R, shall apply to the prepaid program employees of Contractor who perform work as required specifically under this Contract: Relationship Management, Client Support, Implementation, and any other prepaid program employees who interact directly with Lottery employees or Lottery systems.

    a. Security measures and systems which preclude unauthorized persons from accessing all Facilities and supplies, and equipment within the Facilities. The Lottery reserves the right to prohibit physical access to operations areas by non-operations personnel.

    b. Personnel Security. The Lottery may initiate investigations into the backgrounds of any prepaid program employees of the Contractor it deems appropriate. Any costs of background investigations are the responsibility of the Contractor.

    c. Personnel who will be performing services under the Contract and as determined by the Lottery will be required to undergo a background investigation by the Lottery. This Lottery background check does not relieve the Contractor of their responsibility to conduct their own background investigations. After an employee being considered for work on the Lottery Contract has been cleared by the Contractor's background checks, the person shall be submitted to Lottery for clearance. The results of the background check by the Contractor shall be shared with Lottery.

    d. The Contractor consents to cooperate with such investigations, and to instruct its employees to cooperate. The Lottery may terminate the Contract or require the Contractor to remove an employee from the Lottery project based upon adverse results of background checks if the Lottery determines that its integrity, security, or goodwill may be in jeopardy. The Lottery may disapprove any employee or Subcontractor of the Contractor who is assigned to this project, either at Contract inception or at any time during the Term of the Contract.

    e. The Contractor shall not allow the engagement of unfit or unqualified persons not skilled in the tasks assigned to them with respect to the Contract and shall at all times

employ sufficient personnel for carrying out work to full completion in the manner and time prescribed by the Contract. The Contractor shall be responsible to the Lottery for the acts and omissions of the Contractor's employees or Subcontractors.

f. Any person employed by the Contractor shall, at the written and reasonable request of the Lottery, be removed forthwith by the Contractor from work relating to the Contract. The Contractor's Subcontractors are in this respect considered employees of the Contractor.

g. The ability to conduct such investigations is a continuing right of the Lottery throughout the Contract.

h. The Contractor shall at the start of the Contract, and for each new employee prior to their assignment on Michigan Contract work, submit to the Lottery a background check disclosure form to allow criminal justice agencies to release to the Lottery any criminal history that pertains to such person. The Lottery reserves the right to review and approve or disapprove any persons prior to or during their assignment to this Contract. No employee is to be given access to Facilities or assigned to work on this Contract until the employee has been cleared by the Lottery. The Lottery reserves the right to review all security clearances and to disapprove any Contractor or Subcontractor employee.

i. The Contractor shall notify the Lottery of departures of Key Personnel who are involved in the Contract and shall provide a roster of current employees to the Lottery at least every six (6) months during the term of the Contract.

j. Security Violation Reporting. The Contractor shall immediately report to the Lottery any security procedural violation, System compromise, potential violation of law, or compromises of equipment, software, or materials used or to be used in the performance of this Contract.

k. Security Information (Disclosure) Updates. The Contractor must report any change in, addition to, or deletion from, the information disclosed to the Lottery. The report shall be in the form of a letter addressed to the Lottery and must be delivered to the Lottery's Security Director immediately but no longer than thirty (30) days from the effective date of the change, addition, or deletion. In particular, the Contractor must report the involvement of any of the Contractor's Key Personnel in any known criminal arrest (exclusive of minor traffic violations) or investigation.

S. Environment

1. The State requires quality assurance (QA), user acceptance testing (UAT), and production. Minimally, the Contractor's system, must allow for testing in all three environments.

1.2 Specific Standards

IT Policies, Standards and Procedures (PSP) Contractors are advised that the State has methods, policies, standards, and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided as a result of this RFP must comply with all applicable State IT policies and standards. The Contractor is required to review all applicable links provided below and state compliance in their response.
Public IT Policies, Standards and Procedures (PSP):
https://www.michigan.gov/dtmb/0,5552,7-358-82547_56579_56755---,00.html

Acceptable Use Policy

To the extent that the Contractor has access to the State's computer system, the Contractor must comply with the State's Acceptable Use Policy, see http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html. All Contractor Personnel will be required, in writing, to agree to the

State's Acceptable Use Policy before accessing the State's system. The State reserves the right to terminate the Contractor's access to the State's system if a violation occurs.

SOM Digital Standards
All software items provided by the Contractor must adhere to the State of Michigan Application/Site Standards which can be found at www.michigan.gov/standards.

Mobile Responsiveness
The Contractor must have responsive design practices to ensure the application is accessible via a mobile device. Additionally, the Contractor must provide a list of features that can be performed via a mobile device.

ADA Compliance
The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. The State is requiring that the Contractor's proposed Solution, where relevant, is to the level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0. The Contractor may consider, where relevant, the W3C's Guidance on Applying WCAG 2.0 to Non-Web Information and Communications Technologies (WCAG2ICT) for non-web software and content. The State may require that the Contractor complete a Voluntary Product Accessibility Template for WCAG 2.0 (WCAG 2.0 VPAT) or other comparable document for the proposed Solution. http://www.michigan.gov/documents/dmb/1650.00_209567_7.pdf?20151026134621

The Contractor must acknowledge their agreement with this section and provide details for how they will meet the requirements.

1.3 User Type and Capacity

Type of User	Access Type	Number of Users	Number of Concurrent Users
Lottery – Reporting	Access to run reports as granted by Admin	5	2
Lottery – Inventory Management	Ordering and tracking inventory and related reports	2	1
Lottery – Admin	Create and oversee users and permissions for all systems and reports. Also can run all reports.	3	2
Lottery – Accounting	Balancing, payments, and related reports.	5	2
UIA – Accounting	Admin rights	2	2
UIA – Accounting Technicians	Access to change customer fields	3	3
UIA – Tech & Data	Access to change customer fields	8	8

Contractor must be able to meet the expected number of concurrent Users.

1.4 Access Control and Audit

The Contractor's solution must integrate with the State's IT Identity and Access Management (IAM) environment as described in the State of Michigan Digital Strategy (http://www.michigan.gov/dtmb/0,5552,7-150-56345_56351_69611-336646--,00.html), which consists of:

1. MILogin/Michigan Identity, Credential, and Access Management (MICAM)
    a. An enterprise single sign-on and identity management solution based on IBM's Identity and Access Management products including, IBM Security Identity Manager (ISIM), IBM Security Access Manager for Web (ISAM), IBM Tivoli Federated Identity Manager (TFIM), IBM Security Access Manager for Mobile (ISAMM), and IBM DataPower, which enables the State to establish, manage, and authenticate user identities for the State's Information Technology (IT) systems.
2. MILogin Identity Federation
    a. Allows federated single sign-on (SSO) for business partners, as well as citizen-based applications.
3. MILogin Multi Factor Authentication (MFA, based on system data classification requirements)
    a. Required for those applications where data classification is Confidential and Restricted as defined by the 1340.00 Michigan Information Technology Information Security standard (i.e. the proposed solution must comply with PHI, PCI, CJIS, IRS, and other standards).
4. MILogin Identity Proofing Services (based on system data classification requirements)
    a. A system that verifies individual's identities before the State allows access to its IT system. This service is based on "life history" or transaction information aggregated from public and proprietary data sources. A leading credit bureau provides this service.

To integrate with the SOM MILogin solution, the Contractor's solution must support HTTP Headers based SSO, or SAML, or OAuth, or OpenID interfaces for the SSO purposes.

1.5 End-User Operating Environment
The SOM environment is X86 VMware, IBM Power VM, and Oracle VM, with supporting enterprise storage monitoring and management.

The software must run under commonly used web browsers. At a minimum the software must support Internet Explorer v11 or higher, or Edge, Chrome v71 or higher, Firefox v62 or higher, and Safari v12 or higher for iOS operating systems.

The Contractor must support the current and future State standard environment at no additional cost to the State.

1.6 Software
The Contractor must provide a detailed description of the Solution to be provided under the resulting Contract including, but not limited to, a detailed description of the proposed Software (name, type, version, release number, etc.), its functionality, optional add-on modules, the Contractor's services and the Solution's ability to be rapidly configured or scaled as the State's business or technical demands change. If the Contractor is using any open source or third-party products in connection with the proposed Solution, the Contractor must identify these separately in its proposal (including identifying any associated cost in **Exhibit B - Pricing**).

For third-party products that are being proposed as part of the overall Solution, the Contractor must include any end-user license agreements that will be required to access and use such products.

The Contractor must include any end-user license agreements that will be required by the State to access the Solution as **Exhibit 2 of Schedule E**.

1.7 Migration
The Contractor must work with the State to ensure a smooth and complete migration of required data.

1.8 Hosting
Contractor must maintain the State's standard Contractor Hosted Software and Services attached as **Schedule E** and follow the Service Level Agreements (SLA) attached as **Exhibit 1 to Schedule E.**

Contractor must maintain and operate a backup and disaster recovery plan to achieve a Recovery Point Objective (RPO) of 4 hours, and a Recovery Time Objective (RTO) of 24 hours. Contractor's confidential Disaster Recovery Plan has been provided to the State.

1.9 Products and Services
The Contractor must provide additional Solution functionality, products, or services that the State specifications do not address but are necessary to implement and support this solution.

1.10 SUITE Documentation
In managing its obligation to meet the above milestones and deliverables, the Contractor is required to utilize the applicable State Unified Information Technology Environment (SUITE) methodologies, or an equivalent methodology proposed by the Contractor.

SUITE's primary goal is the delivery of on-time, on-budget, quality systems that meet customer expectations. SUITE is based on industry best practices, including those identified in the Project Management Institute's Project Management Body of Knowledge (PMBoK) and the Capability Maturity Model Integration for Development. It was designed and implemented to standardize methodologies, processes, procedures, training, and tools for project management and systems development lifecycle management. It offers guidance for efficient, effective improvement across multiple process disciplines in the organization, improvements to best practices incorporated from earlier models, and a common, integrated vision of improvement for all project and system related elements.

While applying the SUITE framework through its methodologies is required, SUITE was not designed to add layers of complexity to project execution. There should be no additional costs from the Contractor, since it is expected that they are already following industry best practices which are at least similar to those that form SUITE's foundation.

SUITE's companion templates are used to document project progress or deliverables. In some cases, Contractors may have in place their own set of templates for similar use. Because SUITE can be tailored to fit specific projects, project teams and State Program Managers may decide to use the Contractor's provided templates, as long as they demonstrate fulfillment of the SUITE methodologies.

The Contractor is required to review http://www.michigan.gov/suite and demonstrate how each Project Management Methodology (PMM)/Software Engineering Methodology (SEM) requirement will be met. Contractors wishing to use their own documents must submit an example of the document that will be substituted. If the Contractor deems a document to be non-applicable, please provide reasons for the determination. The State reserves the right to give final approval of substituted documents and items marked as non-applicable.

1.11 Secure Web Application Standard
Contractor's solution must meet the State's Secure Application Development Standards as mandated by the State.

Secure Application Development Life Cycle (SADLC)
The Contractor is required to meet the States Secure Application Development Life Cycle requirements that include:

Security Accreditation

The Contractor is required to complete the State Security Accreditation process for the solution.

Application Scanning

On-Premise solutions

The State may scan the application using its application scanning tools. The Contractor will need to provide the resources, at its sole expense, to complete any analysis, remediation, and validation required by the results of the scan.

Externally hosted solutions

The Contractor is required to grant the right to the State to scan either the application code or a deployed version of the solution; or in lieu of the State performing a scan, the Contractor will provide the State a vulnerabilities assessment after the Contractor has used a State approved application scanning tool. These scans must be completed and provided to the State on a regular basis or at least for each major release.

For commercial off-the-shelf (COTS) or vendor owned applications, Contractor, at its sole expense, must provide resources to complete the scanning and to complete the analysis, remediation, and validation of vulnerabilities identified by the scan as required by the State Secure Web Application Standards.

Types of scanning and remediation may include the following types of scans and activities

- Dynamic Scanning for vulnerabilities, analysis, remediation, and validation
- Static Scanning for vulnerabilities, analysis, remediation, and validation
- Third Party and/or Open Source Scanning for vulnerabilities, analysis, remediation, and validation

Infrastructure Scanning

On-Premise solutions

The State may scan the application using its infrastructure scanning tools and remediate infrastructure vulnerabilities internally.

Externally hosted solutions

A Contractor providing Hosted Services must scan the infrastructure at least once every 30 days and provide the scan's assessment to the State in a format that can be uploaded by the State and used to track the remediation.

1.12 Confidentiality Requirements

1. Confidentiality of Data and Information. All payment information, including tax and benefit information, is confidential. All of the payments that are originated through this Contract and resulting Contracts are considered confidential. The Contractor must not release any information related to the State's payments or inappropriately utilize information gleaned from the State's payment files.

    a. The system and the Contractor staff assigned to work with restricted (i.e. sensitive or confidential) data, per state and federal regulations and as defined by the State PMs, must uphold all requirements for handling, storing, and processing of confidential/sensitive information for services provided under the Contract.

    b. If Contractor has access to Taxpayer Related Data, the system and the Contractor must uphold all requirements for handling, storing, and processing of confidential/sensitive information, per state and federal regulations, for services

provided under the Contract (Schedule G - Safeguard Requirements of Confidential Tax Data).

c. Security requirements (e.g., data security in transit, in storage and destruction, etc.) will be met including, but not limited to the following ways:

   i. All PCI PAN data is encrypted at rest and in transit. Web-enabled products support the Transport Layer Security (TLS 1.2) protocol to provide privacy for data exchanged between browsers and servers.

   ii. Data can be transmitted via APIs (SOAP WSDL) or sent via SFTP. File encryption is not required with APIs. If the file is sent via SFTP, PGP encryption is required.

   iii. PCI and SOC certifications and vigilant security oversight by Contractor's Information Systems Security team. Contractor maintains PCI-compliant and adheres to Visa's and Mastercard's standard security guidelines, protocols and procedures, working closely with the major card associations and subcontractors to ensure that resources are protected in accordance with the PCI DSS.

   iv. Visa® PCI-DSS

   v. Mastercard® SDP Compliance

d. Schedule H – UIA Confidentiality

e. Under this Contract, each employee assigned must understand and agree to follow the guidelines for an authorized representative of the State. A Vendor, Contractor, Subcontractor Confidentiality Agreement must be signed by each employee of the Contractor and Subcontractor (if applicable) working on this Contract (see Schedule G - Safeguard Requirements of Confidential Data, Form 3337). Each employee of the Contractor and Subcontractor (if applicable) is required to accept personal responsibility for adhering to the confidentiality provisions of the Revenue Act section 205.28(1)(f) by signing Form 3337. The original, signed Forms 3337 Contractor Confidentiality Agreement must be forwarded to the PM.

f. If applicable, Treasury's Office of Privacy and Security provides a 35-minute web-based training course required for Contractors, Subcontractors, temporary, and seasonal staff who have access to tax data. The course link will be made available prior to the Department providing access to any State tax data. All safeguards required by the Department of Treasury will be explained during the course.

2. All information exchanged under this Contract must be kept confidential in accordance with the confidentiality provisions contained within sections 421.11(b) of the MES Act, MCL 205.28(1)(f) and MCL 205.28(2) of the Michigan Department of Treasury Revenue Act, which state, in part:

   "Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department will not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department."

All information obtained by either the State or the Contractor will not be disclosed except as necessary for the proper administration of and execution of the Contract. In the event, confidentiality statutes are amended, the State will notify the Contractor of any changes.

No employee, agent, authorized representative, or legal representative of the Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department, or unit within such governmental agency, to any other state or nation, or unauthorized third party. No tax returns or tax return information provided to the Contractor will be duplicated or disseminated within or outside the company without the written approval of the PM. Michigan's tax returns and tax return information remain the property of the Department of Treasury.

1.13. Transition

End of Contract Conversion Responsibility: At Contract expiration or termination, the Contractor must work with State personnel and other contractors, if applicable, to convert or transition all Contract Activities, services and data into an acceptable format for uploading into or importing (also see Standard Contract Terms, Sections 31 and 38.e). The Contractor must work with the State and/or contractor during implementation of the transition plan to effect an orderly transition to the new contractor if applicable. The Contractor must allow as many personnel as practicable to attend meetings and receive hardcopy and/or electronic files (excel, PDF, etc.) to help maintain the continuity and consistency of the services required by the Contract.

1.14. Training and Instructional Materials

The Contractor must provide administration and end-user training for implementation, go-live support, and transition to customer self-sufficiency. The Contractor must provide available training options and include details such as: typical class size, materials to be provided, class duration, on-site or web based. The Contractor must provide a training plan for go-live support and transition to self-support, including options and details such as the number of dedicated personnel, staff location, hours available and duration of go-live support.

The Contractor must provide comprehensive training documentation and materials. Examples of that may include test card packages, test cards or card information, a sandbox with training accounts for State of Michigan staff, written materials explaining the use of the product(s), and example copies of all materials received by Cardholders. The Contractor must provide the amount of test materials (above) as requested by the agency to accommodate initial testing and ongoing regression testing.

Training should include options for on-site, web-based, and live web-based. Training is required for:

A. Implementation
B. Annually refresher training (optional)
C. New staff training

The Contractor must provide clearly written instructions and documentation to enable State administrators and end-users to successfully operate the Solution without needing to bring in additional support.

2. Services Levels

2.1. Requirements

All Contract Activities must be delivered within the timeframe stated throughout this Contract. The receipt of order date is pursuant to Section 6, Notices, of the Standard Contract Terms.

In addition to the SLAs provided in 1.8 Hosting, the following SLAs will also be adhered to under this Contract:

A. Data Breach

1. Contractor must provide details on its incident response plan for a data breach including, but not limited to, what the procedure is, who gets notifications, and timeframes.

2.2. Delivery

Delivery will be expected within timeframes specified in this Contract.

3. Acceptance
3.1. Acceptance, Inspection and Testing

The State recommends using the following criteria to determine acceptance of the Contract Activities:

A. Performance and Reliability Evaluation (PARE)

The Performance and Reliability Evaluation will consist of three phases.

1. PHASE 1 – Specifications Compliance Review

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

2. PHASE 2 – Acceptance Test

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

3. PHASE 3 – Post Implementation

    a. The performance period for Phase 3 is a period of 45 consecutive calendar days. The performance period will commence when the system is fully operational. During the performance period for Phase 3, there must be no more than three (3) interruptions. During the performance period for Phase 3, there must be no individual interruption that lasts longer than four (4) hours. An interruption is defined as failure in the Contractor-supplied system or database, which results in work stoppage.

Work stoppages resulting from network downtime, State Agency supplied equipment failure or State Agency supplied software malfunctions will not be included in the performance period.

Contractor must follow Section 3, Hosted Services Testing and Acceptance, of the Schedule E.

3.2. Final Acceptance

Upon completion of Final Acceptance, the PM will provide written acceptance of the system.

4. Staffing
4.1. Contractor Representative

The Contractor must appoint two (2) contractor representatives (a primary and a backup) specifically assigned to each State of Michigan program, that will respond to inquiries regarding the contract activities, answering questions related to ordering and delivery, etc. The Contractor representatives

may be assigned to more than one program if capacity allows and as agreed by agency PM. The Contractor must notify the Contract Administrator and Agency PM at least 10 business days before removing or assigning a new Contractor Representative.

4.2 Contract Administrator

The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a "Contract Administrator"):

State:	Contractor:
Joy Nakfoor 525 W. Allegan St Lansing, MI 48933 nakfoorj@michigan.gov 517-249-0481	Peter Klukken 200 South 6th Street EP-MN-L16C Minneapolis, MN 55402 peter.klukken@usbank.com p. 612.973.1089

4.3 Program Manager

The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a "Program Manager"):

State:	Contractor:
Various – see attached list	Kelli Keller 200 South 6th Street EP-MN-L16C Minneapolis, MN 55402 Kelli.keller@usbank.com p. 612.973.2799

4.4. Customer Service Toll-Free Number

The Contractor Representative (PM) must be available for calls during the hours of 9 am to 6 pm ET.

For all ACH transactions, the State can contact Contractors technical support team during normal CCS hours from 8 a.m. to 8 p.m. ET, Monday through Friday at 866-422-1079.

4.5. Technical Support, Repairs and Maintenance

The Contractors client support team is available 24/7. They can be reached Monday through Friday 8 a.m. to 8 p.m. ET by phone at 800.809.0738 or by email at prepaid.partner@usbank.com.

When providing technical support, the Call Center must resolve the caller's issue within 60 minutes unless ID verification is required which includes a five (5) day waiting period. For issues related to voided cards that need to be verified unloaded, the issue must be resolved in no more than 1 business day.

4.6. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 8:00 a.m. to 8:00 p.m. ET, and possible night and weekend hours depending on the requirements of the project.

4.7. Key Personnel

The Contractor must appoint at least two (2) individuals, at least one person must be a subject matter expert (SME), who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquires within 1 business day.

The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. The State's approval will not be unreasonably withheld. Before assigning an individual to any Key Personnel position, the Contractor will notify the State of the proposed assignment, introduce the individual to the State's Program Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

The Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The State's consent will not be unreasonably withheld. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of the Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, reduction in force or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this 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, the 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 Termination for Cause, the Contractor will issue to the State credit in the amount of $10,000.00 per individual (i) If the Contractor fails to assign a replacement for the removed Key Personnel for at least 30 calendar days, in addition to the $10,000.00 credit specified above, the Contractor will credit the State $333.33 per calendar day for each day the replacement Key Personnel is not assigned, up to $10,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal will not exceed $20,000.00 per individual.

The Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to the Contractor under this Contract.

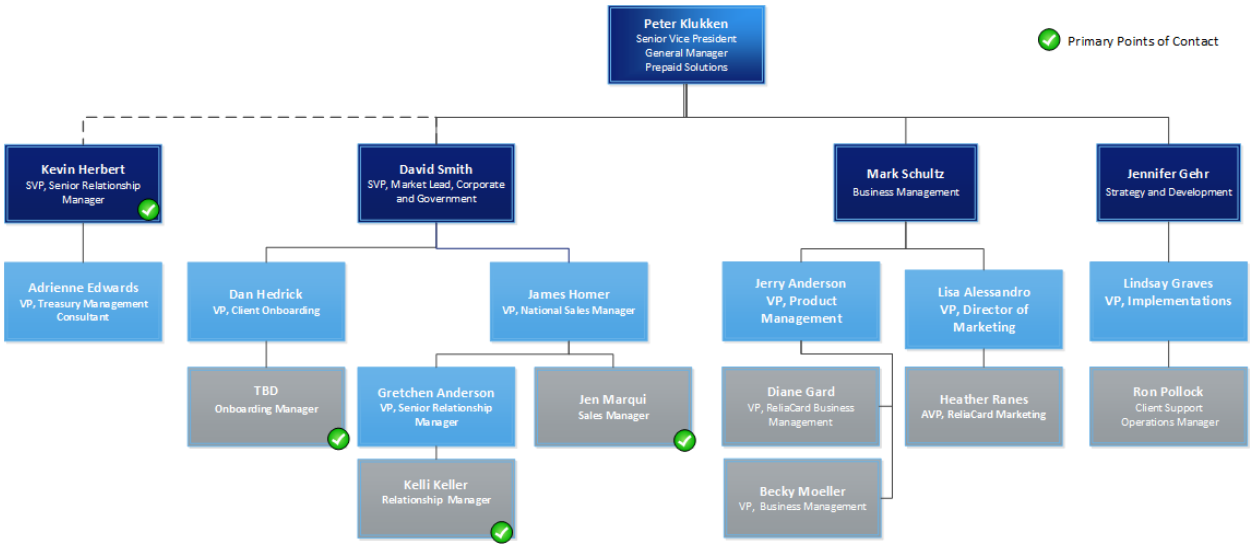
The Contractor must identify the Key Personnel, indicate where they will be physically located, and describe the functions they will perform.

A. Kevin Herbert, Minneapolis – Sr. VP/Sr. Relationship Manager

B. Kelli Keller, Minneapolis – Relationship Manager

4.8. Organizational Chart

The Contractor must provide an overall organizational chart that details staff members, by name and title.



4.9. Disclosure of Subcontractors

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

A. The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.

B. The relationship of the subcontractor to the Contractor.

C. Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.

D. A complete description of the Contract Activities that will be performed or provided by the subcontractor.

4.10 Access to Tax Information

The Contractor must comply with the requirements of Michigan Department of Treasury Safeguard Requirements of Confidential Tax Data (Schedule G).

5. Project Management

5.1. Project Plan

Contractor's project plan must identify items such as the required contact personnel; project breakdown identifying sub-projects, integrations, tasks, and resources required including requirement dates; expected frequency and mechanisms for updates/progress reviews; process for addressing issues/changes; and individuals responsible for receiving/reacting to the requested information.

The Contractor will carry out this project under the direction and control of the State PM. Within five (5) business days of the Effective Date, the Contractor must submit a project plan to the State PM for final approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, and resources required.

5.2. Meetings

Although there will be continuous liaison with the Contractor team, the PMs will meet quarterly at a minimum, or as requested by the PMs, with the Contractor's Project Manager for the purpose of

reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

The Contractor must attend the following meetings:

A. Kick-off meeting within 30 calendar days of the Effective Date.

B. Annual review, if required by Agency.

The State may request other meetings, as it deems appropriate.

6. Pricing
6.1. Price Term

Pricing is firm for the entire length of the Contract.

7. Ordering
7.1. Authorizing Document

The appropriate authorizing document for the Contract will be delivery order (DO).

8. Invoice and Payment
8.1. Invoice Requirements

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

8.2. Payment Methods

The State will make payment for Contract Activities via EFT.

9. Liquidated Damages

Late or improper completion of the Support Service Level Requirements as provided in Exhibit 1 of Schedule E to the Contract, will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Support Service Level Requirements, the State is entitled to collect liquidated damages in the amount(s) provided in Exhibit 1 of Schedule E to the Contract and an additional $500 per day for each day the Contractor fails to remedy the late or improper completion of the work.

SCHEDULE B - Pricing
Electronic Payment Card Services

1. Price proposals must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).

2. **Financial support to assist in transition**
A successful and smooth transition from the State's current ePay provider is of utmost importance to U.S. Bank. We have a strong track record of successfully transitioning debit card programs to U.S. Bank. Our goal is to make the transition as seamless as possible for the State and for your recipients. To support this initiative, U.S. Bank has up to $50,000 available in our technical implementation fund for the State to help absorb potential costs associated with the prepaid card implementation.

NOTE: The State is seeking a LOW Cost contract for the State and the Cardholder. If Cardholder fees are required, the fees MUST be minimal.

Tier Pricing

A. Card Program Fees						
	Quarterly Load transactions	Load Fee	Customer	Fee Occurrence	Estimated Annual Units (1)	Cost
1	1-500,000	$0	N/A	Per Load	2,000,000	$ -
2	500,001-750,000	$0	N/A	Per Load	3,000,000	$ -
3	750,001-1,000,000	$0	N/A	Per Load	4,000,000	$ -
4	1,000,001-1,250,000	$0	N/A	Per Load	5,000,000	$ -
B. Direct Deposit (ACH) Fees (Bank Account for UIA Only)						
	*Quarterly ACH Transactions	ACH Transaction Fee	Customer	Fee Occurrence	Estimated Annual Units	Cost
1	1-750,000	0.01	N/C	Per Transaction	3,000,000	$ 30,000.00
2	750,001-1,000,000	0.01	N/C	Per Transaction	4,000,000	$ 40,000.00
3	1,000,001-1,250,000	0.01	N/C	Per Transaction	5,000,000	$ 50,000.00
4	1,250,001-1,500,000	0.01	N/C	Per Transaction	6,000,000	$ 60,000.00

Fee Pricing

Contractor Name:		Number of Fee Free	Fee Assessed To:		Fee Occurrence	Estimated Annual Units (1)	Annual Cost (for evaluation purposes only)
			State	Cardholder			
A. Customer Usage Fees							
1	ATM Withdrawal (In-Network)		* N/C	$0	Per Usage	1,000	$ -
2	ATM Withdrawal (Out-of-Network)		N/C	$0.75	Per Usage	1,000	$ 750.00
3	Teller Cash Withdrawal		N/C	$0	Per Usage	1,000	$ -

4	Inactivity Fee		N/C	$0	Per Usage	1,000	$ -
5	ATM Balance Inquiry		N/C	$0	Per Usage	1,000	$ -
B. Card Program Fees							
1	Load Fee		$0	N/C	Per Load	4,000,000	$ -
2	Unfunded card fee (above 20% after 30 day trailing threshold)		$3.00	N/C	per card assessed /after 30 day cure period		$
3	Additional identity screening (above 10% enrollment samples high risk identity characteristics)		$0.55	N/C	per record		$
C. Direct Deposit (ACH) Fees (Bank Account for UIA Only)							
1	ACH Fee (per transaction)		$ 0.010	N/C	Per ACH	4,000,000	$ 40,000.00
2	ACH Return Fee (per return)		$ 0.500	N/C	Per ACH Return	20004	$ 10,002.00
3	ACH NOC Fee (per NOC)		$ 0.500	N/C	Per ACH NOC	10800	$ 5,400.00
4	ACH Process Run		$ 5.000	N/C	Per ACH Run	264	$ 1,320.00
5	ACH Return/NOC via Transmission		$ 0.250	N/C	Per Transmission Item	30804	$ 7,701.00

*** N/C = No Charge**

A. Customer Usage Fees	
Based on estimated monthly fees for evaluation purposes only (annual price).	$ 750.00
Five-Year Subtotal	$ 3,750.00
B. Card Program Fees **	
Total Card Program fees to include in contract value (annual price).	$ -
Five-Year Subtotal	$ -
C. Direct Deposit (ACH) Fees (Bank Account for UIA Only)	
Total bank fees to include in contract value.	$ 64,423.00
Five-Year Subtotal	$ 322,115.00
A though C. Customer Usage Fees, Card Program Fees and Direct Deposit (ACH) Fees	
Five-Year Grand Total	$ 325,865.00

**** Card Program Fees apply to cardholders and are provided on specifi cardholder agreements.**

Account Analysis & Billing

STATE OF MICHIGAN

Consolidated Analysis Summary

Earnings Credit Rate	0.25%
Current Month Multiplier	4,800.00
Settlement Frequency	Monthly

Balance Summary

Average Collected Balance	=	1,000,000.00

Settlement Analysis

Collected Balance Available for Earnings Credit Services	=	1,000,000.00
Earnings Credit @ 0.25%		208.33
Earnings Credit Based Service Charges	-	5,794.16
Current Month Surplus/(Deficit) Position	=	(5,585.83)
Net Service Charges	$	**5,585.83**

AFP	Service	Volume	Unit Price	Total Price	Collected Balance Required
	Depository Services				
010000	Account Maintenance	1	$ 5.00	$ 5.00	$ 24,000
010101	Electronic Credits	22	$ 0.55	$ 12.10	$ 58,080
010100	Electronic Debits	22	$ 0.30	$ 6.60	$ 31,680
000230	Deposit Coverage	1000	$ 0.129	$ 129.00	$ 619,200
150240	Check Filter Monthly Maintenance	1	$ 5.00	$ 5.00	$ 24,000
150320	Check Filter Items Returned		$ 5.00		
	Subtotal Depository Services			$ 157.70	$ 756,960
	SinglePoint				
400272	Current Day Monthly Maintenance	1	$ 40.00	$ 40.00	$ 192,000
400272	Current Day - per Item	286	$ 0.02	$ 5.72	$ 27,456
400272	Previous Day Monthly Maintenance	1	$ 30.00	$ 30.00	$ 144,000
400272	Previous Day - per Item	308	$ 0.02	$ 6.16	$ 29,568
409999	Account Analysis Report PDF - per Account				
409999	For First 1	1	$ 10.00	$ 10.00	$ 48,000
409999	For Over 1		$ 0.00	$ -	
409999	DDA Statement Report PDF - per Account	1	$ 0.00	$ -	
250720	ACH Return and NOC Report Previous Day - per Account				
250720	For First 1	1	$ 10.00	$ 10.00	$ 48,000
250720	For Over 1		$ 4.00	$ -	
401020	Token Monthly Maintenance - per Token	1	$ 3.50	$ 3.50	$ 16,800
250000	SP ACH Origination Mo Maint - per Customer				
250000	For First 1	1	$ 10.00	$ 10.00	$ 48,000
250000	For Over 1		$ 0.00	$ -	
250000	ACH Positive Pay Mo Maint - per Account		$ 5.00		

Account Analysis & Billing

AFP	Service	Volume		Unit Price		Total Price		Collected Balance Required
250000	ACH Positive Pay - per Authorization Added		$	1.00				
250000	ACH Positive Pay Item - per Item Paid		$	0.10				
	Subtotal SinglePoint				$	115.38	$	553,824
	ACH Services							
250000	Monthly Maintenance - per Customer	1	$	25.00	$	25.00	$	120,000
250120	Addenda Item (no charge if originated through EDI) per Addenda Item		$	0.01				
250501	Process Run - per Unique Company ID	22	$	5.00	$	110.00	$	528,000
250102	Transit Item	316,667	$	0.01	$	3,166.67	$	15,200,016
250102	SAME DAY ACH ORIG TRANSIT ITEM		$	0.50				
250102	On-Us Item	16,666	$	0.01	$	166.66	$	799,968
259999	Confirmation via Email - per Email	22	$	0.50	$	11.00	$	52,800
250202	Received Item - per Item		$	0.01				
250220	Received Addenda Item		$	0.01				
259999	Outgoing Transmission - per Transmission File	22	$	5.00	$	110.00	$	528,000
251050	Block Monthly Maintenance - per Account	1	$	2.00	$	2.00	$	9,600
251050	Filter Monthly Maintenance - per Account		$	5.00				
251055	ACH Filter Change		$	1.00				
250300	Unauth ACH Return - per Item	1	$	4.50	$	4.50	$	21,600
250302	Return - per Received Item	1,667	$	0.50	$	833.50	$	4,000,800
251070	Notification of Change - per Item	900	$	0.50	$	450.00	$	2,160,000
250670	Return and NOC via Transmission - per Item	2,567	$	0.25	$	641.75	$	3,080,400
259999	Same Day ACH Special Processing - per File		$	0.00				
250102	SinglePoint ACH On-Us Item		$	0.01				
250102	SinglePoint ACH Transit Item		$	0.01				
250505	SinglePoint ACH Process Run - per Unique Company ID		$	1.00				
250302	SinglePoint ACH Return Item		$	0.50				
250300	SP Unauth ACH Ret - per Item		$	4.50				
251070	SinglePoint ACH Notification of Change - per Item		$	0.50				
	Subtotal ACH Services				$	5,521.08	$	26,501,184
	Total Service Charges				$	5,794.16	$	27,811,968
	One-Time Charges							
159999	Check Filter Setup	1	$	0.00	$	-		
400810	Information Reporting Setup - per Customer	1	$	0.00	$	-		
401020	Token Setup	1	$	0.00	$	-		
250000	SP ACH Origination Setup - per Customer	1	$	0.00	$	-		
250000	ACH Positive Pay Setup - per Account		$	0.00				
251000	Direct ACH Setup - per Customer	1	$	0.00	$	-		
251055	Block and Filter Service Setup - per Account	1	$	0.00	$	-		
251000	Outgoing Transmission Setup	1	$	0.00	$	-		
	Total One-Time Service Charges				$	-		

Assumptions

- Monthly average collected balance at $1,000,000.
- ACH file submitted/received on a daily basis (22 files/month)
- Returns amount to 0.50% of the total ACH items
- Notification of Changes amount to 0.27% of the total ACH items

AFP	Service	Volume	Unit Price	Total Price	Collected Balance Required

In addition to our aggressive fee schedule, we are offering 3 month of treasury management services without charge. This incentive expires 4 months from the contract award date and has the potential to reduce fees by $17,000 in total, based on the scope of services and volumes indicated within this proposal. This incentive is in exchange for a 5 year service agreement and the award of the totality of the business in this proposal. If the service agreement is terminated prior to the agreed contract length, a prorated portion of the waived fees are to be reimbursed to U.S. Bank. We are also waiving setup fees and implementation fees for all treasury management services.

Prices quoted in this proposal are only for those Treasury Management Services requested by the customer. Additional Treasury Management Services will be separately priced at the time of customer's request.

Notwithstanding anything contained herein to the contrary, all Treasury Management Services provided to customer are subject to U.S. Bank's Services Terms and Conditions, as the same may be amended from time to time.

SCHEDULE E

CONTRACTOR HOSTED SOFTWARE AND SERVICES

1. Definitions. In addition to the definitions found in the Contract Terms, for the purposes of this Contract, the following terms have the following meanings:

"Authorized Users" means all Persons authorized by the State to access and use the Software under this Contract, subject to the maximum number of users specified in the applicable Statement of Work.

"**Harmful Code**" means any: (a) virus, trojan horse, worm, backdoor or other software or hardware devices the effect of which is to permit unauthorized access to, or to disable, erase, or otherwise harm, any computer, systems or software; or (b) time bomb, drop dead device, or other software or hardware device designed to disable a computer program automatically with the passage of time or under the positive control of any Person, or otherwise prevent, restrict or impede the State's or any Authorized User's use of such software.

"**Hosted Services" means** the hosting, management and operation of the Software and other services for remote electronic access and use by the State and its Authorized Users as described in one or more written, sequentially numbered, statements of work referencing this Contract, including all Specifications set forth in such statements of work, which, upon their execution will be attached as **Schedule A** to this Contract and by this reference are incorporated in and made a part of this Contract.

"**Integration Testing**" has the meaning set forth in **Section 4.2(c)**.

"**Open-Source Components**" means any software component that is subject to any open-source copyright license agreement, including any GNU General Public License or GNU Library or Lesser Public License, or other obligation, restriction or license agreement that substantially conforms to the Open Source Definition as prescribed by the Open Source Initiative or otherwise may require disclosure or licensing to any third party of any source code with which such software component is used or compiled.

"**Open-Source License**" has the meaning set forth in **Section 2.3.**

"**Operating Environment**" means, collectively, the platform, environment and conditions on, in or under which the Software is intended to be installed and operate, as set forth in the Statement of Work, including such structural, functional and other features, conditions and components as hardware, operating software and system architecture and configuration.

"**Service Error**" means any failure of any Hosted Service to be Available or otherwise perform in accordance with this Schedule.

"**Specifications**" means the specifications for the Software set forth in the applicable Statement of Work and, to the extent consistent with and not limiting of the foregoing, the Documentation.

"**State Materials**" means all materials and information, including documents, data, know-how, ideas, methodologies, specifications, software, content and technology, in any form or media, directly or indirectly provided or made available to Contractor by or on behalf of the State in connection with this Contract.

"**Support Services**" means the Software maintenance and support services Contractor is required to or otherwise does provide to the State pursuant to this **Schedule E** and **Exhibit 1** to this **Schedule E**.

"**Technical Specification**" means, with respect to any Software, the document setting forth the technical specifications for such Software and included in the Statement of Work.

"**User Data**" means all data, information and other content of any type and in any format, medium or form, whether audio, visual, digital, screen, GUI or other, that is input, uploaded to, placed into or collected, stored, processed, generated or output by any device, system or network by or on behalf of the State, including any and all works, inventions, data, analyses and other information and materials resulting from any use of the Software by or on behalf of the State under this Contract, except that User Data does not include the Software or data, information or content, including any GUI, audio, visual or digital or other display or output, that is generated automatically upon executing the Software without additional user input.

"**Warranty Period**" means the ninety (90) calendar-day period commencing on the date of the State's Acceptance of the Software.

2. Hosted Software License Grant and Source Code Escrow

2.1 Contractor License Grant. Contractor hereby grants to the State, exercisable by and through its Authorized Users, a nonexclusive, royalty-free, irrevocable (except as provided herein) right and license during the Term and such additional periods, if any, as Contractor is required to perform Services under this Contract or any Statement of Work, to:

(a) access and use the Hosted Services, including in operation with other software, hardware, systems, networks and services, for the State's business purposes, including for Processing State Data;

(b) generate, print, copy, upload, download, store and otherwise Process all GUI, audio, visual, digital and other output, displays and other content as may result from any access to or use of the Hosted Services;

(c) prepare, reproduce, print, download and use a reasonable number of copies of the Specifications and Documentation for any use of the Hosted Services under this Contract; and

(d) access and use the Hosted Services for all such non-production uses and applications as may be necessary or useful for the effective use of the Hosted Services hereunder, including for purposes of analysis, development, configuration, integration, testing, training, maintenance, support and repair, which access and use will be without charge and not included for any purpose in any calculation of the State's or its Authorized Users' use of the Hosted Services, including for purposes of assessing any Fees or other consideration payable to Contractor or determining any excess use of the Hosted Services as described in **Section 2.2**.

2.2 License Restrictions. The State will not: (a) rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer or otherwise make the Hosted Services available to any third party, except as expressly

permitted by this Contract or in any Statement of Work; or (b) use or authorize the use of the Hosted Services or Documentation in any manner or for any purpose that is unlawful under applicable Law.

2.3 Use. The State will pay Contractor the corresponding Fees set forth in the Statement of Work for all Authorized Users access and use of the Hosted Services or Software. Such Fees will be Contractor's sole and exclusive remedy for use of the Hosted Services or Software, including any excess use.

2.4 Open-Source Licenses. For Contractor Hosted Software only (and not for the provision of Sof0tware-as-a-Service), any use hereunder of Open-Source Components shall be governed by, and subject to, the terms and conditions of the applicable open-source license ("Open-Source License"). Contractor shall identify and describe in an exhibit to the Statement of Work each of the Approved Open-Source Components of the Software, and include an exhibit attaching all applicable Open-Source Software Licenses or identifying the URL where these licenses are publicly available.

2.5 Source Code Escrow. The parties may enter into a separate intellectual property escrow agreement. Such escrow agreement will govern all aspects of Source Code escrow and release. Contractor hereby grants the State a license to use, reproduce, and create derivative works from the deposit material, provided the State may not distribute or sublicense the deposit material or make any use of it whatsoever except for such internal use as is necessary to maintain and support the Software. Copies of the deposit material created or transferred pursuant to this Contract are licensed, not sold, and the State receives no title to or ownership of any copy or of the deposit material itself. The deposit material constitutes Confidential Information of Contractor pursuant to **Section 38.a** of this Contract (provided no provision of **Section 38.e** calling for return of Confidential Information before termination of this Contract will apply to the deposit material).

3. Hosted Services Testing and Acceptance.

3.1 Hosted Service Preparation. Promptly upon the parties' execution of a Statement of Work, Contractor will take all steps necessary to make the Hosted Services procured thereunder ready and available for the State's use in accordance with the Statement of Work and this Contract, including any applicable milestone date or dates set forth in such Statement of Work.

3.2 Testing and Acceptance.

(a) When Contractor notifies the State in writing that the Hosted Services are ready for use in a production environment, the State will have thirty (30) days (or such other period as may be agreed upon by the Parties in writing) from receipt of the notice to test the Hosted Services to determine whether they comply in all material respects with the requirements of this Contract and the Specifications.

(b) Upon completion of the State's testing, the State will notify Contractor of its acceptance ("**Accept**" or "**Acceptance**") or, if it has identified any noncompliance with the Specifications, rejection ("**Reject**" or "**Rejection**") of the Hosted Services. If the State Rejects the Hosted Services, the State will

provide a written list of items that must be corrected. On receipt of the State's notice, Contractor will promptly commence, at no additional cost or charge to the State, all reasonable efforts to complete, as quickly as possible and in any event within twenty (20) days (or such other period as may be agreed upon by the Parties in writing) from receipt of the State's notice, such necessary corrections, repairs and modifications to the Hosted Services to bring them into full compliance with the Specifications.

(c) If any corrective measures are required under **Section 3.2(b)**, upon completion of all such measures, Contractor will notify the State in writing and the process set forth in **Section 3.2(a)** and **Section 3.2(b)** will be repeated; provided that if the State determines that the Hosted Services, as revised, still do not comply in all material respects with the Specifications, the State may, in its sole discretion:

(i) require the Contractor to repeat the correction, repair and modification process set forth in **Section 3.2(b)** at no additional cost or charge to the State; or

(ii) terminate any and all of the relevant Statement of Work, this Contract and any other Statements of Work hereunder.

(d) The parties will repeat the foregoing procedure until the State Accepts the Hosted Services or elects to terminate the relevant Statement of Work as provided in **Section 3.2(c)(ii)** above. If the State so terminates the relevant Statement of Work, Contractor must refund to the State all sums previously paid to Contractor under such Statement of Work within ten (10) Business Days of the State's written notice of termination, and the State will be relieved of all obligations thereunder.

4. Support Services.

4.1 **Maintenance and Support Services**. Contractor will provide Hosted Service maintenance and support services (collectively, "**Support Services**") in accordance with the provisions set forth in this **Schedule E** and in the Service Level Agreement, attached as **Exhibit 1** to this **Schedule E** (the "**Support Services and Service Level Agreement**").

4.2 **Maintenance Services.** Contractor will provide Hosted Service maintenance and support services (collectively, "**Software Support Services**") in accordance with the provisions of this **Schedule E**, including **Exhibit 1** to this **Schedule E**. The Software Support Services are included in the Services, and Contractor may not assess any additional fees, costs or charges for such Software Support Services. Contractor will continuously maintain the Hosted Services to optimize Availability that meets or exceeds the Availability Requirement as defined in **Exhibit 1** to this **Schedule E**. Such maintenance services include providing to the State and its Authorized Users:

(a) all updates, bug fixes, enhancements, new releases, new versions and other improvements to the Hosted Services, including the Software, that Contractor provides at no additional charge to its other similarly situated customers; and

(b) all such services and repairs as are required to maintain the Hosted Services or are ancillary, necessary or otherwise related to the State's or its Authorized Users' access to or use of the Hosted Services, so that the Hosted Services operate properly in accordance with the Contract and this **Schedule E**.

4.3 **Support Service Responsibilities.** Contractor will:

(a) correct all Service Errors in accordance with the Support Service Level Requirements as defined in **Exhibit 1** to this **Schedule E**, including by providing defect repair, programming corrections and remedial programming;

(b) provide unlimited telephone support between the hours of 7 am and 7 pm, EST;

(c) provide unlimited online support 24 hours a day, seven days a week;

(d) provide online access to technical support bulletins and other user support information and forums, to the full extent Contractor makes such resources available to its other customers; and

(e) respond to and Resolve Support Requests as specified in **Exhibit 1** to this **Schedule E.**

5. Software and Service Warranties.

5.1 Contractor represents and warrants to the State that:

(a) Contractor has, and throughout the Term and any additional periods during which Contractor does or is required to perform the Services, including Hosted Services, will have, the unconditional and irrevocable right, power and authority, including all permits and licenses required, to provide the Services and grant and perform all rights and licenses granted or required to be granted by it under this Contract;

(b) neither Contractor's grant of the rights or licenses hereunder nor its performance of any Services or other obligations under this Contract does or at any time will: (i) conflict with or violate any applicable law, including any law relating to data privacy, data security or personal information; (ii) require the consent, approval or authorization of any governmental or regulatory authority or other third party; or (iii) require the provision of any payment or other consideration by the State or any Authorized User to any third party, and Contractor shall promptly notify the State in writing if it becomes aware of any change in any applicable law that would preclude Contractor's performance of its material obligations hereunder;

(c) as accessed and used by the State or any Authorized User in accordance with this Contract and the Specifications, the Hosted Services, Documentation and all other Services and materials provided by Contractor under this Contract will not infringe, misappropriate or otherwise violate any Intellectual Property Right or other right of any third party;

(d) there is no settled, pending or, to Contractor's knowledge as of the Effective Date, threatened action, and it has not received any written, oral or other notice of any action (including in the form of any offer to obtain a license): (i) alleging that any access to or use of the Services, Hosted Services, or Software does or would infringe, misappropriate or otherwise violate any Intellectual Property Right of any third party; (ii) challenging Contractor's ownership of, or right to use or license, any software or other materials used or required to be used in connection with the performance or receipt of the Services, or alleging any adverse right, title or interest with respect thereto; or (iii) that, if decided unfavorably to Contractor, would reasonably be expected to have an actual or potential adverse effect on its ability to perform the Services, including Hosted Services, or its other obligations under this Contract, and it has no knowledge after reasonable investigation of any factual, legal or other reasonable basis for any such litigation, claim or proceeding;

(e) the Software, Services (including Hosted Services) will in all material respects conform to and perform in accordance with the Specifications and all requirements of this Contract, including the Availability and Availability Requirement provisions set forth in Exhibit 1 to this **Schedule E**;

(f) all Specifications are, and will be continually updated and maintained so that they continue to be, current, complete and accurate and so that they do and will continue to fully describe the Hosted Services in all material respects such that at no time during the Term or any additional periods during which Contractor does or is required to perform the Services will the Hosted Services have any material undocumented feature;

(g) the Contractor Systems and Services (including Hosted Services) are and will remain free of Harmful Code;

(h) Contractor will not advertise through the Hosted Services (whether with adware, banners, buttons or other forms of online advertising) or link to external web sites that are not approved in writing by the State;

(i) Contractor will perform all Services in a timely, professional and workmanlike manner with a level of care, skill, practice and judgment consistent with generally recognized industry standards and practices for similar services, using personnel with the requisite skill, experience and qualifications, and will devote adequate resources to meet Contractor's obligations (including the Availability Requirement and Support Service Level Requirements) under this Contract;

(j) During the term of this Contract, any audit rights contained in any third-party software license agreement or end user license agreement for third-party software incorporated in or otherwise used in conjunction with the Services, will apply solely to Contractor's (or its subcontractors) facilities and systems that host the Services (including any disaster recovery site), and regardless of anything to the contrary contained in any third-party software license agreement or end user license agreement, third-party software providers will have no audit rights whatsoever against State systems or networks; and

(k) Contractor acknowledges that the State cannot indemnify any third parties, including but not limited to any third-party software providers that provide software that will be incorporated in or otherwise used in conjunction with the Services, and that notwithstanding anything to the contrary contained in any third-party software license agreement or end user license agreement, the State will not indemnify any third party software provider for any reason whatsoever.

5.2 DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES IN THIS CONTRACT, CONTRACTOR HEREBY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE UNDER OR IN CONNECTION WITH THIS CONTRACT OR ANY SUBJECT MATTER HEREOF.

SCHEDULE E, EXHIBIT 1

Support Services and Service Level Agreement for Hosted Services

1. Definitions. For purposes of this **Exhibit 1** to **Schedule E**, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Section 1** shall have the respective meanings given to them in the Contract or its associated respective Schedules.

"**Actual Uptime**" means the total minutes in the Service Period that the Hosted Services are Available.

"**Availability**" has the meaning set forth in **Section 3(a)**.

"**Availability Requirement**" has the meaning set forth in **Section 3(a)**.

"**Available**" has the meaning set forth in **Section 3(a)**.

"**Contractor Service Manager**" has the meaning set forth in **Section 2.1**.

"**Corrective Action Plan**" has the meaning set forth in **Section 4.3**.

"**Critical Service Error**" has the meaning set forth in **Section 4**.

"**Exceptions**" has the meaning set forth in **Section 3.2**.

"Force Majeure Event" has the meaning set forth in **Section 5.1**.

"**High Service Error**" has the meaning set forth in **Section 4**.

"**Hosted Services**" has the meaning set forth in **Schedule E**.

"**Low Service Error**" has the meaning set forth in **Section 4**.

"**Medium Service Error**" has the meaning set forth in **Section 4**.

"**Resolve**" has the meaning set forth in **Section 4.1(a)**.

"**Scheduled Downtime**" has the meaning set forth in **Section 3.3**.

"**Scheduled Uptime**" means the total minutes in the Service Period.

"**Service Availability Credits**" has the meaning set forth in **Section 3.6(a)**.

"**Service Level Credits**" has the meaning set forth in **Section 4.2**.

"**Service Level Failure**" means a failure to perform the Software Support Services fully in compliance with the Support Service Level Requirements.

"**Service Period**" has the meaning set forth in **Section 3(a)**.

"**Software**" has the meaning set forth in the Contract.

"**Software Support Services**" has the meaning set forth in **Section 4.1**.

"**State Service Manager**" has the meaning set forth in **Section 2.2**.

"**State Systems**" means the information technology infrastructure, including the computers, software, databases, electronic systems (including database management systems) and networks, of the State or any of its designees.

"**Support Request**" has the meaning set forth in **Section 4**.

"**Support Service Level Requirements**" has the meaning set forth in **Section 4**.

"**Term**" has the meaning set forth in the Contract.

2. Personnel

2.1 Contractor Personnel for the Hosted Services. Contractor will appoint a Contractor employee to serve as a primary contact with respect to the Services who will have the authority to act on behalf of Contractor in matters pertaining to the receipt and processing of Support Requests and the Software Support Services (the "**Contractor Service Manager"). The Contractor Service Manager** will be considered Key Personnel under the Contract.

2.2 State Service Manager for the Hosted Services. The State will appoint and, in its reasonable discretion, replace, a State employee to serve as the primary contact with respect to the Services who will have the authority to act on behalf of the State in matters pertaining to the Software Support Services, including the submission and processing of Support Requests (the "**State Service Manager**").

3. Service Availability and Service Availability Credits.

(a) Availability Requirement. Contractor will make the Hosted Services Available, as measured over the course of each calendar month during the Term and any additional periods during which Contractor does or is required to perform any Hosted Services (each such calendar month, a "**Service Period**"), at least 99.50% of the time, excluding only the time the Hosted Services are not Available solely as a result of one or more Exceptions (the "**Availability Requirement**"). "**Available**" means the Hosted Services are available and operable for access and use by the State and its Authorized Users over the Internet in material conformity with the Contract. "**Availability**" has a correlative meaning. The Hosted Services are not considered Available in the event of a material performance degradation or inoperability of the Hosted Services, in whole or in part. The Availability Requirement will be calculated for the Service Period as follows: (Actual Uptime – Total Minutes in

Service Period Hosted Services are not Available Due to an Exception) ÷ (Scheduled Uptime – Total Minutes in Service Period Hosted Services are not Available Due to an Exception) x 100 = Availability.

3.2 Exceptions. No period of Hosted Service degradation or inoperability will be included in calculating Availability to the extent that such downtime or degradation is due to any of the following ("**Exceptions**"):

(a) failures of the State's or its Authorized Users' internet connectivity;

(b) Scheduled Downtime as set forth in **Section 3.3**.

3.3 Scheduled Downtime. Contractor must make reasonable efforts to notify the State at least twenty-four (24) hours in advance of all scheduled outages of the Hosted Services in whole or in part ("**Scheduled Downtime**"). All such scheduled outages will: (a) last no longer than five (5) hours; (b) be scheduled during off-peak hours, generally between the hours of 12:00 a.m. and 5:00 a.m., Eastern Time; and (c) occur no more frequently than once per week; provided that Contractor may request the State to approve extensions of Scheduled Downtime above five (5) hours, and such approval by the State may not be unreasonably withheld or delayed.

3.4 Software Response Time. Software response time, defined as the interval from the time the end user sends a transaction to the time a visual confirmation of transaction completion is received, must be less than six (6) seconds for 98% of all transactions. Unacceptable response times shall be considered to make the Software unavailable and will count against the Availability Requirement.

3.5 Service Availability Reports. Within thirty (30) days after the end of each Service Period I and if Hosted Service performance has failed in any respect to meet or exceed the Availability Requirement during the reporting period, a description in sufficient detail to inform the State of the cause of such failure and the corrective actions the Contractor has taken and will take to ensure that the Availability Requirement are fully met.

3.6 Remedies for Service Availability Failures.

(a) If the actual Availability of the Hosted Services is less than the Availability Requirement for any Service Period, such failure will constitute a Service Error for which Contractor will issue to the State the following credits on the fees payable for Hosted Services provided during the Service Period ("**Service Availability Credits**"):

Availability	**Credit of Fees**
≥99.50%	None
<99.50% but ≥99.0%	15%
<99.0% but ≥95.0%	50%

<95.0%	100%

(b) Any Service Availability Credits due under this **Section 3.6** will be applied in accordance with payment terms of the Contract.

(c) If the actual Availability of the Hosted Services is less than the Availability Requirement in any two (2) of four (4) consecutive Service Periods, then, in addition to all other remedies available to the State, the State may terminate the Contract on written notice to Contractor with no liability, obligation or penalty to the State by reason of such termination.

3.7 Service Monitoring and Management. Contractor will continuously monitor and manage the Hosted Services to optimize Availability that meets or exceeds the Availability Requirement. Such monitoring and management includes:

(a) proactively monitoring on a twenty-four (24) hour by seven (7) day basis all Hosted Service functions, servers, firewall and other components of Hosted Service security;

(b) if such monitoring identifies, or Contractor otherwise becomes aware of, any circumstance that is reasonably likely to threaten the Availability of the Hosted Service, taking all necessary and reasonable remedial measures to promptly eliminate such threat and ensure full Availability; and

(c) if Contractor receives knowledge that the Hosted Service or any Hosted Service function or component is not Available (including by written notice from the State pursuant to the procedures set forth herein):

(i) confirming (or disconfirming) the outage by a direct check of the associated facility or facilities;

(ii) if Contractor's facility check in accordance with clause (i) above confirms a Hosted Service outage in whole or in part: (A) notifying the State in writing pursuant to the procedures set forth herein that an outage has occurred, providing such details as may be available, including a Contractor trouble ticket number, if appropriate, and time of outage; and (B) working all problems causing and caused by the outage until they are Resolved as Critical Service Errors in accordance with the Support Request Classification set forth in **Section 4**, or, if determined to be an internet provider problem, open a trouble ticket with the internet provider; and

(iii) notifying the State that Contractor has fully corrected the outage and any related problems, along with any pertinent findings or action taken to close the trouble ticket.

4. Support Service Level Requirements. Contractor will correct all Service Errors and respond to and Resolve all Support Requests in accordance with the required times and other terms and conditions set forth in this **Section 4** ("**Support Service Level Requirements**"), and the Contract.

4.1 Support Requests. The State will classify its requests for Service Error corrections in accordance with the descriptions set forth in the chart below (each a "**Support Request**"). The State Service Manager will notify Contractor of Support Requests by email, telephone or such other means as the parties may hereafter agree to in writing.

Support Request Classification	**Description:** **Any Service Error Comprising or Causing any of the Following Events or Effects**
Critical Service Error	• Issue affecting entire system or single critical production function; • System down or operating in materially degraded state; • Data integrity at risk; • Widespread access interruptions.
High Service Error	• Primary component failure that materially impairs its performance; or • Data entry or access is materially impaired on a limited basis.
Medium Service Error	• Hosted Service is operating with minor issues that can be addressed with an acceptable (as determined by the State) temporary work around.
Low Service Error	• Request for assistance, information, or services that are routine in nature.

(a) Response and Resolution Time Service Levels. Response and Resolution times will be measured from the time Contractor receives a Support Request until the respective times Contractor has (i) responded to, in the case of response time and (ii) Resolved such Support Request, in the case of Resolution time. "**Resolve**" (including "**Resolved**", "**Resolution**" and correlative capitalized terms) means that, as to any Service Error, Contractor has provided the State the corresponding Service Error correction and the State has confirmed such correction and its acceptance thereof. Contractor will respond to and Resolve all Service Errors within the following times based on the severity of the Service Error:

Support Request Classification	**Service Level Metric** **(Required Response Time)**	**Service Level Metric** **(Required Resolution Time)**	**Service Level Credits** **(For Failure to Respond to any Support Request Within the Corresponding Response Time)**	**Service Level Credits** **(For Failure to Resolve any Support Request Within the Corresponding Required Resolution Time)**

Critical Service Error	One (1) hour	Four (4) hours	Five percent (5%) of the Fees for the month in which the initial Service Level Failure begins and five percent (5%) of such monthly Fees for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	Five percent (5%) of the Fees for the month in which the initial Service Level Failure begins and five percent (5%) of such monthly Fees for the first additional hour or portion thereof that the corresponding Service Error remains un-Resolved. If Service Error remains un-Resolved after the first additional hour, then State may choose to either: double the amount for each additional one-hour increment or deem the failure to resolve an improper completion of Contract Activities, subject to the Liquidated Damages in Section 26.
High Service Error	One (1) hour	Eight (8) hours	Three percent (3%) of the Fees for the month in which the initial Service Level Failure begins and three percent (3%) of such monthly Fees for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	Three percent (3%) of the Fees for the month in which the initial Service Level Failure begins and three percent (3%) of such monthly Fees for the first additional hour or portion thereof that the corresponding Service Error remains un-Resolved. If Service Error remains un-Resolved after the first additional hour, then State may choose to either:

				double the amount for each additional one-hour increment or deem the failure to resolve an improper completion of Contract Activities, subject to the Liquidated Damages in Section 26.
Medium Service Error	Three (3) hours	Two (2) Business Days	N/A	N/A
Low Service Error	Three (3) hours	Five (5) Business Days	N/A	N/A

(b) Escalation. With respect to any Critical Service Error Support Request, until such Support Request is Resolved, Contractor will escalate that Support Request within sixty (60) minutes of the receipt of such Support Request by the appropriate Contractor support personnel, including, as applicable, the Contractor Service Manager and Contractor's management or engineering personnel, as appropriate.

4.2 Support Service Level Credits. Failure to achieve any of the Support Service Level Requirements for Critical and High Service Errors will constitute a Service Level Failure for which Contractor will issue to the State the corresponding service credits set forth in **Section 4.1(a)** ("**Service Level Credits**") in accordance with payment terms set forth in the Contract.

4.3 Corrective Action Plan. If two or more Critical Service Errors occur in any thirty (30) day period during (a) the Term or (b) any additional periods during which Contractor does or is required to perform any Hosted Services, Contractor will promptly investigate the root causes of these Service Errors and provide to the State within five (5) Business Days of its receipt of notice of the second such Support Request an analysis of such root causes and a proposed written corrective action plan for the State's review, comment and approval, which, subject to and upon the State's written approval, shall be a part of, and by this reference is incorporated in, the Contract as the parties' corrective action plan (the "**Corrective Action Plan**"). The Corrective Action Plan must include, at a minimum: (a) Contractor's commitment to the State to devote the appropriate time, skilled personnel, systems support and equipment and other resources necessary to Resolve and prevent any further occurrences of the Service Errors giving rise to such Support Requests; (b) a strategy for developing any programming, software updates, fixes, patches, etc. necessary to remedy, and prevent any further occurrences of, such Service Errors; and (c) time frames for implementing the Corrective Action Plan. There will be no additional charge for Contractor's preparation or implementation of the Corrective Action Plan in the time frames and manner set forth therein.

5. Force Majeure.

5.1 Force Majeure Events. Subject to **Section 5.3**, neither party will be liable or responsible to the other party, or be deemed to have defaulted under or breached the Contract, for any failure or delay in fulfilling or performing any term hereof, when and to the extent such failure or delay is caused by: acts of God, flood, fire or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in effect on or after the date of the Contract, national or regional emergency, or any passage of law or governmental order, rule, regulation or direction, or any action taken by a governmental or public authority, including imposing an embargo, export or import restriction, quota or other restriction or prohibition (each of the foregoing, a "**Force Majeure Event**"), in each case provided that: (a) such event is outside the reasonable control of the affected party; (b) the affected party gives prompt written notice to the other party, stating the period of time the occurrence is expected to continue; (c) the affected party uses diligent efforts to end the failure or delay and minimize the effects of such Force Majeure Event.

5.2 State Performance; Termination. In the event of a Force Majeure Event affecting Contractor's performance under the Contract, the State may suspend its performance hereunder until such time as Contractor resumes performance. The State may terminate the Contract by written notice to Contractor if a Force Majeure Event affecting Contractor's performance hereunder continues substantially uninterrupted for a period of five (5) Business Days or more. Unless the State terminates the Contract pursuant to the preceding sentence, any date specifically designated for Contractor's performance under the Contract will automatically be extended for a period up to the duration of the Force Majeure Event.

5.3 Exclusions; Non-suspended Obligations. Notwithstanding the foregoing or any other provisions of the Contract or this Schedule:

(a) in no event will any of the following be considered a Force Majeure Event:

(i) shutdowns, disruptions or malfunctions of Contractor Systems or any of Contractor's telecommunication or internet services other than as a result of general and widespread internet or telecommunications failures that are not limited to the Contractor Systems; or

(ii) the delay or failure of any Contractor Personnel to perform any obligation of Contractor hereunder unless such delay or failure to perform is itself by reason of a Force Majeure Event.

SCHEDULE F

Data Security Requirements

1. Definitions. For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Section 1** shall have the respective meanings given to them in the Contract.

"**Contractor Security Officer**" has the meaning set forth in **Section 2** of this Schedule.

"**Contractor Systems**" has the meaning set forth in **Section 5** of this Schedule.

"**FedRAMP**" means the Federal Risk and Authorization Management Program, which is a federally approved risk management program that provides a standardized approach for assessing and monitoring the security of cloud products and services.

"**Hosted Services**" means the hosting, management and operation of the computing hardware, ancillary equipment, Software, firmware, data, other services (including support services), and related resources for remote electronic access and use by the State and its Authorized Users, including any services and facilities related to disaster recovery obligations.

"**NIST**" means the National Institute of Standards and Technology.

"**PSP**" means the State's IT Policies, Standards and Procedures

"**PCI**" means the Payment Card Industry.

"**SSAE**" means Statement on Standards for Attestation Engagements.

2. Contractor will appoint a Contractor employee to respond to the State's inquiries regarding the security of the Contractor Systems who has sufficient knowledge of the security of the Contractor Systems and the authority to act on behalf of Contractor in matters pertaining thereto ("**Contractor Security Officer**"). The Contractor Security Officer will be considered Key Personnel under the Contract.

3. Protection of the State's Confidential Information. Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will:

3.1. Contractor must maintain an annual SSAE SOC 2 Type 2 or its equivalent, provided however, any such equivalent audits must be completed by a state authorized entity. Any audit will be provided to the State within 30 days of the State's written request for such report. Third party cloud service provider, if used, must maintain FedRAMP authorization for all Hosted Services environments throughout the Term.

3.2. ensure that the Software and State Data is securely hosted, supported, administered, and accessed in a data center and backup data center that resides in the continental United States, and minimally meets Uptime Institute Tier 3 standards (www.uptimeinstitute.com), or its equivalent;

3.3. maintain and enforce an information security program including safety and physical and technical security policies and procedures with respect to its Processing of the State's Confidential Information that comply with Contractor's policies and the Federal Financial Institutions Examination Council (FFIEC), the Office of the Comptroller of Currency (OCC), and the Gramm-Leach Bliley Act (GLBA) banking data security standards and must, at a minimum, remain compliant with the PCI-DSS standard as well as provide validation of recommended and required information security controls for the identified standards through an annual SSAE SOC 2, Type 2 audit;

3.4. provide technical and organizational safeguards against accidental, unlawful or unauthorized access to or use, destruction, loss, alteration, disclosure, transfer, commingling or processing of such information that ensure a level of security appropriate to the risks presented by the processing of the State's Confidential Information and the nature of such Confidential Information, consistent with best industry practice and applicable standards;

3.5. take all reasonable measures to:

(a) secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Services against "hackers" and others who may seek, without authorization, to disrupt, damage, modify, access or otherwise use Contractor Systems or the information found therein; and

(b) prevent (i) the State and its Authorized Users from having access to the data of other customers or such other customer's users of the Services; (ii) the State's Confidential Information from being commingled with or contaminated by the data of other customers or their users of the Services; and (iii) unauthorized access to any of the State's Confidential Information;

3.6. ensure that State Data is encrypted in transit and at rest using AES 256bit or higher encryption;

3.7. ensure that State Data is encrypted in transit and at rest using currently certified encryption modules in accordance with FIPS PUB 140-2 (as amended). *Security Requirements for Cryptographic Modules;*

3.8. ensure the Hosted Services support Identity Federation/Single Sign-on (SSO) capabilities using Security Assertion Markup Language (SAML) or comparable mechanisms;

3.9. ensure the Hosted Services have multi-factor authentication for privileged/administrative access; and

3.10. assist the State, at no additional cost, with development and completion of a system security plan using the State's automated governance, risk and compliance (GRC) platform.

4. Unauthorized Access. Contractor may not access, and shall not permit any access to, State systems, in whole or in part, whether through Contractor's Systems or otherwise, without the State's express prior written authorization. Such authorization may be revoked by the State in writing at any time in its sole discretion. Any access to State systems must be solely in accordance with the Contract and this Schedule, and in no case exceed the scope of the State's authorization pursuant to this **Section 4**. All State-authorized connectivity or attempted connectivity to State systems shall be only through the State's security gateways and firewalls and in compliance with the State's security

policies set forth in the Contract as the same may be supplemented or amended by the State and provided to Contractor from time to time.

5. Contractor Systems. Contractor will be solely responsible for the information technology infrastructure, including all computers, software, databases, electronic systems (including database management systems) and networks used by or for Contractor in connection with the Services ("**Contractor Systems**") and shall prevent unauthorized access to State systems through the Contractor Systems.

6. Security Audits. During the Term, Contractor will:

6.1. maintain complete and accurate records relating to its data protection practices, IT security controls, and the security logs of any of the State's Confidential Information, including any backup, disaster recovery or other policies, practices or procedures relating to the State's Confidential Information and any other information relevant to its compliance with this Schedule;

6.2. upon the State's request, make all such records with respect to the services provided under this agreement, appropriate personnel and relevant materials, to the extent reasonably necessary to verify compliance with the terms of this agreement, available during normal business hours for inspection and audit by the State provided that the State: (i) gives Contractor at least sixty (60) days written prior notice of any such audit; (ii) undertakes such audit no more than once per calendar year, except for good cause shown; and (iii) conducts or causes to be conducted such audit in a manner designed to minimize disruption of Contractor's normal business operations and that complies with the terms and conditions of all data confidentiality, ownership, privacy, security and restricted use provisions of the Contract. ; and

6.3. if requested by the State, provide a copy of Contractor's FedRAMP System Security Plan or SOC 2 Type 2 audit report. The System Security Plan will be recognized as Contractor's Confidential Information.

7. Nonexclusive Remedy for Security Breach. Any failure of the Services to meet the requirements of this Schedule with respect to the security of any State Data or other Confidential Information of the State, including any related backup, disaster recovery or other policies, practices or procedures, is a material breach of the Contract for which the State, at its option, may terminate the Contract immediately upon written notice to Contractor without any notice or cure period, and Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination.

8. PCI Compliance.

8.1. Contractors that process, transmit, store or affect the security of credit/debit cardholder data, must adhere to the PCI Data Security Standard. The Contractor is responsible for the security of cardholder data in its possession. The data may only be used to assist the State or for other uses specifically authorized by law.

8.2. The Contractor must notify the State's Contract Administrator (within 72 hours of discovery) of any breaches in security where cardholder data has been compromised. In that event, the Contractor must provide full cooperation to the card associations (e.g. Visa, MasterCard, and Discover) and State representative(s).

8.3. The Contractor is responsible for all costs incurred as the result of the breach. Costs may include, but are not limited to, fines/fees for non-compliance, card reissuance, credit monitoring, and any costs associated with a card association, PCI approved third party, or State initiated security review.

8.4. Without limiting Contractor's obligations of indemnification as further described in this Contract, Contractor must indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the breach.

8.5. The Contractor must dispose of cardholder data when it is no longer needed in compliance with PCI DSS policy, except that Contractor may retain a single copy of such confidential information as required by law. The Contractor must continue to treat cardholder data as confidential upon contract termination.

8.6. The Contractor must provide the State's Contract Administrator with an annual Attestation of Compliance (AOC) or a Report on Compliance (ROC) showing the contractor is in compliance with the PCI Data Security Standard. The Contractor must notify the State's Contract Administrator of all failures to comply with the PCI Data Security Standard.

9. Security Goals. The security utilized must accomplish the following:

(a) Verification that the entity on the other end of the communication link is really the intended recipient of a transmission.

(b) Undeniable proof of origin of transmitted data.

(c) Validation that information has not been tampered with during transmission.

(d) Assurance that data remains private during transmission.

9.2. Internal Audits. It is expected that the Contractor's Internal Auditor or other auditors will perform annual audits of the Contractor's ACH processes as required by NACHA Rules. The Contractor must submit the most current audit report or certification that the audit has been performed and the Contractor is in compliance. The reports or certification must be provided to the State PM annually.

9.3. ACH Operator. The Contractor must designate the ACH Operator they expect to use. The Contractor must maintain the confidentiality of data up through the point of being transmitted to the ACH Operator. In addition, Returns, NOCs, or other information that is received from the ACH Operator or other parties is considered confidential.

9.4. The Contractor is responsible for costs associated with establishing and providing secure and acceptable methods of transmitting Michigan confidential or sensitive information over telecommunication devices, for example data encryption, Transport Layer Security (TLS), Public Key Infrastructure, dedicated leased line, etc.

(a) The Contractor must use data encryption techniques whenever data is transmitted to and from a remote site. The State uses a secure line (called File Transfer Service (FTS)) as part of its current procedures and will maintain that method of file transmission.

9.5. For transactions with State Agencies, the cipher strength must be a minimum 256-bit or better. The Contractor must comply with the Graham–Leach–Bliley (GLB) Financial Services Modernization Act, which governs the collection and disclosure of customers' personal financial information by financial institutions.

9.6. The Contractor must retain records for a period of seven (7) years and may need to produce records or provide testimony as a keeper of record pursuant to a valid Court Subpoena.

(a) The Contractor must maintain a minimum of one year of on-line data, with data routinely archived and securely stored at an off-site location.

(b) Data must be purged and archived as directed by State agencies. Notwithstanding the foregoing, Contractor may retain an electronic copy of State Data and Confidential Information for archival purposes in accordance with its records retention schedule, provided all data security measures provided in this Contract are maintained and transactional data shall not be retained longer than 7 years or according to Applicable Law.

(c) Data must be stored and accessible in compliance with applicable federal and state requirements. Should the need to obtain data from archive occur, State may submit a request for information to the Contractor.

(d) Within the restrictions of federal banking regulations, the Contractor must allow State Agencies to obtain Cardholder account information, transactions, etc. without the necessity of a court order, subpoena, or search warrant.

(e) The Contractor must provide all information requested on a subpoena in a State approved electronic data file. This includes, but is not limited to, debit card usage data pertaining to locations, dates, times, and amounts.

9.7. The Contractor must maintain disaster recovery and business continuity plans.

(a) The Contractor must, upon Contract award, develop disaster recovery and business continuity plans for business processes that, if disrupted, could affect the Contractor's ability to deliver products or services to clients, meet regulatory reporting requirements, or efficiently conduct and manage business.

(b) The Contractor's disaster recovery program must comply with the requirements of the Office of the Comptroller of the Currency Banking Circulars and Federal Financial Institution Examination Council publications on contingency planning.

(c) The reporting tools must be available within five business days after a disaster.

(d) The Contractor must maintain and operate a backup and disaster recovery plan to achieve a Recovery Point Objective (RPO) of 4 hours and a Recovery Time Objective (RTO) of 24 hours.

9.8. Transmission of all Cardholder information must use TLS version 1.2 or higher.

9.9. The Contractor must provide a detailed description of their retention criteria for IP addresses and must have the ability to provide that information to the agency when requested.

9.10. Through encryption methods, the objective is to minimize the likelihood that confidential or restricted State of Michigan information is inadvertently accessed, disclosed or changed during storage or transmission. Contractor agrees to comply with the standards and requirements to the extent they align with Supplier's internal policies and procedures, but no less than the State of Michigan's requirements for encrypting transmitted data which are included below:

(a) All encryption must utilize Federal Information Processing Standards (FIPS) 140-2 compliant algorithms.

(b) Approved symmetric key data encryption methods include AES with 128 bit or higher encryption.

(c) Approved asymmetric key data encryption methods include RSA (key length greater than or equal to 2048), Diffie-Hellman (DH) and Menezes-Qu-Vanstone (MQV).

(d) Message data integrity from source to host must be verified by making sure the message hasn't been modified since it left the storage source by adding an encrypted digest to the message, using SHA-2 or higher algorithm.

9.11. The State of Michigan's requirements for data storage encryption:

(a) A minimum of 128-bit key must be used for all data storage encryption.

Whenever supported by the underlying product suites Transparent Data Encryption (TDE) should be used. TDE is based on a dual encryption method that uses a second encryption key that is stored in a file external to the encrypted database file.

SCHEDULE F, Exhibit 1

Contractor's Disaster Recovery Plan

The State has a copy of the Contractor's Disaster Recovery Plan. This is a confidential document that will **not** be made available for public records, including FOIA request.

SCHEDULE G

SAFEGUARD REQUIREMENTS OF CONFIDENTIAL TAX DATA

This section sets forth the safeguard requirements for handling, storage, and processing of confidential tax information for a Contractor and their subcontractor(s) and is incorporated as an integral part of the Contract. It will facilitate administration and enforcement of the laws of the State of Michigan in a manner consistent with the applicable statutes, regulations, published rules and procedures or written communication.

I. Authority

Authority for the Michigan Department of Treasury to require that this section be included in the Contract is contained in l941 PA 122, as amended, MCL 205.28(1)(f), which subjects current or former contractors to the same restrictions and penalties imposed upon department employees regarding the treatment of confidential information. A private contractor or its employees are strictly prohibited from disclosing taxpayer information to a third party. The prohibition against disclosure does not bar an employee of a private contractor with whom the State of Michigan (State) contracts that processes tax returns or payments pursuant to the Contract from having access to confidential information that is reasonably required for the processing or collection of amounts due this State. Private contractors and any subcontractors will follow Treasury guidelines for Authorized representatives.

II. Confidentiality

It is agreed that all information exchanged under this section will be kept confidential in accordance with the confidentiality provisions contained in the Revenue Act, MCL 205.28(1)(f)-which states in part;

> "Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department will not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department."

Confidential information obtained under this contract will not be disclosed except as required by state law, or in the proper administration of applicable laws, promulgated rules and procedures. In the event, confidentiality statutes are amended, Treasury will notify Contractor of any changes. No employee, agent, authorized representative or legal representative of Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department or unit within such governmental agency whether local, state, federal or foreign, department or unit within such governmental agency, or any unauthorized third party. No tax returns or tax return information accessed by Contractor will be duplicated or disseminated within or outside the company without the written approval of the Contract Compliance Inspector. Tax returns and tax return information remain the property of Treasury.

Contractor may use a taxpayer's name, address and Social Security number or employer identification number to the extent necessary in connection with the processing and mailing of forms for any report or return required in the administration of any tax in the performance of the Contract. The use of the Social Security number must be in accordance with the state Social Security Number Privacy Act 454 of 2004, as amended.

Confidential information obtained under this agreement will not be disclosed in part of a report or document that is subject to FOIA.

The penalties for violating the confidentiality provisions of the Revenue Act are contained in, MCL 205.28(2) and MCL 205.27(4). MCL 205.28(2) states:

> "A person who violates subsection (1)(e), (1)(f), (4) or (5) is guilty of a felony, punishable by a fine of not more than $5,000.00, or imprisonment for not more than 5 years, or both, together with the costs of prosecution. In addition, if the offense is committed by an employee of this state, the person will be dismissed from office or discharged from employment upon conviction."

MCL 205.27(4) states:

> A person who is not in violation pursuant to subsection (2), but who knowingly violates any other provision of this act, or of any statute administered under this act, is guilty of a misdemeanor, punishable by a fine of not more than $1,000.00, or imprisonment for not more than 1 year, or both.

Information received by Treasury from the U.S. Internal Revenue Service, pursuant to section 6103(d) of the Internal Revenue Code or any other federal agency will not be subject to the exchange.

III. Procedure for Security

Contractor will safeguard any tax return information obtained under the Contract as follows:

A. Access to the tax returns and tax return information will be allowed only to those authorized employees and officials of Contractor who need the information to perform their official duties in connection with the uses of the information authorized in this Contract.

B. Any records created from tax returns and tax return information will be stored in an area that is physically safe from access by unauthorized persons during duty hours and locked in a secure area during non-duty hours, or when not in use.

C. Any records matched and any records created by the match will be processed under the immediate supervision and control of authorized personnel in a manner in which will protect the confidentiality of the records, and in such a way that unauthorized persons cannot retrieve any such records by means of a computer, remote terminal or other means.

D. All personnel who will have access to the tax returns and tax return information and to any records created by the tax return information will be advised annually of the confidential nature of the information, the safeguards required to protect the information and the civil and

criminal sanctions for noncompliance contained in MCL 205.28 (2) and MCL 205.27(4) and will sign confidentiality certifications.

E. All confidential information, electronic and paper, will be secured from unauthorized access and with access limited to designated personnel only. State tax return information will not be commingled with other information. All Michigan tax returns and return information will be marked as follows: **CONFIDENTIAL - DO NOT DISCLOSE - MICHIGAN TREASURY TAX RETURN INFORMATION**

F. Treasury, Office of Privacy and Security or Contract Compliance Inspector may make onsite inspections or make other provisions to ensure that adequate safeguards are being maintained by the Contractor.

G. The Treasury Office of Privacy and Security may monitor compliance of systems security requirements during the lifetime of the Contract or any extension.

H. Contractor will also adopt policies and procedures to ensure that information contained in their respective records and obtained from Treasury and taxpayers will be used solely as stipulated in the Contract.

IV. Computer System Security of Tax Data

The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

Computer system security and physical security of tax data stored and processed by Contractor must be in compliance with the following security guidelines and standards established by Treasury. These guidelines apply to any computer system developed by Contractor, either through its own systems staff, or through a contractor, subcontractor or vendor):

A. **Controlled Access Protection**

All computer systems processing, storing and transmitting Michigan tax information must have computer access protection controls These security standards are delineated in the National Institute of Standards and Technology (NIST) Special Publications number 800-53 "Recommended Security Controls for the Federal Information Systems" at http://csrc.nist.gov/publications/PubsSPs.html. To meet these standards, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance, and documentation.

1) **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.

2) **Accountability** – Computer systems processing Michigan tax information must be secured from unauthorized access. All security features must be available (audit trails,

identification and authentication) and activated to prevent unauthorized users from indiscriminately accessing Michigan tax information. Everyone who accesses computer systems containing Michigan tax information is accountable. Access controls must be maintained to ensure that unauthorized access does not go undetected. Computer programmers and contractors who have a need to access databases, and are authorized under the law, must be held accountable for the work performed on the system. The use of passwords and access control measures must be in place to identify who accessed protected information and limit that access to persons with a need to know.

a) On-line Access –Users will be limited to any Treasury on-line functions, by limiting access through functional processing controls and organization restrictions.

Any employee granted access privileges through the Contractor's Security Administrator will be approved for access and viewing rights to Treasury on-line systems by the Department of Treasury, Office of Privacy and Security.

b) Operating Features of System Security
Contractor must meet the following levels of protection with respect to tax return information. Individual user accountability must be ensured through user identification number and password.

i. Access rights to confidential tax information must be secured through appropriate levels of authorization.

ii. An audit trail must be maintained of accesses made to confidential information.

iii. All confidential and protected information must be cleared from a system before it is used for other purposes not related to the enforcement, collection or exchange of data not covered by this section or by an addendum to this Contract.

iv. Hard copies made of confidential tax return information must be labeled as confidential information.

v. Confidential Treasury tax information will be blocked or coded as confidential on system.

vi. Any computer system in which Michigan tax return information resides must systematically notify all users upon log-in of the following disclosure penalties for improperly accessing or making an authorized disclosure of Michigan tax return information:

NOTICE TO EMPLOYEES AND AUTHORIZED REPRESENTATIVES

This system contains Michigan Department of Treasury tax return information. **DO NOT DISCLOSE OR DISCUSS MICHIGAN RELATED TAX RETURN INFORMATION** with unauthorized individuals. The Revenue Act at MCL 205.28(1)(f) prohibits such disclosure.

MICHIGAN PENALTIES
A person making a willful unauthorized disclosure or inspection (browsing) of tax return information may be charged with the following Michigan penalties:

- Criminal penalties up to $5,000 and/or imprisonment for 5 years, plus costs and dismissal from employment if it is found that a current or former employee or authorized representative has made an unauthorized disclosure of a tax return or tax return information or divulged audit selection or processing parameters. [MCL 205.28(2)]

- A misdemeanor, punishable by a fine of not more than $1,000.00, or imprisonment for not more than 1 year, or both if the person is not in violation pursuant to MCL 205.27(2), but who knowingly violates any other provision of this act, or of any statute administered under this act.

This statement is subject to modification. A confidentiality statement, subject to modification, will be sent as needed by the Security Administrator to all employees, contractors, and legal representatives of Contractor.

3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant enhancements or other changes to a security system must follow the process of review, independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.

   a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Contract Compliance Inspector. Notice of the corrective action must be provided to the Contract Compliance Inspector. All non-conformities must be reported to the Contract Compliance Inspector with the following:

      a. Duration of non-conformity/interruption
      b. Reason for non-conformity/interruption
      c. Resolution.

   b) All non-conformities to the specifications/tasks of the Contract must be corrected within four (4) hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four (4) hours to the Contract Compliance Inspector for approval.

4) **Documentation** – Design and test documentation must be readily available to the state. The developer or manufacturer should initially explain the security mechanisms, how they are implemented and their adequacy (limitations). This information should be passed on to the security officer or supervisor. Test documentation should describe how

and what mechanisms were tested and the results. If recognized organizations/tests/standards are used, then a document to that effect will suffice. For example, a system that has been tested and certified as meeting certain criteria may have a document stating this fact, without detailed tests/results of information. Contractor, however, must ensure the documentation covers the exact system and that it includes the specific computer system used by Contractor.

Additionally, documentation must include a security administrator's guide. The security administrator's guide is addressed to the System's Administrator and Security Officer and will describe the protection mechanisms provided by the security system, guidelines on their use and how they interact. This document will present cautions about security functions and describe privileges that should be controlled when running a secure system. The document will be secured and locked at all times with access rights only by the Systems Administrator and Security Officer.

Note: When a security system is designed or purchased for a specific computer or computer system, the security mechanisms must be reviewed by the State to ensure that needed security parameters are met. An independent test should be implemented on the specific computer or computer system to ensure that the security system meets the security parameters within this contract and developed with the computer system. The test may be arranged by the developer but must be done by an independent organization. Contractor must assign responsible individuals (Security Officers) with knowledge of information technology and applications to oversee the testing process. These individuals must be familiar with technical controls used to protect the system from unauthorized entry.

Finally, contingency and backup plans must be in place to ensure protection of Michigan tax information.

V. Electronic Transmission of Michigan Tax Information

The two acceptable methods of transmitting Michigan tax information over telecommunications devices are encryption and using guided media. Encryption involves altering data objects in a way that the objects become unreadable until deciphered with the appropriate software at the intended destination. Guided media involves transmission of data over twisted pair cable, coaxial cable or end to end fiber optics which are typically used in secure computer networks like the state's Local Area Network (LAN), telephone systems, and television distribution.

Cryptography standards have been adopted by the IRS and can be used to provide guidance for encryption, message authentication codes or digital signatures and digital signatures with or without an associated certification infrastructure. For further information, see IRS Publication 1075 at the IRS web site.

Unencrypted cable circuits of fiber optics are an acceptable alternative for transmitting Michigan tax information. Adequate measures must be taken to ensure that circuits are maintained on cable and not converted to unencrypted radio or microwave transmission. Additional precautions should be taken to protect the cable, i.e., burying the cable underground or in walls or floors and providing access controls to cable vaults, rooms and switching centers.

A. **Remote Access**
Accessing databases containing Michigan tax information from a remote location – that is, a location not directly connected to the Local Area Network (LAN) will require adequate safeguards to prevent unauthorized entry.

For remote access, the contractor is required to use an identification security card that requires both PIN and card in possession. The State identified and approved methods for remote vendor access are as follows:

- SecureID through VPN – State provided SecureID taken and VPN software in order to access State of Michigan resources. Appropriate Acceptable Use policies and signoffs are required
- Follow-the Sun SecureID – Vendor is provided with VPN software and a SOM technical resource coordinates with the DTMB Client Service Center to provide secure ID code access to specific State of Michigan resources. Appropriate Acceptable Use Policies and signoffs are required.

B. **Portable Computer Devices**
Any entrusted confidential information collected or accessed during this Contract must be encrypted when stored on all storage devices and media. This includes, but not limited to, disk drives for servers and workstations, and portable memory media (PDAs, RAM drives, memory sticks, etc.).

VI. Record Keeping Requirements for Information Received

Each Contractor, requesting and receiving information will keep an accurate accounting of the information received. The audit trail will be required which will include the following information:

a. Taxpayer's name
b. Identification number
c. Information requested
d. Purpose of disclosure request
e. Date information received
f. Name of Division and employee making request
g. Name of other employees who may have had access
h. Date destroyed
i. Method of destruction

The Contractor will adopt and implement formal procedures to:

- Ensure proper handling of tax returns and tax return information;
- Secure and safeguard information from unauthorized use; and
- Ensure appropriate destruction of information and materials retrieved from Treasury.

A. **Electronic Media**
Contractor will keep an inventory of magnetic and electronic media received under the Contract.

Contractor must ensure that the removal of tapes and disks and paper documents containing Michigan tax return information from any storage area is properly recorded on charge-out records. Contractor is accountable for missing tapes, disks, and paper documents.

B. **Recordkeeping Requirements of Disclosure Made to State Auditors**
When disclosures are made by Contractor to State Auditors, these requirements pertain only in instances where the Auditor General's staff extracts Michigan tax returns or tax information for further review and inclusion in their work papers. Contractor must identify the hard copies of tax records or if the tax information is provided by magnetic tape format or through other electronic means, the identification will contain the approximate number of taxpayer's records, the date of inspection, the best possible description of the records and the name of the Auditor(s) making the inspection.

The Disclosure Officer must be notified, in writing, of any audits done by auditors, internal or otherwise, of Contractor that would involve review of Treasury processing parameters.

VII. Contract Services

To the extent the Contractor employs an independent agency, consultant, or agent to process confidential information which includes Michigan tax return information; the Contractor will notify the Treasury Disclosure Officer before the execution of any such agreement. Each agreement will include in the agreement the following recommended safeguard provisions:

A. The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

B. Definition of Treasury Tax Return Information as defined in Revenue Administrative Bulletin (RAB) 1989-39:

> Taxpayer's identity, address, the source or amount of his/her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments whether the taxpayer's return was, is being or will be examined or subject to their investigation or processing, or any other data, received by, recorded by, prepared by, furnished to or collected by the agency with respect to a return or with respect to the determination of the existence, or liability (or the amount thereof) of any person under the tax laws administered by the Department, or related statutes of the state for any tax, penalty, interest, fine, forfeiture, or other imposition or offense. The term "tax return information" also includes any and all account numbers assigned for identification purposes.

C. An acknowledgment that a taxpayer has filed a return is known as a "fact of filing" and may not be disclosed. All tax return data made available in any format will be used only for the purpose of carrying out the provisions of the Contract between Contractor and the sub-

contractor. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract between Contractor and the subcontractor. In addition, all related output will be given the same level of protection as required for the source material.

D. The subcontractor will certify that the data processed during the performance of the Contract between Contractor and the subcontractor will be completely purged from all data storage components of the subcontractor's computer facility, and no output will be retained by the subcontractor at the time the work is completed.

E. Destruction of tax data, including any spoilage or any intermediate hard copy printout which may result during the processing of Michigan tax return information, will be documented with a statement containing the date of destruction, description of material destroyed, and the method used. Destruction parameters must meet the standards of Section IX, Disposal of Tax Information, of this agreement.

F. Computer system security and physical security of tax data stored and processed by the subcontractor must be in compliance with security guidelines and standards established by this contract. See section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.

G. The Contractor will be responsible for maintaining a list of employees authorized to access Michigan tax return information and will provide a copy of such list to Treasury.

H. No work involving information furnished under the contract will be subcontracted without the specific approval of Treasury. Contractor and approved subcontractors handling Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* provided by Treasury, (Form 3337, see Attachment A). The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Contract Compliance Inspector.

VIII. Transport of Tax Information

In the event, it is necessary to transport confidential tax return information the Contractor is responsible for holding the carrier responsible for safeguarding the records. The Contractor must obtain a signed *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) for each carrier employee who has access to Michigan tax return information. The original agreements will be returned to the Department of Treasury, Disclosure Officer and a copy sent to the Contract Compliance Inspector.

If it is necessary to transfer records and responsibility for transport to a third carrier due to a mishap during transportation, the Contractor is responsible for ensuring safeguard standards remain enforce. This type of incident will be documented in accordance with the incident reporting guidelines in procedure PT-03253, "Incident Reporting and Handling".

Any such incidents must be reported to the Contract Administrator immediately.

IX. Disposal of Tax Information

Materials furnished to Contractor, such as tax returns, remittance vouchers, W-2 reports, correspondence, computer printouts, carbon paper, notes, memorandums and work papers will be destroyed by burning, mulching, pulverizing or shredding. If shredded, destroy paper using cross cut shredders which produce particles that are 1 mm x 5mm (0.04in x 0.2 in.) in size (or smaller).

Data tracks should be overwritten or reformatted a minimum of three times or running a magnetic strip over entire area of disk at least three (3) times to remove or destroy data on the disk media–Electronic data residing on any computer systems must be purged based on Treasury's retention schedule.

Contractor and its subcontractor(s) will retain all confidential tax information received by Treasury only for the period of time required for any processing relating to the official duties and then will destroy the records. Any confidential tax information that must be kept to meet evidentiary requirements must be kept in a secured, locked area and properly labeled as confidential return information. See Procedure for Security (Section III of this agreement) for more details.

X. Security Responsibility

Contractor will designate a security person who will ensure that each individual having access to confidential tax information or to any system which processes Michigan tax return information is appropriately screened, trained and executes a *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) before gaining access or transaction rights to any process and computer system containing Treasury tax return information.

Each Contractor or their subcontractor(s) employees' access and transaction rights will be reviewed periodically to ensure that there is a need to know Treasury tax return information displayed in any media.

Michigan tax return information will be made available only to individuals authorized by the Contract. Contractor will maintain a list of persons authorized to request and receive information and will update the list as necessary**.** A copy of the list must be furnished to the Michigan Department of Treasury Disclosure Officer and Contract Compliance Inspector.

XI. Security Breach Notification

The Contractor is required to report to Treasury, on Form 4000, Incident Reporting (Attachment B) any use or disclosure of confidential information, whether suspected or actual, **immediately** after becoming aware of the misuse or disclosure. The Contractor may substitute its internal form for Form 4000 if all pertinent information is included.

The Contractor agrees to immediately contain the breach if it is determined ongoing.

Treasury has the right to terminate the Contract when a breach has occurred, and the Contractor cannot demonstrate proper safeguards were in place to avert a breach. Treasury must approve Contractor's resolution to the breach.

XIII. Certification of Compliance

The Contractor will fully protect State Tax Information (STI) entrusted to them. Each Contractor or subcontractor who will have access to STI must read and sign a confidentiality agreement. This contract requires that all information obtained from the Michigan Department of Treasury under the Revenue Act, PA 122 of 1941, MCL 205.28 (1)(f) be kept confidential. In the event of a security breach involving STI in the possession of the Contractor, the Contractor agrees to provide full cooperation to conduct a thorough security review. The review will validate compliancy with the Contract, and state laws and regulations.

If, as a result of the Contractor's failure to perform as agreed, the State is challenged by a governmental authority or third party as to its conformity to or compliance with State, Federal and local statutes, regulations, ordinances or instructions; the Contractor will be liable for the cost associated with loss of conformity or compliance.

The Contractor understands the cost reflects violation fines identified by the Michigan Social Security Number Privacy Act, 454 of 2004 and the Michigan Identity Theft Protection Act, Act 452 of 2004 as amended.

XI. Effective Date

These Safeguard requirements will be reviewed whenever the Contract modifications include specifications or processes that affect tax data.

Attachment A

Reset Form

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

Vendor, Contractor or Subcontractor Confidentiality Agreement

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

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

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

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

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

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

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

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

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

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

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

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

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

Submit your form to the following address:
Office of Privacy and Security/ Disclosure Unit
Michigan Department of Treasury
430 W. Allegan Street
Lansing, MI 48922

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

Attachment B

Michigan Department of Treasury
4000 (Rev. 05-14)

Reset Form

Incident Report

INSTRUCTIONS: Complete Parts 1 and 2 and immediately submit Initial Report to the Office of Privacy and Security. After incident resolution, submit Final Report (Parts 1, 2 and 3) to the Office of Privacy and Security. Refer to Procedure PT-03253, Incident Reporting and Handling.

PART 1: A. CONTACT INFORMATION (Reporting Entity)

Full Name (Last, First, Middle Initial)		Division/Office
Telephone Number	Fax Number	E-Mail Address

B. CONTACT INFORMATION (Affected Entity)

Full Name (Last, First, Middle Initial)		Division/Office
Telephone Number	Fax Number	E-Mail Address

PART 2: INCIDENT INFORMATION

Whose information was involved in the incident?

☐ Treasury ☐ Federal Tax Information ☐ Other State Agency, specify _____ ☐ Other _____

Incident Category (select all that apply)

☐ Passwords Shared/Stolen	☐ Computer Virus/Spam	☐ Paper Archives Compromised
☐ Misrouted Communications	☐ Data Destruction/Deletion	☐ Safe/Lockbox/other Compromise
☐ Unauthorized Access	☐ Backups Missing or Stolen	☐ Delivery of Documents Lost
☐ Fraudulent Actions	☐ Hacking of Networks/Systems	☐ Inappropriate Destruction Paper
☐ Lost/Stolen Information/Data	☐ Improperly Secured Sys/Web	☐ Inappropriate Destruction Media
☐ Lost/Stolen Cash/Checks	☐ Circumvention of Security Protocols	☐ Lost/Stolen Equipment
☐ Inappropriate Building Access	☐ _____	☐ _____

Incident Affects

☐ Financial Information/Resources	☐ Personal Information (SSN, Driver License No. Financial information)	☐ Unauthorized/Unlawful Activity
☐ Confidential/Sensitive Information	☐ Human Resources (threat)	☐ Other _____

Date Incident Occurred	Time Incident Occurred	Date Incident Discovered	Time Incident Discovered

Incident Location	Number of Individuals Affected
Involved Parties/Entities	Does this involve personal information (first and last name along with a SSN, driver license number, or credit/debit card account number)? ☐ Yes ☐ No

Date of Initial Report

Description of Incident

PART 1: CONTACT INFORMATION (Affected Entity)

Full Name (Last, First, Middle Initial)	Division/Office

PART 3: INCIDENT RESOLUTION

Notification issued to affected individuals?	How many notifications were sent?	Breach Notification Method?
☐ Yes ☐ No		☐ E-mail ☐ Telephone ☐ US Mail ☐ Web

Who was notified?	Date notification was issued

Incident Cost

☐ Check if incident costs are less than $250. If $250 or more, complete the detailed summary of costs below.

Manhours:

Treasury $_____

DTMB-OES $_____

DTMB-Treasury Agency Services $_____

Other:

Postage $_____

Credit Monitoring Service $_____

_____ $_____

Total Cost of Incident $_____

Action Taken

Incident Impact

Post Incident Recommendations

PART 4: REPORT PREPARER INFORMATION

Final Report Prepared By:	Date Prepared	Preparer Title	Preparer's Telephone Number

Preparer Signature	Date

OFFICE OF PRIVACY AND SECURITY USE ONLY

Administrator, Office of Privacy and Security Signature	Date

SCHEDULE H

SAFEGUARD REQUIREMENTS OF CONFIDENTIAL UNEMPLOYMENT COMPENSATION INFORMATION

This Schedule H ("Schedule") applies to the receipt of unemployment compensation ("UC") information, and is incorporated as an integral part of the contract between the State of Michigan and U.S. Bank National Association (effective no later than July 30, 2021) (the "Contract").

This Schedule establishes and implements the conditions and procedures that will govern the sharing of data between the State of Michigan Unemployment Insurance Agency ("Agency") and Contractor, consistent with applicable state and federal law pertaining to recipients of UC information including 20 CFR 603, et seq., MCL 421.1, et seq., and Michigan Admin Code R 421.1, et seq., which are incorporated into this Schedule by reference.

The provisions below supersede the Contract to the extent a provision is required by the Federal-State UC Program; Confidentiality and Disclosure of State UC Information (20 CFR Part 603, et seq.), the Michigan Employment Security Act (Mich Comp Laws 421.1, et seq.), or the Michigan Administrative Code (Mich Admin Code R 421.1, et seq.), otherwise, the order of precedence set forth in the Contract applies.

I. Confidential Data to Be Disclosed

A. A list of the specific information to be disclosed by the Agency to Contractor under this Contract is included in Appendix A, the Data Collection Plan. This information is hereinafter referred to as the "Confidential Data." Confidential Data provided by UIA to establish the debit card account is the sole property of the Agency. Notwithstanding anything to the contrary in this Schedule or the Contract, all records relating to the services provided by Contractor (which may include, but is not limited to, information in its files regarding cardholder names, addresses, and telephone numbers) and account information of cardholders and account numbers, and the information provided by Contractor to the Agency pursuant to the services, are Confidential Data belonging to Contractor.

II. Purpose for Disclosing Confidential Data

A. The Agency shall only disclose Confidential Data to the Contractor to extent permitted by federal and state law. The Contractor represents that it is requesting Confidential Data solely for the purposes of providing the Agency with Direct Deposit and prepaid debit card services as described in Schedule A, Statement of Work, Section 1.1.B. The Agency will release Confidential Data to Contractor exclusively for these purposes.

III. Procedure for Disclosing Confidential Data and Contractor's Employee Background Checks

A. The Parties agree that Appendix A, the Data Collection Plan, sets forth the specifications of this Schedule, including a description of the specific data

requested, an explanation of how the Confidential Data will be used, the means by which the Confidential Data will be provided, and the legal authority for obtaining access to the Confidential Data. The Agency, in consultation with the Contractor as needed, shall reasonably determine the timing, method and format of its response to the request for Confidential Data (and the request itself as needed). Any Contractor employee with access to Confidential Data shall be required to pass Contractor's background check. Upon written request by Agency, Contractor shall confirm whether any specific Contractor employee with access to Confidential Data has passed Contractor's background check. Contents of Contractor's employees confidential background checks may be made available pursuant to a subpoena.

B. The Contractor shall notify the Agency of departures of Key Personnel who are involved in the Contract.

C. The Parties further agree that Appendix B, the List of Personnel Positions with access to Confidential Data., sets forth the positions of Contractor's personnel authorized to access the Confidential Data.

IV. Confidentiality and safeguards

A. All information obtained by the Agency from an individual or employing unit pursuant to the administration of the Michigan Employment Security Act and determinations as to the benefit rights of any individual are confidential. The Agency's records and information disclosed are therefore confidential and must be protected from unauthorized use and disclosure.

B. Contractor agrees that it will only use the Confidential Data for the purpose stated in section II above.

C. Authority to request, receive, or obtain the Confidential Data set forth in this section is restricted to employees of Contractor and Contractor's Subcontractors identified in Exhibit A, Section E with a need to access such information for the purposes described in this Schedule.

D. The Contractor is responsible for any Confidential Data breach that occurs, including any civil and criminal penalties assessed against Contractor, Contractor's employees, and subcontractors.

E. The Contractor is responsible for ensuring that its employees and subcontractors comply with the safeguards set forth in 20 CFR 603.9(b). Further, the Contractor is responsible to ensure that its subcontractors meet all data and system security requirements set forth in this Schedule.

F. Contractor agrees to store Confidential Data in a place and manner that is physically secure from access by unauthorized persons. Contractor agrees to store, and process Confidential Data maintained in an electronic format, such as magnetic tapes or discs, in such a way that unauthorized persons cannot obtain the information by any means. Contractor agrees to undertake necessary precautions to ensure that only authorized personnel are given access to the Confidential Data stored in computer systems.

G. As a condition of this Contract, Contractor certifies that it has instructed personnel with those positions listed in Appendix B to this Schedule having access to the Confidential Data about the confidential nature of the Confidential Data, the confidentiality requirements of this Schedule, and the sanctions specified for unauthorized disclosure of Confidential Data, including any civil and criminal penalties that may be assessed against Contractor, Contractor's employees, and subcontractors.

H. Contractor further certifies that, prior to any personnel having access to Confidential Data, all such personnel will be required to complete and sign a confidentiality agreement and acknowledge the laws and regulations included in Appendix C: Unemployment Compensation Information Confidentiality Regulations and Statutes upon employment and annually thereafter.

I. Contractor will ensure that Appendix B, List of Personnel Positions with access to Confidential Data, is kept current. Contractor shall require new or additional personnel in those positions to complete and sign a confidentiality agreement. Upon written request from Agency, the Contractor will provide a confirmation to the Agency of specific personnel's execution of such confidentiality agreement. Contractor shall maintain copies of all acknowledgement forms for the length of this Contract and for three (3) years following the termination or expiration of this Contract. Failure to collect and maintain the appropriate acknowledgment forms constitutes a breach of this Contract. Contents of Contractor's employee's confidential confidentiality agreements may be made available pursuant to a subpoena.

J. Contractor further agrees to comply with applicable laws, materials, regulations and all other state and federal requirements with respect to the protection of privacy, security and dissemination of the Confidential Data, including: federal regulations pertaining to recipients of UC information (20 CFR Part 603, et seq.), the Michigan Employment Security Act (MCL 421.1, et seq.), and the Michigan Administrative Code (Mich Admin Code R 421.1, et seq.), which have been incorporated by reference into this Schedule and are attached in pertinent part at Appendix C, Unemployment Compensation Confidentiality Laws.

V. Reserved

VI. Reporting Requirements

A. Contractor agrees to report to the Agency any unauthorized disclosure or use of the Confidential Data, or any loss or suspected loss of any personally identifiable information provided by the Agency pursuant to this Schedule within 72 hours of becoming aware of such occurrence and prior to any public disclosure/media releases, ("Incident").

B. In the event of such an Incident, Contractor further agrees to promptly notify any affected individuals or as required by law.

C. Contractor expressly acknowledges that it will bear the full cost of complying with

this Section VI, including the cost to provide notice to all required recipients.

VII. Destruction or Return of Disclosed Confidential Data

A. Contractor agrees that the Confidential Data received pursuant to this Contract is the property of and shall be returned to the Agency upon request, except that Contractor may retain an electronic copy of Confidential Data for archival purposes in accordance with its records retention schedule, provided all data security measures in this Contract are maintained and transactional data shall not be retained longer than 7 years or according to Applicable Law.

Contractor agrees to dispose of all Confidential Data disclosed or obtained after the stated purpose for which the data is disclosed is served. Except to the extent that Contractor is required to maintain documentation of signed acknowledgement forms, or documentation as otherwise required by the Agency's audit procedures, Contractor may not retain or use for any purpose other than that stated in the Contractor section II of this Schedule, the Confidential Data disclosed by the Agency under this Schedule. Disposal means the return of the Confidential Data to the Agency or destruction of the Confidential Data, as instructed and approved by the Agency. If destruction of the Confidential information is requested by the Agency, then Contractor will provide a certificate of destruction to Agency. Contractor agrees to maintain systems sufficient to allow an audit of compliance with the requirements of this Section VII for disposal of disclosed Confidential Data.

VIII. Compliance Monitoring and Record Retention

A. Contractor agrees to maintain a system or procedures for handling, storage, use, and destruction of Confidential Data governed by this Schedule sufficient to allow the Agency, State of Michigan, and/or the United States Department of Labor or their designee(s) to audit compliance with this Schedule.

B. With reasonable notice and at the cost of the State, Contractor agrees to permit the Agency, State of Michigan, and/or the United States Department of Labor or their designee(s) to enter upon the Contractor's premises at reasonable times to inspect and review their safeguards and procedures for protecting the confidentiality and limiting the dissemination of Confidential Data. Contractor will also cooperate, with the Agency, State of Michigan, and/or the United States Department of Labor or their designee(s) in connection with any request for access to staff, information, or material related to an Agency confidentiality compliance review, audit, or monitoring visit as provided for under this Schedule.

IX. Breach and Remedies

See Contract Terms

X. Communications and Contacts

In addition to the Program Manager, the following people must also be notified for purposes of this Schedule are:

Michigan Unemployment Insurance Agency:	**Contractor:**
<u>Primary Contact:</u> Name: Teresa Burns Title: Division Administrator – Internal Controls Address: 3024 W. Grand Blvd #12-100, Detroit, MI 482020 Phone: 313-549-6145 Fax: 313-456-2733 Email: burnst3@michigan.gov	<u>Primary Contact:</u> Name: U.S. Bank National Association Address: 200 South 6th Street, EP-MN-L16C Minneapolis, MN 55402 Attn: SVP – Prepaid Debit Products <u>Alternate Contact:</u> Name: U.S. Bancorp Corporate Counsel Address: 800 Nicollet Mall, BC-MN-H21N Minneapolis, MN 55402 Attn: Corporate Payment Solutions Counsel

Each of the Parties may designate a new or alternate contact by providing written notice to the other Party.

Schedule H Appendices

Appendix A: Data Collection Plan

Appendix B: List of Personnel Positions with access to Confidential Data

Appendix C: Unemployment Compensation Information Confidentiality Regulations and Statutes

Schedule H - Appendix A: Data Collection Plan

A. The Contractor is requesting the following Confidential Data:

- Enrollment and demographic information necessary for Contractor to establish a debit card bank account, including claimants' names, social security numbers, dates of birth, addresses, and phone numbers.
- Payment information necessary for Contractor to provide Direct Deposit and prepaid debit card services, including claimants' payment reference number, banking information, and payment amount.

B. The Contractor is requesting the Michigan Unemployment Insurance Agency's Confidential Data for the purpose set forth in section II of this Schedule. The Agency will originate payments in ACH format using NACHA standards and send them to the Contractor. The Contractor must accept the incoming ACH file and either: (1) transfer the funds to each claimant's account via ACH; or (2) fund each claimant according to the contract specifications.

C. The Agency will send all payment files directly to the Contractor. All payments, cancellations, reversals, reclamations, and returns are routed through the Contractor. The Agency shall reasonably determine the timing, method and format of its response to the request for Confidential Data (and the request itself as needed) in consultation with the Contractor as needed.

D. The Parties agree that all data disclosed to each other, including the Confidential Data disclosed by the Agency as described in this Data Collection Plan, will be done via a secure electronic transmission process to be determined by the Agency and Contractor.

E. Contractor shall use the Confidential Data disclosed by the Agency at the following location(s):

- U.S. Bank, National Association
- Alorica, Inc.
- DialAmerica
- Fiserv Output Solutions
- FSV Payment Services (wholly owned subsidiary)

F. The Agency's disclosure of the Confidential Data to Contractor is authorized by the following legal authority:

- 20 CFR 603.6(a) because the Contractor is providing services necessary for the proper administration of the State's UC law; and
- 20 CFR 603.5(f) and MCL 421.11(b)(1), (6) because the Agency, as a public official, may disclose confidential UC information to an agent or contractor.

Schedule H - Appendix B: List of Personnel Positions with access to Confidential Data.

Position
Client Onboarding
Client Optimization
Client Strategy
Client Development
National Sales Manager
Sales Manager
Account Relationship Manager
Operations, Client Support
Call Center Representative Manager (Client Support/Front Line Solutions)
Customer Service Representative

Schedule H - Appendix C: Relevant Unemployment Compensation Information Confidentiality Regulations and Statutes

20 C.F.R. § 603.9
What safeguards and security requirements apply to disclosed information?

(a) In general. For disclosures of confidential UC information under § 603.5(d)(2) (to a third party (other than an agent) or disclosures made on an ongoing basis); § 603.5(e) (to a public official), except as provided in paragraph (d) of this section; § 603.5(f) (to an agent or contractor of a public official); § 603.6(b)(1) through (4), (6), and (7)(i) (as required by Federal UC law); and § 603.22 (to a requesting agency for purposes of an IEVS), a State or State UC agency must require the recipient to safeguard the information disclosed against unauthorized access or redisclosure, as provided in paragraphs (b) and (c) of this section, and must subject the recipient to penalties provided by the State law for unauthorized disclosure of confidential UC information.

(b) Safeguards to be required of recipients.
(1) The State or State UC agency must:
(i) Require the recipient to use the disclosed information only for purposes authorized by law and consistent with an agreement that meets the requirements of § 603.10;
(ii) Require the recipient to store the disclosed information in a place physically secure from access by unauthorized persons;
(iii) Require the recipient to store and process disclosed information maintained in electronic format, such as magnetic tapes or discs, in such a way that unauthorized persons cannot obtain the information by any means;
(iv) Require the recipient to undertake precautions to ensure that only authorized personnel are given access to disclosed information stored in computer systems;
(v) Require each recipient agency or entity to:
(A) Instruct all personnel having access to the disclosed information about confidentiality requirements, the requirements of this subpart B, and the sanctions specified in the State law for unauthorized disclosure of information, and
(B) Sign an acknowledgment that all personnel having access to the disclosed information have been instructed in accordance with paragraph (b)(1)(v)(A) of this section and will adhere to the State's or State UC agency's confidentiality requirements and procedures which are consistent with this subpart B and the agreement required by § 603.10, and agreeing to report any infraction of these rules to the State UC agency fully and promptly,
(vi) Require the recipient to dispose of information disclosed or obtained, and any copies thereof made by the recipient agency, entity, or contractor, after the purpose for which the information is disclosed is served, except for disclosed information possessed by any court. Disposal means return of the information to the disclosing State or State UC agency or destruction of the information, as directed by the State or State UC agency. Disposal includes deletion of personal identifiers by the State or State UC agency in lieu of destruction. In any case, the information disclosed must not be retained with personal identifiers for longer than such period of time as the State or State UC agency deems appropriate on a case-by-case basis; and
(vii) Maintain a system sufficient to allow an audit of compliance with the requirements of this part.
(2) In the case of disclosures made under § 603.5(d)(2) (to a third party (other than an agent) or disclosures made on an ongoing basis), the State or State UC agency must also—
(i) Periodically audit a sample of transactions accessing information disclosed under that section to assure that the entity receiving disclosed information has on file a written release authorizing each access. The audit must ensure that the information is not being used for any unauthorized purpose;
(ii) Ensure that all employees of entities receiving access to information disclosed under § 603.5(d)(2) are subject to the same confidentiality requirements, and State criminal penalties for violation of those requirements, as are employees of the State UC agency.

(c) Redisclosure of confidential UC information.
(1) A State or State UC agency may authorize any recipient of confidential UC information under paragraph (a) of this section to redisclose information only as follows:
(i) To the individual or employer who is the subject of the information;
(ii) To an attorney or other duly authorized agent representing the individual or employer;

(iii) In any civil or criminal proceedings for or on behalf of a recipient agency or entity;

(iv) In response to a subpoena only as provided in § 603.7; To an agent or contractor of a public official only if the person redisclosing is a public official, if the redisclosure is authorized by the State law, and if the public official retains responsibility for the uses of the confidential UC information by the agent or contractor;
(v) From one public official to another if the redisclosure is authorized by the State law;
(vi) When so authorized by Section 303(e)(5), SSA, (redisclosure of wage information by a State or local child support enforcement agency to an agent under contract with such agency for purposes of carrying out child support enforcement) and by State law; or
(vii) When specifically authorized by a written release that meets the requirements of § 603.5(d) (to a third party with informed consent).
(2) Information redisclosed under paragraphs (c)(1)(v) and (vi) of this section must be subject to the safeguards in paragraph (b) of this section.

(d) The requirements of this section do not apply to disclosures of UC information to a Federal agency which the Department has determined, by notice published in the Federal Register, to have in place safeguards adequate to satisfy the confidentiality requirement of Section 303(a)(1), SSA.

20 C.F.R. § 603.10
What are the requirements for agreements?

(a) Requirements.
(1) For disclosures of confidential UC information under § 603.5(d)(2) (to a third party (other than an agent) or disclosures made on an ongoing basis); § 603.5(e) (to a public official), except as provided in paragraph (d) of this section; § 603.5(f) (to an agent or contractor of a public official); § 603.6(b)(1) through (4), (6), and (7)(i) (as required by Federal UC law); and § 603.22 (to a requesting agency for purposes of an IEVS), a State or State UC agency must enter into a written, enforceable agreement with any agency or entity requesting disclosure(s) of such information. The agreement must be terminable if the State or State UC agency determines that the safeguards in the agreement are not adhered to.
(2) For disclosures referred to in § 603.5(f) (to an agent or contractor of a public official), the State or State UC agency must enter into a written, enforceable agreement with the public official on whose behalf the agent or contractor will obtain information. The agreement must hold the public official responsible for ensuring that the agent or contractor complies with the safeguards of § 603.9. The agreement must be terminable if the State or State UC agency determines that the safeguards in the agreement are not adhered to.

(b) Contents of agreement—
(1) In general. Any agreement required by paragraph (a) of this section must include, but need not be limited to, the following terms and conditions:
(i) A description of the specific information to be furnished and the purposes for which the information is sought;
(ii) A statement that those who request or receive information under the agreement will be limited to those with a need to access it for purposes listed in the agreement;
(iii) The methods and timing of requests for information and responses to those requests, including the format to be used;
(iv) Provision for paying the State or State UC agency for any costs of furnishing information, as required by § 603.8 (on costs);
(v) Provision for safeguarding the information disclosed, as required by § 603.9 (on safeguards); and
(vi) Provision for on-site inspections of the agency, entity, or contractor, to assure that the requirements of the State's law and the agreement or contract required by this section are being met.
(2) In the case of disclosures under § 603.5(d)(2) (to a third party (other than an agent) or disclosures made on an ongoing basis), the agreement required by paragraph (a) of this section must assure that the information will be accessed by only those entities with authorization under the individual's or employer's release, and that it may be used only for the specific purposes authorized in that release.

(c) Breach of agreement—
(1) In general. If an agency, entity, or contractor, or any official, employee, or agent thereof, fails to comply with any provision of an agreement required by this section, including timely payment of the State's or State UC agency's costs billed to the agency, entity, or contractor, the agreement must be suspended, and further disclosure of

information (including any disclosure being processed) to such agency, entity, or contractor is prohibited, until the State or State UC agency is satisfied that corrective action has been taken and there will be no further breach. In the absence of prompt and satisfactory corrective action, the agreement must be canceled, and the agency, entity, or contractor must be required to surrender to the State or State UC agency all confidential UC information (and copies thereof) obtained under the agreement which has not previously been returned to the State or State UC agency, and any other information relevant to the agreement.

(2) Enforcement. In addition to the actions required to be taken by paragraph (c)(1) of this section, the State or State UC agency must undertake any other action under the agreement, or under any law of the State or of the United States, to enforce the agreement and secure satisfactory corrective action or surrender of the information, and must take other remedial actions permitted under State or Federal law to effect adherence to the requirements of this subpart B, including seeking damages, penalties, and restitution as permitted under such law for any charges to granted funds and all costs incurred by the State or the State UC agency in pursuing the breach of the agreement and enforcement as required by this paragraph (c).

(d) The requirements of this section do not apply to disclosures of UC information to a Federal agency which the Department has determined, by notice published in the Federal Register, to have in place safeguards adequate to satisfy the confidentiality requirement of Section 303(a)(1), SSA, and an appropriate method of paying or reimbursing the State UC agency (which may involve a reciprocal cost arrangement) for costs involved in such disclosures. These determinations will be published in the Federal Register.

MCL 421.11
Administration; powers and duties of unemployment agency

(a) In the administration of this act, the unemployment agency shall cooperate with the appropriate agency of the United States under the social security act. The unemployment agency shall make reports, in a form and containing information as the appropriate agency of the United States may require, and shall comply with the provisions that the appropriate agency of the United States prescribes to assure the correctness and verification of the reports. The unemployment agency, subject to this act, shall comply with the regulations prescribed by the appropriate agency of the United States relating to the receipt or expenditure of the sums that are allotted and paid to this state for the purpose of assisting in the administration of this act. As used in this section, “social security act” means the social security act, 42 USC 301 to 1397mm.

(b)(1) Information obtained from an employing unit or individual pursuant to the administration of this act and determinations as to the benefit rights of any individual are confidential and must not be disclosed or open to public inspection other than to public employees and public officials in the performance of their official duties under this act and to agents or contractors of those public officials, including those described in subparagraph (viii), in a manner that reveals the individual's or the employing unit's identity or any identifying particular about an individual or a past or present employing unit or that could foreseeably be combined with other publicly available information to reveal identifying particulars. However, all of the following apply:

***

(viii) Subject to restrictions it prescribes, by rule or otherwise, the unemployment agency may also make information that it obtains available for use in connection with research projects of a public service nature; for course, program, or training program planning, improvement, or evaluation; for grant application or evaluation; for institutional or program accreditation; for economic development or workforce research; for award eligibility; or for federal or state mandated reporting, to a public official, eligible educational institution, or Michigan works agency or to an agency of this state that is acting as a contractor or agent of a public official and conducting research that assists the public official in carrying out the duties of the office. The unemployment agency shall identify online the information that it collects that may be made available to public officials, eligible educational institutions, and Michigan works agencies and shall assist them in the application process required to gain access to that information. A person associated with those institutions or agencies or an agency of this state shall not disclose the information in a manner that would reveal the identity of an individual or employing unit from or concerning whom the information was obtained by the unemployment agency. The unemployment agency shall enter into a written, enforceable agreement with the public official for a period of not more than 10 years that holds the public official, eligible educational institution, or Michigan works agency responsible for ensuring that the confidentiality of the information is maintained. If the agreement is violated, the agreement must be terminated

and the public official, eligible educational institution, or Michigan works agency may be subject to penalties equivalent to those that apply under section 54(f).1 The unemployment agency, at the request of an independent educational institution, shall perform data analysis of information that the unemployment agency has obtained and provide the results of the analysis to the independent educational institution. The unemployment agency may perform analysis for course, program, or training program planning, improvement, or evaluation; grant application or evaluation; institutional or program accreditation; economic development or workforce research; award eligibility; or federal or state mandated reporting. The unemployment agency shall not disclose information to an independent educational institution in a manner that would reveal the identity of an individual or employing unit from or concerning whom the information was obtained by the unemployment agency. The unemployment agency shall comply with 20 CFR 603.8. As used in this subparagraph:

(a) "Eligible educational institution" means a public community or junior college established under section 7 of article VIII of the state constitution of 1963 or part 25 of the revised school code, 1976 PA 451, MCL 380.1601 to 380.1607, or a state university described in section 4, 5, or 6 of article VIII of the state constitution of 1963.
(b) "Independent educational institution" means an independent nonprofit college or university located in this state.
(c) "Michigan works agency" means an entity described in section 17(a) or (d) of the Michigan works one-stop service center system act, 2006 PA 491, MCL 408.127.
(d) "Public official" means that term as defined in 20 CFR 603.2 and includes an eligible educational institution and a Michigan works agency.

(6) A recipient of confidential information under this act shall use the disclosed information only for purposes authorized by law and consistent with an agreement entered into with the unemployment agency. The recipient shall not redisclose the information to any other individual or entity without the written permission of the unemployment agency.

MCL 421.54
Sanctions and penalties

(a) A person, including a claimant for unemployment benefits, an employing entity, or an owner, director, or officer of an employing entity, who willfully violates or intentionally fails to comply with any of the provisions of this act, or a regulation of the unemployment agency promulgated under this act for which a penalty is not otherwise provided by this act is subject to the following sanctions, notwithstanding any other statute of this state or of the United States:

***

(d) If any employee or agent of the unemployment agency or member of the Michigan compensation appellate commission willfully discloses confidential information obtained from any employing unit or individual in the administration of this act for any purpose inconsistent with or contrary to the purposes of this act, or a person who obtains a list of applicants for work or of claimants or recipients of benefits under this act uses or permits use of that list for a political purpose or for a purpose inconsistent with or contrary to the purposes of this act, he or she is guilty of a misdemeanor punishable by imprisonment for not more than 90 days or a fine of not more than $1,000.00, or both. Notwithstanding the preceding sentence, if any unemployment agency employee, agent of the unemployment agency, or member of the Michigan compensation appellate commission knowingly, intentionally, and for financial gain, makes an illegal disclosure of confidential information obtained under section 13(2), he or she is guilty of a felony, punishable by imprisonment for not more than 1 year and 1 day.

SCHEDULE I

Federal Provisions Addendum

The provisions in this addendum may apply if the purchase will be paid for in whole or in part with funds obtained from the federal government. If any provision below is not required by federal law for this Contract, then it does not apply and must be disregarded. If any provision below is required to be included in this Contract by federal law, then the applicable provision applies and the language is not negotiable. If any provision below conflicts with the State's terms and conditions, including any attachments, schedules, or exhibits to the State's Contract, the provisions below take priority to the extent a provision is required by federal law; otherwise, the order of precedence set forth in the Contract applies. Hyperlinks are provided for convenience only; broken hyperlinks will not relieve Contractor from compliance with the law.

1. **Federally Assisted Construction Contracts.** If this contract is a "**federally assisted construction contract**" as defined in 41 CRF Part 60-1.3, and except as otherwise may be provided under 41 CRF Part 60, then during performance of this Contract, the Contractor agrees as follows:

   (1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:

   Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

   (2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.

   (3) The Contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Contractor's legal duty to furnish information.

   (4) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

   (5) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

   (6) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

   (7) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246

of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(8) The Contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

Provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

2. **Davis-Bacon Act (Prevailing Wage)**

   a. If applicable, the Contractor (and its Subcontractors) for **prime construction contracts** in excess of $2,000 must comply with the Davis-Bacon Act (40 USC 3141-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction").

   b. The Contractor (and its Subcontractors) shall pay all mechanics and laborers employed directly on the site of the work, unconditionally and at least once a week, and without subsequent deduction or rebate on any account, the full amounts accrued at time of payment, computed at wage rates not less than those stated in the advertised specifications, regardless of any contractual relationship which may be alleged to exist between the Contractor or subcontractor and the laborers and mechanics;

   c. The Contractor will post the scale of wages to be paid in a prominent and easily accessible place at the site of the work;

   d. There may be withheld from the Contractor so much of accrued payments as the contracting officer considers necessary to pay to laborers and mechanics employed by the Contractor or any Subcontractor on the work the difference between the rates of wages required by the Contract to be paid laborers and mechanics on the work and the rates of wages received by the laborers and mechanics and not refunded to the Contractor or Subcontractors or their agents.

3. **Copeland "Anti-Kickback" Act.** If applicable, the Contractor must comply with the Copeland "Anti-Kickback" Act (40 USC 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"), which prohibits the Contractor and subrecipients from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.

4. **Contract Work Hours and Safety Standards Act.** If the Contract is **in excess of $100,000** and **involves the employment of mechanics or laborers**, the Contractor must comply with 40 USC 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5), as applicable.

5. **Rights to Inventions Made Under a Contract or Agreement.** If the Contract is funded by a federal "funding agreement" as defined under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

6. **Clean Air Act.** If this Contract is **in excess of $150,000,** the Contractor must comply with all applicable standards, orders, and regulations issued under the Clean Air Act (42 USC 7401-7671q) and the Federal Water Pollution Control Act (33 USC 1251-1387). Violations must be reported to the federal awarding agency and the regional office of the Environmental Protection Agency.

7. **Debarment and Suspension.** A "contract award" (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part

1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

8. **Byrd Anti-Lobbying Amendment.** If this Contract **exceeds $100,000**, bidders and the Contractor must file the certification required under 31 USC 1352.

9. **Procurement of Recovered Materials.** Under 2 CFR 200.322, a non-Federal entity that is a state agency or agency of a political subdivision of a state **and its contractors** must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

State shall not be bound by the terms and conditions for those specific services described, to the extent State elects not to use such service(s). State hereby agrees as follows:

DEPOSIT ACCOUNTS:

1. U.S. Bank National Association ("Bank") is hereby designated as State's banking depository for services provided under this Contract. State has received a copy of the deposit account terms, which are attached as Schedule M, and agrees that such terms shall govern the deposit account services provided by Bank. State agrees to provide Bank with a copy of documents requested by Bank.

2. Any two (2) of the persons whose names and signatures appear in Appendix A (individually, an "Account Signer") are hereby authorized collectively to:

- Open, Add, or Close Accounts in the name of the State
- Authorize pre-authorized lines for EFT/ACH Transfers
- Sign for accounts that have paper checks
- Authorize the implementation/amendment of services
- Approve payment for services
- Authorize staff to act on behalf of the agency in the delivery of Treasury Management Services.

Any of the foregoing activities must be authorized by at least two (2) individual Account Signers.

The authorization contained above includes transfers of funds or other property of State to accounts outside of those accounts State maintains at Bank.

3. Unless State otherwise advises Bank in writing and Bank has a reasonable opportunity to act on such writing, the Account Signers listed in Appendix A will be Account Signers on any future deposit accounts that State maintains with Bank.

TREASURY MANAGEMENT SERVICES:

4. Bank's treasury management services ("Treasury Management Service(s)") are described in the U.S. Bank Services Terms and Conditions (collectively the "Services Agreement"), attached as Schedule K. State has received and reviewed the Services Agreement and desires to use one or more of the Treasury Management Services.

5. Any one (1) of the persons whose names and signatures appear in Appendix B (individually, a "Treasury Management Signer also referred to as the Program Manager under this Contract") are hereby authorized to:

- Monitor contract performance;
- Primary contact for bank on program related issues/changes/updates to cardholder information
- Appoint staff that will perform functions on the account, utilize reporting, deliver services ("Authorized Users").
- Determine level of access each staff requires.
- Review/process billings
- Primary contact for program implementation; or subsequent changes. Any new services added must be done via change notice by the Contract Administrator.
- **NOTE** – This role is not authorized to establish wire or ACH transfers - All such transfers must be via pre-authorized lines approved by the account signers. Once a pre-authorized line is established, this role may utilize those lines for routine transactions.

6. Staff appointed by the Treasury Management Signer/Program Manager ("Authorized Users") are hereby authorized to:

- Routine/daily functions to process payments
- Access to reporting
- Account reconciliation
- Release/approve daily payment files

GENERAL:

6. All Account Signers and/or Treasury Management Signers, will remain in place until Bank receives written notice of any change and has a reasonable time to act upon State's written notice.

7. State agrees to furnish Bank with the names and signatures (either actual or any form or forms of facsimile or mechanical signatures adopted by the person authorized to sign) of the persons who presently are Account Signers, and/or Treasury Management Signers.

8. Customer may revoke the authority of or change the Authorized Account Signers, Treasury Management Signers/Program Manager(s), or Authorized User(s) at any time upon prior written notice and execution of additional documentation required by Bank. Such change or revocation shall not be binding upon Bank until it has received the required written notice and has had a reasonable opportunity to act thereon. In any event, Bank may act on instructions that were provided by an Authorized Account Signer, Treasury Management Signer or Authorized User.

SCHEDULE J - APPENDIX A
Account Signers

State Information

State Agency Name: _____

Tax Identification Number: _____

Account Information

Account Name	Account Number	Tax Identification Number

Authorized Account Signers

Name	Title	Specimen Signature

For Internal Use Only:

Authorized Signers are related to the Master Services Agreement dated: _____

Review_____ Validation Method _____ TL Review_____ Imaged_____

SCHEDULE J - APPENDIX B
Treasury Management Signers

State Information

State Agency Name: _____

Tax Identification Number: _____

Authorized Treasury Management Signers

Name	Title	Specimen Signature

For Internal Use Only:

Authorized Signers are related to the Master Services Agreement dated: _____

Review_____ Validation Method _____ TL Review_____ Imaged_____

Schedule K

U.S. Bank Services
Terms and Conditions

Thank you for choosing U.S. Bank Services. This document provides product information, disclosures and descriptions of the Global Treasury Management, Foreign Exchange, Money Center and Safekeeping Services ("Services") available at U.S. Bank. Other documents may become part of our Agreement depending on the Services selected. Please read all documents carefully; they will govern the Services provided to you, the State.

State shall not be bound by the terms and conditions for specific Services to the extent State is not using such Service(s).

U.S. Bank National Association

Member FDIC

(Effective 06/30/2016)

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I. INTRODUCTION

1. Definitions.

a. "Agent" means any director, officer, employee, representative, affiliate, third-party vendor or any other person or automation acting on behalf of the State with the actual, implied or apparent authority of State. Bank may rely on any grant of authority until it receives written notice of its revocation and is given a reasonable amount of time to act upon such notice.

b. "Bank" means U.S. Bank National Association and each subsidiary or affiliate of U.S. Bank that provides Services to State.

c. "Business Day" means any day on which a majority of Bank's offices are open to the public for substantially all banking functions. Saturdays, Sundays, federal or state holidays or any day recognized by a Federal Reserve Bank as a holiday shall not be considered a Business Day, even if Bank's offices are open.

d. "Customer" or "State" means the State of Michigan.

e. "Service" or "Services" means one or more global treasury management, foreign exchange, or money center and safekeeping services offered by Bank.

2. Other Agreements, Laws and Regulations. These terms and conditions and the Master Services Agreement (or existing Treasury Management Service Agreement or equivalent document executed by State) are collectively referred to herein as the "Agreement". The Services are provided to State subject to the following other documents, laws and regulations, which are hereby incorporated into and made part of this Agreement:

a. the setup materials, user guides, and any supplement thereto required by Bank to implement a specific Service (referred to in the Agreement as the "Implementation Documents");

b. the most current fee and availability schedule and other fee disclosures provided to State, including account statements;

c. the provisions of the then-current deposit account agreement and accompanying disclosures, which govern deposit accounts and other depository services;

d. the Uniform Commercial Code, as enacted in the State of Michigan;

e. any applicable automated clearinghouse operating rules, including, without limitation, the National Automated Clearing House Association Operating Rules and Guidelines (the "NACHA Rules"), the Real-Time Payments Operating Rules, and the rules promulgated by the Electronic Check Clearing House Organization (the "ECCHO Rules") and The Clearing House; and

f. federal, state and local laws and regulations applicable to Bank or State, including, without limitation, Regulation CC promulgated by the Board of Governors of the Federal Reserve System, 12 CFR Section 229.1, et seq. ("Regulation CC"), all Operating Circulars promulgated by the Board of Governors of the Federal Reserve System, and the regulations overseen by the Office of Foreign Assets Control ("OFAC").

3. [RESERVED]

4. No Third-Party Beneficiaries/Third-Party Claims. Services provided by Bank are for the sole and exclusive benefit of State, and no other persons or organizations shall have any of the rights and remedies arising under this Agreement.

5. Images. Bank may create a microfilm, optical disk, or other electronic image of the Agreement or Implementation Document. Bank may store the electronic image of such Agreement and/or Implementation Document in its electronic form and then destroy the paper original as part of Bank's normal business practices, with the electronic image deemed to be an original.

6. [RESERVED]

II. TERMS APPLICABLE TO ALL GLOBAL TREASURY MANAGEMENT, FOREIGN EXCHANGE AND MONEY CENTER AND SAFEKEEPING SERVICES

1. Services. Bank may provide Services that are not specifically included in the Services section of this Agreement. By accepting and using any Service, State agrees that the Service will be governed by this Agreement. Certain Services included in this Agreement may not be available or may not be provided in certain market areas.

2. [RESERVED]

3. [RESERVED]

4. [RESERVED]

5. Earnings Credit Rate. Fees for Services used by State, including but not limited to Overdraft Fees, may be offset through account analysis by applying earnings credit to State's service charges to determine a single monthly net service charge. The applicable earnings credit rate is established by the Bank and will change from time to time without advance notice to State. State's net service charge could be zero if such earnings credit exceeds total charges in a given month. If State's earnings credit is insufficient to offset the amount due hereunder, State agrees to pay such amount to Bank upon invoice to the State pursuant to the Contract terms.

6. Deposit Accounts. Most Services require that State maintain one or more deposit accounts with Bank. All checks, wire transfers, ACH payments and other items deposited into such accounts are provisionally credited and taken subject to later verification by Bank and Bank's receipt of final settlement. Deposited items that are deposited and later returned unpaid will be charged against the account without prior notice. State agrees to pay Bank for any overdraft or overpayment in any of State's accounts.

7. Security Interest. State grants to Bank a consensual possessory security interest in State's deposit accounts maintained with Bank and the funds held therein to secure payment of all of Program's obligations under this Agreement.

8. Accuracy and Timeliness of Information. Bank will use reasonable efforts to provide the information requested through the Services in a prompt fashion but shall not be liable for temporary failure to provide timely information. In such event, State shall be responsible for carrying out banking business through alternative delivery channels.

9. Authorized Signers and Users. State shall appoint certain Authorized Signer(s) in the Master Services Agreement, see attached Schedule J to this Contract.

10. Forms Approval and Service Implementation. Bank reserves the right to approve the form of State's checks, drafts, deposit slips and similar documentation. Prior to initiating a new account or Service, or at any other necessary time, State agrees to provide all information and conduct any test that Bank may reasonably request, including, without limitation, completing Implementation Documents and signature cards, providing corporate resolutions and other documents, and assessing test tapes and transmissions. State acknowledges that Services will not commence or continue until such time as an approved item or test is provided to Bank and determined by Bank to be satisfactory.

11. Security Procedures.

a. Introduction. Bank and State shall agree to one or more security procedures that must be used in connection with certain Service(s). State acknowledges and agrees that it has been informed of and understands Bank's security procedures, and that such security procedures are commercially reasonable. State agrees to be bound by any payment order, transaction or service change order that is acted upon by Bank in accordance with such security procedure. State understands that the security procedures are not intended for the purpose of detecting errors in the transmission or content of information controlled by State. If State selects certain security procedures to use in connection with a Service and those security procedures provide less protection against unauthorized transactions or activity than other security procedures offered by Bank in connection with such Service, the security procedures selected by State shall be deemed commercially reasonable to the same extent as the security procedures offered by Bank that provide greater protection. Bank reserves the right to issue new security procedures and/or to cancel or change any security procedures by giving thirty (30) days advance written notice to State.

b. Access. State shall be solely responsible for designating authorized access to Services. Access to Services may be controlled through the use of user IDs, personal identification numbers, passwords, digital certificates/signatures, biometric authentication, private keys or other security devices ("Codes"). State is solely responsible for maintaining its own internal security and agrees to use the utmost care in selecting any company, individual or automation given access to one or more of the Services. Codes that are assigned to individual Authorized Users shall not be shared with any other person, including other Authorized Users and State shall not disclose any information regarding the Services that an unauthorized user would find helpful to obtain access to all or part of any Service. State assumes all risk of accidental disclosure or inadvertent use of any Codes, whether such disclosure or use arises out of State's negligent or deliberate acts or otherwise. If State or its Agents has reason to believe that any security procedures or Codes have or may become known by unauthorized persons (whether or not employed by State) or if State believes its network or computer systems have been compromised or its computers infected, State shall as soon as reasonably practical notify Bank by telephone and confirm such verbal notification in writing to Bank within 24 hours. Bank will replace the security procedures and/or Codes in accordance with Bank's procedures. State shall be solely responsible for funds transfer instructions and other communications or transactions initiated before Bank received State's notice and had a reasonable time to act on such notice.

c. [RESERVED]

d. Written Instructions. For some Services, Bank may choose to honor State's request to give Bank written instructions regarding the Services. State agrees that Bank may in good faith rely on such written instructions that purport to come from an authorized Agent of the State without independent verification by Bank.

e. Fraud prevention measures. State has shared with Bank the State's fraud prevention measures and Bank agrees it is commercially reasonable, if State makes any material changes to its fraud prevention measures impacting the debit card enrollment file it will provide Bank with notice of such changes. State agrees to maintain debit and check blocks on all deposit accounts.

12. Unsecured Electronic Transmissions and Instructions. Bank shall transmit to State information related to Services via secure electronic transmissions. If State elects to send or receive instructions or reports from Bank via unsecured electronic means, including, without limitation, facsimile transmission, voice mail, unsecured email, pager or other unsecured electronic or telephonic methods ("Electronic Transmission"), State acknowledges that such Electronic Transmissions are inherently insecure communication methods due to the possibility of error, delay and observation or receipt by unauthorized personnel. Bank may rely in good faith on State's instructions regarding how and to what number or email address Electronic Transmissions should be sent and may rely on any Electronic Transmission that it reasonably believes to have been initiated by the State. Should State elect to send or receive unsecured Electronic Transmissions to or from Bank, State assumes all risks, and Bank shall not be liable for any loss, that results from the nonreceipt, disclosure, alteration or unauthorized access of any such unsecured Electronic Transmission.

13. Account Blocks and Filters. ACH debit blocks and check blocks prevent ACH debits and checks from posting to State's account. ACH filters and check filters enable State to set various criteria to authorize certain transactions to post to State's account while excluding others. If an ACH debit or check filter is established by State, any ACH debit entry or check presented that does not specifically meet the criteria will be dishonored or sent back to the originator of the transaction. State acknowledges that the effectiveness of the filters is dependent on the accuracy and timeliness of the information provided by State. In addition,

State acknowledges that payments to certain Bank-approved vendors cannot be blocked and that certain ACH transactions such as returns, settlements or adjustments cannot be blocked per NACHA Rules. If State desires to modify a block or filter setting, State shall notify Bank at least 72 hours in advance of the changes taking effect.

14. Computer Equipment and Software. Many Services require the use of computer hardware and software or other equipment. State is responsible for maintaining its computer and equipment (including those provided by or through Bank for use with Services) in good working order. State shall ensure that computers and other equipment have the necessary compatibility and format to interface with Bank's systems, including, without limitation, the ability to support the Bank's security procedures. State agrees to install upgrades and other system enhancements within a reasonable time after being requested to do so by Bank. State has no rights or ownership in any software provided by or through Bank and shall not transfer, copy, alter, modify, reverse engineer, reproduce, or convey in any manner, in whole or in part, any such software. State shall return all software and user manuals associated with any software upon request. Bank makes no representations or warranties with respect to any equipment or software provided by Bank.

15. Transactions on Non-Business Days/Cutoff Times. Transactions, deposits, payment orders, entries or other requests by State received by Bank on a non-Business Day, after established cutoff deadlines, or during a maintenance window may be treated by Bank as received on the next Business Day or may not be processed at all. State must approve any voluntary change in the cutoff time or other deadline to an earlier time or deadline by Bank. If any such change is due to a required network change or other applicable law, outside the sole discretion of the Bank, Bank will provide the State thirty (30) days advance written notice before it may change any cutoff time or other deadline.

16. State-Initiated Transactions and Instructions. Bank will honor State's transactions and instructions (including adjustments, amendments and cancellations) only when State has complied with this Agreement and related policies and procedures. Bank will be under no obligation to honor, either in whole or in part, and may, in its sole discretion, delay, suspend or reject any transaction or instruction that:

a. exceeds State's collected or available funds on deposit with Bank;

b. Bank has reason to believe may not be authorized by State;

c. involves funds subject to a hold, dispute or legal process preventing their withdrawal;

d. violates any provision of any applicable regulation of the Federal Reserve Bank or any other federal, state or local regulatory authority; or

e. Bank has reasonable cause not to honor, for the protection of either Bank or State.

17. Inconsistent Name and Account Number. If State or third party acting on State's instruction initiates a fund transfer instruction or payment order ("Payment Order") to Bank that describes the person to receive the proceeds of such Payment Order (the "Beneficiary"), the Beneficiary's bank, or an intermediary bank by name and an account or other identifying number, Bank and subsequent parties to the Payment Order may rely on and act solely on the basis of such number, even though the name and number do not agree and even though Bank and subsequent parties know or have reason to know of the inconsistency. State's obligation to pay the amount of the Payment Order to Bank is not excused in such circumstances. With respect to incoming Payment Orders that do not include an account number recognizable to Bank, Bank may return the Payment Order to the sending financial institution without incurring any liability to State.

18. [RESERVED]

19. State Records. This Agreement and the performance of Services by Bank shall not relieve State of any obligation imposed by law, clearinghouse rules (including the NACHA Rules and ECCHO Rules), or by contract regarding the maintenance of records, or from employing adequate audit, accounting and review practices as are customarily followed by similar businesses. In addition, State shall retain and provide to Bank, upon request, all information necessary to remake or reconstruct any deposit, transmission, file or entry for thirty (30) days following receipt by Bank of the deposit, file, entry, transmission or other order affecting an account.

20. Account Communications and Review Period. State agrees to regularly and promptly review and verify all statements, reports, check payment records, wire transfer instructions, confirmations, adjustments, charges, and other transactions ("Account Communications"). State may receive or access Account Communications electronically, including without limitation, delivery by posting to a password-protected website or database. State acknowledges that any Account Communication provided by Bank through electronic delivery is deemed to constitute good and effective delivery when posted by Bank, regardless of whether State actually or timely receives or accesses such Account Communication. Unless a different review period is specified elsewhere in this Agreement, State shall, within a reasonable time, which in no event shall be greater than sixty (60) calendar days following the day Bank first mails, electronically transmits or otherwise makes data available to State ("Review Period"), notify Bank of any error or discrepancy between State's records and any Bank notice or statement, or any transaction or transfer State believes was not authorized. If State fails to notify Bank of such unauthorized transaction within the Review Period, State agrees that the failure to report any such errors or unauthorized transactions shall relieve Bank of any liability for the unreported erroneous or unauthorized transaction. In accordance with NACHA Rules, State must report an unauthorized ACH debit entry to the State's account by the established deadline on the Business Day following the settlement date of the unauthorized entry. Otherwise, State's sole recourse is to the originator of the transaction.

21. [RESERVED]

22. [RESERVED]

23. [RESERVED]

24. Necessary Third-Party Service Providers.

a. Third-Party Networks. Some Services are provided by Bank through access to a third-party network, such as but not limited to the Federal Reserve, NACHA, etc. Such Services are dependent upon the availability of the third-party network on conditions acceptable to Bank. Bank reserves the right to discontinue the Service or provide the Service through an alternative third-party network and shall have no liability should such network become unavailable. Bank does not warrant and shall not be responsible for Services received by State from any third-party network.

b. [RESERVED]

25. [RESERVED]

26. [RESERVED]

27. [RESERVED]

28. [RESERVED]

29. Suspension of Services. Bank may suspend any Services upon thirty (30) days written notice to State if any of the following occurs: (a) Bank has reason to believe that State has engaged in fraudulent or illegal activity; (b) State fails to maintain balances in accounts sufficient to cover overdrafts; (c) State fails to comply with security procedures or fails to provide information reasonably requested by Bank; or (d) Bank determines it is illegal to provide any Services because of changes in laws, regulations or rules. Notwithstanding any suspension, the terms of this Agreement shall apply to all transactions which have been initiated prior to suspension. If thirty (30) day written notice is not commercially feasible, then Bank will provide immediate written notice upon the suspension of the Services, allowing the State the maximum amount of time to cure any potential deficiency.

III. TERMS APPLICABLE TO ALL INTERNET-BASED SERVICES

1. Introduction. Bank offers a number of Services over the Internet. If requested by State and agreed to by Bank, Bank will grant State access to one or more of Bank's Internet Services in the manner established by Bank. State agrees that its use of Services from time to time offered by Bank via the Internet (collectively, the "Internet Services") shall be governed by:

(i) this Section and all other relevant sections of this Agreement, including, without limitation, sections governing the specific Services that are offered online;

(ii) the other agreements, laws and regulations described in Section I.2 of this Agreement; and

(iii) the applicable Terms of Use, as defined in Section III.2 below.

2. [RESERVED]

3. Security Procedures. State agrees to use the Internet Services in accordance with the security procedures established by Bank. Bank reserves the right to reject any transaction or Service request that is not made in accordance with such procedures. State shall at all times use a Web browser that supports the level of encryption used by Bank as part of its security procedures. Due to emerging technologies and ensuing changes in security practices, Bank reserves the right to supplement or change its security procedures from time to time upon reasonable notice to State provided it still remains compliant with the attached State's Data Security Schedule F. State acknowledges and agrees that, notwithstanding anything to the contrary set forth in the Agreement, in matters of security, reasonable notice may be less than a day's notice or even, in some cases, notice after the fact. State is solely responsible for maintaining a secure work environment to ensure against the use of Internet Services by unauthorized individuals or unauthorized automated access. Security procedures to be followed by State include, without limitation, informing Authorized Users that any passwords should not be shared, securing physical access to the terminals used for Internet Services when an Authorized User has logged in to an application or system and, if applicable, identifying secure methods for controlling authorized automated access to an application or system.

4. System Administrator. State shall designate one or more System Administrator(s). The System Administrator shall be responsible for setting up Internet Services and for establishing internal security procedures related to such Internet Services, which may be made available through applications or systems offered by Bank, including, without limitation, accepting delivery of software, system-wide configuration of Bank accounts, appointing Authorized Users, establishing authority levels, authorization requirements and payment limits, and distributing and resetting IDs, passwords and other internal security devices related to the Internet Services.

5. Other State Responsibilities.

a. Equipment and Software. State is responsible for obtaining (from Bank, in some instances), installing and maintaining the computer and communications equipment (including, without limitation, personal computers and modems), software, Web browsers, Internet access and communications services necessary to access and use the Internet Services in accordance with this Agreement.

b. Use of Internet Services. State shall use its access to Internet Services and websites operated by or on behalf of Bank only to conduct its business through or with Bank and agrees to limit access to those Agents who require access to Internet Services.

c. Antivirus Protection. State agrees to run antivirus software before transmitting data to or through any website. State may use any commercially available, industry recognized antivirus software of the type that detects and disinfects viruses automatically, without the need for the State to execute virus scanning for each file manually. State shall update its antivirus software on a regular basis.

d. Anti-malware Protection. Bank may offer complimentary anti-malware software for use with certain Services that is designed to detect, deter or destroy different types of malware. Failure to install anti-malware software offered by Bank could substantially increase the likelihood of fraud and other losses.

e. Network Security. State agrees to provide network security for its information technology systems that access Services via the Internet. Network security protection includes, but is not limited to, firewalls and intrusion detection systems. For certain Services, Bank may require State maintain specific network security protection in order to access the Services.

IV. TERMS APPLICABLE TO SPECIFIC GLOBAL TREASURY MANAGEMENT SERVICES

The following are additional terms and conditions applicable to specific Treasury Management Services offered by Bank. State shall not be bound by the terms and conditions for the specific Services described in Sections IV, V and VI of this Agreement to the extent State is not using such Service(s).

A. [RESERVED]

B. INFORMATION REPORTING AND TRANSACTION SERVICES

Information reporting and transaction Services may be provided by Bank to State through SinglePoint®, Global Trade or other applications or systems as may be introduced by Bank ("System(s)"). The System may also be used by State to automate many of the Services offered by Bank and also may provide access to other Bank systems that initiate transactions. State agrees that such use of the System shall be governed by this Section and all other relevant sections of this Agreement.

1. Introduction. If requested by State and agreed to by Bank, Bank will grant access to Bank's System(s) in the manner agreed to by Bank. State agrees to be bound by any terms of use and license agreements associated with these Systems that are incorporated into the Contract via a change notice after the State's review and approval.

2. Information Reporting. Bank is authorized to store, process, transmit and make available through Bank's agencies and Systems and through third-party data processing providers ("Providers") information regarding accounts designated by State. Bank or Providers will transmit to State information regarding its account(s) and/or other financial data through the System on a periodic basis. State may elect to receive data through one or more delivery mechanisms, including, without limitation, the Internet, facsimile, CD-ROM or secure email or other data transmission options supported by Bank. Section II.12 shall apply in the event State elects to receive facsimile reports via an Electronic Transmission. Balance and related information for State's account(s) held at other financial institutions may be made available by these financial institutions or Providers that input information into Bank's System. Bank will use reasonable care in submitting data into the System but assumes no responsibility for the accuracy or timeliness of the account information and other financial data supplied by other financial institutions or Providers. Bank will make every reasonable effort to deliver information by the mutually agreed upon time but does not guarantee a specific delivery time. Accordingly, Bank's responsibility to State with respect to the delivery of information shall be to deliver such work as close to the agreed time as may be reasonably practicable.

3. Transaction Services. State may use SinglePoint®, Global Trade or other similar System to access treasury management or trade finance transaction Services offered by Bank for which State has enrolled. Depending on the type of Service or System feature offered by Bank and selected by State, access to the transaction Services may include, but are not limited to, ACH, cash vault, check payables, wire transfer payments, book transfers, positive pay services, investments, loan services, trust services, letter of credit services, adjustments, returns and exceptions management, receivables management, transaction research and annotation, and system administration. State agrees that use of the System for transaction Services shall be governed by this Section IV.B and all other sections of this Agreement that are applicable to the product or Service being accessed.

4. Security Procedures/System Administrator. State agrees to operate the System in accordance with Sections III.3 and III.4 of this Agreement.

5. Manuals. Bank will provide State with a manual in electronic format that will set forth the applicable System's policies and procedures with which State agrees to comply. Bank may, without prior notification, make amendments to any manual. Bank owns or has obtained all proprietary rights to the manuals and State agrees not to duplicate, distribute or otherwise copy Bank's manuals without Bank's prior written consent. Any manual will at all times remain the property of Bank and Bank reserves the right to request State to return all printed copies of such manual within thirty (30) days of termination of this Service.

6. State Responsibilities. State will purchase (from Bank, in some cases) and provide all equipment and software necessary to use the applicable System in accordance with this Agreement. Bank shall have no responsibility and makes no warranties for such equipment or software. State agrees to use the System solely to conduct its business with Bank and agrees to limit access to those Agents who require access to the System. State agrees that in addition to other limitations to Bank's liability elsewhere in this Agreement, Bank shall not be liable for any loss or damage arising directly or indirectly from the following:

a. any inaccuracy or incompleteness in the input of an order or instruction from the State;

b. any failure by State to obtain a confirmation of an order or instruction; or

c. any cancellation or attempted cancellation by State of an order or instruction.

7. International Information Reporting. If requested by State and agreed to by Bank, Bank may provide incoming international information reporting through Providers or via SWIFT, which shall be governed by the terms of this Section IV.B, other applicable sections of this Agreement, and other applicable agreements or law. Bank shall receive the international information reporting data through Providers or via SWIFT from State's account-servicing Bank ("Servicing Bank") and shall display such data to State using SinglePoint® or other similar System. If State makes a request to Bank for an off-schedule international information report from the Servicing Bank, State agrees that Bank shall have no liability if the Servicing Bank does not support the off-schedule request or does not respond to the request in a timely manner.

C. [RESERVED]

D. ACH SERVICES

1. Introduction. If requested by State and agreed to by Bank, State or its Agent may initiate credit or debit Automated Clearing House ("ACH") transactions ("Entries") for payments ("Credit Entries") and/or collections ("Debit Entries") on Business Days to its accounts or the accounts of others ("Receivers") in accordance with Bank's security procedures and this Agreement. Bank will act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries. Bank may process Entries directly, through one or more clearinghouses, or through the mechanism selected by Bank. State's rights and obligations with respect to such Entries are governed by applicable law and the NACHA Rules, as amended from time to time. State acknowledges that it shall be bound by the then-current version of the NACHA Rules and agrees not to initiate any Entry in violation of the NACHA Rules or applicable federal, state or international law, regulation or clearinghouse rules, including, without limitation, Regulation E of the Board of Governors of the Federal Reserve System, regulations promulgated by the Office of Foreign Assets Control, FinCEN, and Operating Circular 4 of the Federal Reserve Bank (collectively referred to herein as the "Rules"). Bank shall have the right to suspend Services if Bank determines, in its sole and absolute discretion, that State is not complying with the Rules and/or this Section IV.D., provided that Bank notifies the State thirty (30) days before any such suspension, so State may have the opportunity to review and consider Bank's expressed issues regarding the State's compliance with the Rules. State acknowledges that a copy of the NACHA Rules is available through NACHA at current NACHA prices. Bank shall have the right, in its sole discretion, to terminate or suspend ACH Services immediately if Bank is legally required to place a hold on funds or a portion of the funds in State's account(s). Bank will provide the State written notice within one business day of such termination or suspension. Bank may also, in its sole discretion, delay, suspend or reject an ACH file or Entry if the Bank has a reasonable basis to suspect the ACH file or Entry may be unauthorized or fraudulent. Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to them in the NACHA Rules.

2. Entry Origination/Processing Dates/Deadlines. State may initiate Entries in the manner and format agreed to by Bank. ACH files transmitted to Bank shall be in an unbalanced file format. Bank has the right to restrict the standard entry class ("SEC") codes utilized by State. If notified by Bank of such restriction, State must cease use of the SEC code and the underlying transaction type. State agrees that all Entries (regardless of SEC Code) that involve the storage, exchange or transmission of banking information via unsecured electronic networks shall be encrypted or transmitted via a secure session, using a commercially reasonable security technology that complies with regulatory guidelines. Bank will establish a deadline for the receipt of Entries from State ("Deadline"). Bank may establish different Deadlines for Entries depending on the method of delivery employed by State and all such Deadlines are subject to change. Bank must receive State's Entries at or prior to the Deadline for the Entries to be processed on the Business Day of receipt. Entries received after the Deadline, Entries that contain an Effective Entry Date that is invalid or stale, or Entries that are ineligible for Same Day ACH, will be processed on the next Deadline, which may be the next Business Day. Entries with settlement dates of more than thirty (30) calendar days from receipt will not be processed unless prior arrangements have been made. If State has opted-in for Same Day ACH, State acknowledges that any Entry using the current day's date as the Effective Entry Date that is submitted to the ACH Operator prior to the Deadline shall carry the Same Day ACH fee. If State has not opted-in for Same Day ACH and submits an Entry prior to the Deadline using the current day's date as the Effective Entry Date, State acknowledges that such Entry shall be processed on the next Business Day.

3. Content and Secondary Authorization. In submitting any Entry, State shall be responsible for providing all information required by Bank. State bears sole and exclusive responsibility to verify that the information set forth in Entries submitted to Bank is authentic, accurate and conforms to the Rules. The Services hereunder are only designed to respond to information provided by State. Accordingly, any inaccuracy in any information provided by State may result in unintended processing by Bank. Bank bears no responsibility for detecting or reporting any error in data supplied by State and shall not be liable to State for any information provided by State with respect to an Entry which is inaccurate, incomplete or otherwise incorrect. State will have procedures in place to have a second review to approve ACH files submitted to Bank.

4. Entry Limits and Payment. State agrees to comply with any applicable per transaction or aggregate Entry limits established by the Rules. State shall at all times maintain a settlement account with Bank for the purpose of funding State's Entries ("Account"). The total dollar amount of Entries initiated by State through Bank under all ACH Services and pending on a given day shall not exceed the lesser of collected or available balances in the Account or an exposure limit should one be established by Bank ("Exposure Limit"). Establishment of an Exposure Limit should not be interpreted or construed by State as a commitment or agreement to provide any credit or loans to a State and is subject to modification or termination at any time by Bank. State shall pay Bank for all Entries and authorizes Bank to charge its Account or any other account with Bank in the amount of such Entries. Bank shall have the right in its sole discretion to reject any or all Entries initiated by State without notice if Bank has reason to believe that there will be insufficient available funds on the relevant settlement date, even if Bank may have previously accepted Entries for processing with insufficient available funds in the Account. State will receive funds for any Debit Entry on the ACH settlement date. Bank shall credit the Account in any amount payable to the State, subject to Bank's right to make adjustments in accordance with this Agreement. Bank may establish, monitor and periodically review State's Exposure Limit and State's compliance thereof, and may, in Bank's sole discretion, cease processing Entries based on such review.

5. Prenotification. To the extent permitted by the Rules, State may elect to send a prenotification that it intends to initiate an Entry to a particular account in accordance with the procedures set forth in the Rules or by Bank. The prenotification can be returned or result in a Notification of Change ("NOC"). If the prenotification is returned, State shall research the problem and make any necessary corrections before transmitting another Entry. If the prenotification results in a NOC, State shall make the required change prior to initiating another Entry or issue a Refused NOC. Bank offers an optional Service that allows Bank to track State's NOC on State's behalf. If State selects this option, Bank shall only manage the changes to the routing numbers, account numbers and transaction codes.

6. Notification of Change ("NOC"). A NOC is created by the Receiving Depository Financial Institution ("RDFI") to notify State (via Bank) that previously valid information contained in a posted Entry is outdated, or information contained in a prenotification or live transaction is erroneous or improperly formatted and should be corrected. Bank offers NOC Manager, which is a Service that allows Bank to track State's NOC on State's behalf. NOC Manager only manages the changes to routing numbers, account numbers and transaction codes. Bank, in its sole discretion, may require that State enroll in NOC Manager as part of ACH Services provided to State.

7. Data Breach Notification. State may have gathered personal or financial information of its customers for the purpose of initiating ACH transactions. Such information may include, without limitation, the State's bank account number together with the bank routing number, or the customer's name together with the customer's social security number or tax identification number. State agrees to promptly report to Bank any loss, theft or unauthorized access of such information ("data breach") by or from State, its Agent, or third-party service provider, if circumstances indicate that the misuse of such information has occurred or is reasonably possible. State acknowledges that Bank may have an obligation to report any data breaches to NACHA and other affected parties, and agrees to establish appropriate procedures to prevent, detect, investigate and report data breaches. If applicable to State, State agrees to render electronically stored account numbers used in the initiation of Entries unreadable in accordance with the requirements and effective dates specified by NACHA.

8. ACH Secured Funds Entries. Bank may, in its sole discretion, require State to prefund some or all Credit Entries that State desires to initiate should State's credit rating fall below investment grade. State acknowledges and agrees that such funds are held solely for the benefit of Bank and that State will not be entitled to earn any interest thereon. Upon initiation of such Credit Entries, Bank is authorized to immediately charge the Account (in the total amount of such Entries). If ACH Secured

Funds is used to initiate Debit Entries, funds will be credited to the Account on the settlement date of the transaction. However, such funds shall not be available for withdrawal from the Account for two Business Days, or such other period as determined by Bank, after the settlement date.

9. File Confirmation System. State shall at all times comply with applicable file confirmation procedures and any security procedures established by Bank. Such procedures are solely for the purpose of verifying the origination of Entries by State or Bank's receipt of the ACH file and/or batch (but not for errors in transmission or content).

a. Control Totals. If State elects to provide Bank with the total dollar value of Entries and any other necessary information ("Control Totals"), State must telephone Bank's Interactive Voice Response system or input Control Totals through SinglePoint each time it originates Entries. After Bank receives State's ACH file, Bank will compare the information in the ACH file to the Control Totals. If the information matches the Control Totals, Bank will process the ACH file. Bank will notify State if the Control Totals do not match the information in the ACH file, or if Bank receives an ACH file without receiving Control Totals or vice versa. Bank will not process an ACH file unless it receives conforming Control Totals before established Deadlines.

b. Confirmation of Receipt. If State elects not to provide Bank with Control Totals but elects to receive a confirmation report or file, Bank shall provide State with a confirmation that Bank received State's ACH file and/or batch. After State receives the confirmation report or file, State will compare the confirmation information to State's ACH transmission information. If the information does not match, State shall notify Bank before Bank's established deadline, failing which, Bank shall process State's ACH file and/or batch. State acknowledges that the confirmation report or file is for the sole purpose of verifying Bank's receipt of the file and does not signify any validation of data. State bears sole responsibility for any inaccurate or incomplete information provided to Bank if State fails to notify Bank prior to Bank's processing of State's file.

10. Rejected and Returned Entries, Unauthorized Entries. Bank may reject any Entry that is not initiated in accordance with this Agreement. In the event that an Entry is rejected, or returned by an ACH processor, for any reason whatsoever, it shall be State's responsibility to reinitiate the Entry. Bank will give State or its designated Agent notice of any rejected or returned Entry in the manner agreed to by the parties. Bank is authorized to debit/credit the Account for Entries that are returned to Bank. Unless the return is caused by Bank's failure to properly execute an Entry, Bank has no obligation to pay State interest on the amount of any returned Entry debited from the Account. A Receiver may, in some cases, have the right to have an unauthorized or erroneous Debit Entry credited to its account. State agrees that Bank may deduct the amount owing to the Receiver from State's Account upon Bank's receipt of proper notice from the Receiver's bank. Bank may charge back against State any Debit Entry that is returned or reversed by the RDFI.

11. ACH Redeposit Service. If requested by State and agreed to by Bank, Bank will reinitiate (maximum of two times) each Debit Entry returned for insufficient or uncollected funds.

12. Amendment of Entries. State does not have the right to delete, reverse or amend any Entry (each, an "Adjustment Request") after it has been received by Bank. If State sends Bank an Adjustment Request via internet, secure email, or fax in accordance with the terms of this Agreement, Bank will make reasonable efforts to act on the Adjustment Request. All Adjustment Requests must be received by Bank prior to the established deadlines, and even if the Adjustment Request is made in a timely manner, State acknowledges that an Adjustment Request may prove unsuccessful (for example, if it is returned by the RDFI for non-sufficient funds).

a. Internet Option. If State has selected the Internet Option, State may use SinglePoint® to transmit information to Bank for the purpose of amending ACH files. State agrees to comply with any applicable software agreement, user guide and any established security procedures.

b. Secure Email Option. If State has selected the Secure Email Option, State may send an Adjustment Request to a designated shared mailbox at Bank.

c. Fax Option. If State has selected the Fax Option, State may transmit an Adjustment Request to Bank via facsimile to a designated facsimile number. State acknowledges that the Internet and Secure Email Options are substantially more secure than the Fax Option. State agrees to be bound by any instructions submitted via the Fax Option, whether or not authorized, issued in its name and accepted by Bank in accordance with the agreed procedures.

13. State Representations. State represents and warrants to Bank that each Entry: (i) complies with the terms of this Agreement and the Rules; (ii) does not breach any warranty of State or Bank contained in this Agreement and the Rules; (iii) complies with applicable state, federal laws and rules, including, without limitation, the Electronic Funds Transfer Act, Regulation E and regulations overseen by the Office of Foreign Assets Control; (iv) is accurate, timely, and authorized; and (v) that any Debit Entry is for a sum that on its settlement date is due and owing from the Receiver to State or is a correction of a previously transmitted erroneous Credit Entry. With respect to each ACH Entry (regardless of SEC Code), State is deemed to make to Bank any representation or warranty that Bank makes, under applicable law and the Rules to any person, RDFI, or any other transferee. Receiver authorizations shall expressly authorize Bank to transmit corrective entries to Receiver's accounts to correct a prior Entry and shall authorize State to release to Bank all information concerning its Receivers that is required by Bank to recover such Entries. State shall immediately cease initiating Entries upon receiving actual or constructive notice of the termination or revocation of the Receiver's authorization. State will retain each authorization received by State for such period of time as may be required by the Rules or applicable law and shall provide Bank with copies of such authorizations upon request.

14. [RESERVED]

15. [RESERVED]

16. [RESERVED]

17. Accounts Receivable and Back Office Conversion Entries. NACHA Rules allow State to utilize ACH to collect consumer check payments received via U.S. mail or at a dropbox location ("ARC Entry"). NACHA Rules also enable State to convert during back office processing checks presented either at the point of purchase or a manned bill payment location ("BOC Entry"). In the event that State initiates an ARC or BOC Entry to Bank, State agrees that such ARC or BOC Entry will comply with all provisions of this Agreement and applicable Rules and makes the following additional representations and warranties regardless of which entity initiates the ARC or BOC Entry on its behalf:

a. Prior to the receipt of each check, State has provided clear and conspicuous notice to the Receiver: (i) that receipt of the check is authorization for a payment as a check transaction or for a one-time ACH debit to the Receiver's account; and (ii) of State's phone number for inquiries regarding BOC Entries.

b. State shall provide a copy of the notice to the Receiver at the time of the transaction if Receiver presents the check in-person.

c. Each check is eligible as a source document under NACHA Rules to be collected via an ARC or BOC Entry.

d. State shall use a reading device to capture the Receiver's routing number, account number, and check serial number from the source document (unless Bank has agreed to do so on State's behalf for retail lockbox services).

e. The amount of the entry, the routing number, the account number, and the check serial number are in accordance with the source document.

f. The source document to which the ARC or BOC Entry relates will not be presented for payment.

g. State has established policies and procedures to destroy the source document as soon as is reasonable and shall use commercially reasonable methods to securely store the source document until such destruction.

h. State shall use commercially reasonable methods to securely store all banking information relating to the ARC or BOC Entry.

i. State shall retain a reproducible and legible image, microfilm or copy of the front of the Receiver's source document for two years from the settlement date of each ARC or BOC Entry, and shall immediately provide same to Bank upon request.

j. For BOC Entries, State has employed commercially reasonable procedures to verify the identity of each Receiver of BOC Entries.

k. For BOC Entries, State maintains a working telephone number that is answered during State's normal business hours for Receiver inquiries regarding BOC transactions.

18. [RESERVED]

19. [RESERVED]

20. Third-Party Vendors. If State initiates Entries through a third-party vendor or processor ("Vendor"), Vendor is the agent of State and not of Bank. If State uses a Vendor, State shall be deemed to have authorized Bank to follow the instructions of such Vendor to the same extent and under the same conditions as would apply if the instructions came direct from State and State shall be responsible for insuring that such Vendor fully complies with the Rules and this Agreement. Bank is not responsible for the acts or omissions of Vendor.

21. [RESERVED]

22. Cash Concentration/Deposit Reporting Services. State may request Bank to provide deposit reporting Services based on information provided by the State or its designated Agent. Information will be delivered to Bank at the time and location established by Bank. Bank has no responsibility for the accuracy of any information provided by State. State may authorize Bank to initiate Credit or Debit Entries to accounts designated by State at other financial institutions. Bank will initiate such Entries in accordance with agreed procedures. State agrees to authorize RDFIs to honor such transactions.

23. [RESERVED]

E. WIRE TRANSFER SERVICES

1. Introduction.

a. Governing Law. Bank sends outgoing and receives incoming wire transfers through Fedwire (the funds transfer system owned and operated by the Federal Reserve Banks or other provider in accordance with section II.24.A). All funds transfers are governed by this Agreement, Subpart B of Regulation J of the Federal Reserve Board, OFAC regulations, and all other applicable international, federal, state and local laws and regulations. State agrees not to initiate or receive a wire transfer payment order in violation of applicable federal, state or local law.

b. Authorized Users. State will designate to Bank in the form required by Bank those individuals authorized to instruct Bank regarding wire transfer Services including without limitation, individuals authorized to initiate payment orders and select advice methods, confirmation methods, and any or all authorizations and instructions that may be requested by Bank. Bank may rely on any such authorization until it has been revoked in writing by State. Bank shall have a reasonable time to process any revocation received pursuant to this Section.

2. Routing/Time Deadlines. Bank may use any means of transmission, funds transfer system, intermediary bank, clearinghouse or route that Bank reasonably believes is suitable for each outgoing wire transfer. Bank will establish from time to time one or more deadlines after which Bank will not accept an incoming payment order to be processed on the day of receipt. Payment orders received after Bank's established deadline, during a maintenance window, or on any non-Business Day, including any Saturday, Sunday, holiday or any day that Bank's wire department is not open will be rejected. Payment orders received during a maintenance window, including the end-of-day maintenance window, will not receive a notice of rejection.

3. Payment Orders.

a. Communication. State may communicate a payment order to Bank by the means and manner agreed to between the parties.

b. Content of Payment Orders. State will supply to Bank any information Bank may reasonably request regarding any payment order initiated by State, including, without limitation, money amounts, affected accounts, dates of transfer, the beneficiary's name and account number, the name and routing number or bank identifier code of the beneficiary's financial institution, such additional information as Bank may reasonably request and, if necessary, further evidence of any Agent's authority to transfer funds or to do any other act contemplated by this Service.

c. Execution of Payment Orders. State authorizes Bank to execute and charge State's account(s) with Bank for payment orders delivered to Bank in accordance with this Agreement. Bank has no obligation to execute a payment order if State's account to be charged has insufficient collected and available funds to cover the order.

d. Processing Payment Orders. The order in which Bank processes wire transfer payment orders is determined solely by Bank. State does not have the right to reverse, adjust or revoke any payment order after it has been received by Bank, provided, however, that Bank will make a reasonable effort to act on such a request by State. With respect to a payment order already transmitted to the beneficiary's financial institution, Bank shall, at State's request, request the financial institution to return funds previously transferred. State understands that the receiving institution is under no legal obligation to comply with this request.

e. Rejection of Payment Orders**.** Bank may reject a payment order from State if such payment order is not initiated in accordance with the applicable security procedure, if there is any inconsistency between a payment order and information previously supplied to Bank, if Bank is unable to obtain confirmation of such payment order satisfactory to Bank, if there are insufficient collected funds in State's specified account to fund the payment order, if Bank has a reasonable basis to suspect the payment order may be unauthorized or fraudulent, or if Bank has other reasonable grounds not to honor the payment order. Bank will notify State by telephone that it has rejected a payment order. Bank may also reject an incoming payment order if it has reasonable grounds to do so.

f. Standing Payment Orders. If requested by State and agreed to by Bank, State may initiate a standing payment order, which is one where the State pre-programs the beneficiary, the beneficiary's financial institution, and the accounts to be debited and credited and such information remains constant for subsequent payment orders. State shall provide Bank with the necessary information to execute the standing payment order, including, without limitation, the dollar amount to be transferred or the desired peg balance, the frequency of the order and the day of week or month when the payment order is to be executed. State may terminate a standing payment order at any time upon receipt by Bank of a written notice. Bank shall have a reasonable time to act on such notice.

g. Batch Wire; Direct Wire Interface.

(i) Service Specifications. If requested by State and agreed to by Bank, the Batch Wire service and Direct Wire Interface service allows State to initiate payment orders from its computer to Bank's computer, subject to the provisions of this Agreement. In addition, the Direct Wire Interface service allows State to receive reports of incoming wire activity. State will comply with the relevant interface specifications established by Bank for these services, including, without limitation, file formats, means of data transmission, or establishing a secure connection (the "Specifications"). Bank may furnish State with modifications to the Specifications and State shall implement such modifications as soon as reasonably practicable.

(ii) Wire Transfer Software, Confidentiality. State or its Agent shall be solely responsible for creating the computer programs to implement the Specifications ("Wire Transfer Software"). State shall maintain the confidentiality of the Specifications and the Wire Transfer Software and permit access solely to those responsible for supporting the Wire Transfer Software or authorized to initiate payment orders. State shall implement passwords and other security devices commensurate with the highest level of security afforded by State to other computer programs and confidential information of State.

4. Confirmation of Outgoing Wire Transfers.

a. Confirmation Method. State and Bank shall agree to the method of confirming payment orders received from State. State shall designate Authorized Users to confirm payment orders. Bank recommends a minimum of three potential Authorized Users to confirm payment orders and that Authorized Users serve as an initiator or a confirmer, but not both. Notwithstanding Bank's recommendation, if State permits an Authorized User to act as both initiator and confirmer, State hereby authorizes Bank to process a wire initiated and confirmed by such Authorized User. State may add, change or delete the Authorized Users in accordance with Section II.9 of this Agreement. In the event the designated Authorized Users with authority to confirm are not available to confirm a payment order, State agrees that Bank may, at its discretion, elect to process the payment order initiated by an Authorized User. State agrees to be bound by any such payment order processed by Bank.

b. Waiver of Confirmation. Bank advises State not to waive confirmation. If State, however, chooses to waive confirmation, State agrees to be liable for all outgoing payment orders, except those payment orders where (1) State is able to conclusively prove that the unauthorized transfer could not have been prevented by the use of confirmation procedures; (2) Bank is unable to produce any evidence that the unauthorized transfer could have been prevented by the use of confirmation procedures; and (3) State is not otherwise liable for the transfer under this Agreement or applicable law.

c. Confirmation of Wire Transfers Initiated through SinglePoint®, Batch Wire, or Direct Wire Interface (collectively, the "State Initiation Methods"). State represents and warrants that the confirmation of payment orders initiated through any of the State Initiation Methods shall be verified, initiated and confirmed by State prior to receipt by Bank. All payment orders shall be initiated and confirmed in accordance with the security procedures established for the relevant State Initiation Method.

5. Advices.

a. Advice Method. State will select the type of advice it wishes to receive after Bank receives an incoming wire transfer. If State selects telephonic advices, State may designate person(s) to be contacted and telephone numbers to be used for advice purposes. Bank shall not be required to make more than one attempt to reach State's designated location by telephone. If Bank is able to reach the State's designated location, but not State's designated Agent, Bank may leave a message containing the information to be conveyed.

b. Advices by Facsimile. If State selects advices by facsimile ("fax"), State shall exercise extreme care in maintaining its own security in the receipt of fax advices. State acknowledges that the information to be received by fax may include confidential information, including, without limitation, names, amounts, phone numbers, originating account information and the text of incoming wires. State further acknowledges that it alone assumes full responsibility for maintenance of its internal security procedures to keep such information confidential.

c. Waiver of Advice. State may waive its right under the Uniform Commercial Code to receive advices by so indicating on the applicable Implementation Documents.

6. International Wire Transfers.

a. General. Wire Transfers across country borders are customarily done by Bank through a correspondent bank. Outgoing U.S. dollar payment orders may be converted by the correspondent bank or beneficiary bank to the local beneficiary's currency at the applicable rate in effect at any point in the processing chain. Though in some cases Bank may receive compensation from the correspondent bank in accordance with such conversion, the conversion is executed by the correspondent bank in accordance with the policies and procedures of such correspondent bank at an exchange rate set by that correspondent bank in its sole discretion and subject to any applicable regulations. Any fee, commission or charges assessed by Bank, the correspondent bank or the beneficiary bank may be passed on to the State or deducted from the wire transfer amount. Bank assumes no liability for delays, non-delivery, market risk or other events resulting from causes beyond Bank's control. In refunding unexecuted payment orders, Bank shall be liable to State only to the extent it receives payment from the correspondent bank processing the transfer. Cancellation or rejection of a transfer involving non-U.S. dollar currency is subject to any rate exchange loss as determined by Bank. State agrees to sell any canceled or rejected payment order to Bank at the then-current applicable foreign currency buy rate.

b. Remittance Transfer Provider. If State is at any time classified as a Remittance Transfer Provider under Regulation E, State represents, warrants and agrees that:

(i) State shall be responsible for performing and complying with the requirements of 12 CFR Part 1005, including, but not limited to, providing disclosures to the consumer (sender), the error resolution procedures, the provision of any remedies to the consumer, and the cancellation and refund of remittance transfers;

(ii) Bank is acting as an agent and not as a Remittance Transfer Provider when performing activities on behalf of State; and

(iii) Even if Bank is deemed a Remittance Transfer Provider under applicable law, State shall take all actions necessary to comply with the obligations of a Remittance Transfer Provider.

7. Reverse Wire Transfers.

a. Authorized Debits. If requested by State and agreed to by Bank, State authorizes Bank to debit State's account(s) with Bank upon receipt of a Fedwire drawdown request, and to send funds to the requesting bank. Each transfer will be done on the Business Day Bank receives the incoming request from the requesting bank if the request is received within a reasonable time to determine whether State's Account has sufficient available funds and to obtain access to the Federal Reserve network prior to the close of business.

b. Reverse Wire Funding. State acknowledges and agrees that Bank may reject any reverse wire request in excess of the collected and available

balance. Requesting bank will be notified if the request is rejected by Bank.

c. Wire Transfer Numbers. State's obligation to pay Bank the amount of the funds transfer in the event that the Fedwire message does not identify the same account or financial institution is not excused in such circumstances. When names and numbers are inconsistent, the numbers shall control. With respect to incoming wire transfers that do not indicate an account number recognizable to Bank, Bank may return the wire transfer to the sending financial institution without incurring any liability. State does not have the right to reverse, adjust or revoke any Fedwire message after it is received by Bank; however, Bank will use reasonable efforts to act on such a request by State to reverse, adjust or revoke such message before Bank has sent the outgoing wire transfer. With respect to an outgoing wire transfer already transmitted by Bank, Bank shall, at State's request, request the receiving financial institution to return funds previously transferred. State understands and agrees that the receiving financial institution may or may not comply with any such request.

d. Authorizations. State's authorization for reverse wire requests shall remain in effect until State gives written notice to Bank. Bank will have a reasonable time to act on any written notice received from State.

e. Limitation on Bank's Liability. In consideration of Bank's compliance with this authorization, State agrees that Bank's treatment of any authorized debit, and Bank's rights with respect to it, shall be the same as if the entry were initiated personally by State. Bank shall have no liability if any authorized debit is dishonored.

8. Additional Limits on Bank's Liability. Bank is responsible only for performing the Services described in this Section. Bank shall not be responsible for the acts or omission of State, any Federal Reserve Bank or other financial institution, any transmission or communication or any other person, and no such person shall be deemed to be Bank's agent under this Agreement.

F. DATA TRANSLATION SERVICES

1. Introduction. Bank may provide electronic data integration, custom formatting, or data translation ("Data Translation Services") to electronically streamline the exchange of payments, remittance and other information between State and Bank. If requested by State and agreed to by Bank, Bank will provide Data Translation Services in accordance with this Agreement and other procedures provided to the State. State agrees that Data Translation Services shall be governed by this Section and all other relevant sections of this Agreement.

2. Scope of Services. Data Translation Services may be used by State to initiate and receive payments using multiple payment channels or networks, which may include, but are not limited to, checks, wire transfers, ACH, virtual card, SWIFT, Real-Time Payments (RTP), Zelle, Visa or Mastercard, and to provide and receive business communications such as remittance data, payment data, invoices, confirmations, orders, or other information in State's preferred format. In order to obtain Data Translation Services, State must maintain an analyzed demand deposit account with Bank.

3. Entry Origination/Processing Dates/Deadlines. State may from time to time deliver to Bank requests to format information for payments and/or other data translation via the agreed upon means (collectively, "Data Translation Request(s)"). All Data Translation Requests shall conform to the content, format, deadlines and other specifications that may be established by Bank or a third-party software program approved by State and Bank for use with the Service. Bank may establish different deadlines for Data Translation Requests depending on the method of delivery employed by State and all such deadlines are subject to change. Bank must receive State's Data Translation Requests at or prior to the deadline established for processing on the Business Day of receipt. Data Translation Requests received after the deadline will be processed on the next Business Day. State will be notified if a Data Translation Request is rejected in accordance with procedures established by Bank. State represents and warrants that all information in each Data Translation Request delivered to Bank by State shall be accurate, timely, authorized and will otherwise comply with all applicable laws, rules and regulations.

4. Content and Transmission of Information. Data Translation Requests are only designed to respond to information provided by State. Accordingly, any inaccuracy in any information provided by State may result in unintended processing by Bank. Bank bears no responsibility for detecting or reporting any error in data supplied by State and shall not be liable to State for any information provided by State with respect to a Data Translation Request which is inaccurate, incomplete, duplicative or otherwise incorrect. State shall retain data on file adequate to permit State to remake each request for at least ten (10) Business Days following the date a file is sent to Bank and shall provide such data to Bank on request. State acknowledges that Bank has no obligation to maintain back-up copies of requests or other information delivered by State to Bank. State acknowledges that Data Translation Services may involve the transmission of confidential consumer information that may be subject to privacy laws and regulations, including breach notification regulations. State agrees to notify Bank if State sends or receives protected health information as part of Data Translation Services. If State is the recipient of misdirected information, State shall immediately notify Bank and return the information to Bank. State agrees not to retain, use, copy, distribute or otherwise disclose the information in any manner.

5. Payment Requests. State agrees that its requests to initiate payments utilizing Data Translation Services shall be governed by this Section, the sections of this Agreement governing the applicable payment mechanism, and all other applicable laws, rules and regulations governing the relevant payment mechanism. State authorizes Bank to execute all electronic and check payment requests ("Payment Requests"), and settle to the State's account all Payment Requests, delivered to Bank in compliance with the terms of this Agreement, including the security procedures. State is solely responsible for initiating the Payment Requests sufficiently in advance to meet State's contractual obligations to its vendors and/or its customer's. Bank shall not be responsible for any late payment or finance charges that may result from State's failure to allow sufficient lead-time.

a. Electronic Payment Requests. Depending on the scope of the Data Translation Services solution offered by Bank, State may from time to time

request that Bank initiate electronic payments using the ACH, card, SWIFT and Zelle networks, The Clearing House system, the wire transfer system or other electronic funds transfer system ("Electronic Payment Requests"). Except as may be provided elsewhere, State may not amend or revoke Electronic Payment Requests after they have been received by Bank. State acknowledges that the rules of NACHA and other electronic funds transfer systems may make any credit provisional until the financial institution crediting the account of the beneficiary specified in an Electronic Payment Request receives final settlement and that if the financial institution does not receive final settlement, it is entitled to a refund and State shall be deemed not to have paid the beneficiary. Electronic Payment Requests with settlement dates of more than thirty (30) calendar days from receipt will not be processed unless prior arrangements have been made. State authorizes Bank to use whatever means Bank, in good faith, deems reasonable under the circumstances to execute each Electronic Payment Request, including selection of a funds transfer system, routing and means of transmission.

b. [RESERVED]

6. Security Procedures. State shall comply with all security procedures established by Bank for Data Translation Services. State agrees that all Data Translation Requests that involve the exchange or transmission of banking information shall only use secure transmission options supported by Bank. For some Services, such as ACH, State and Bank may establish alternative, comparable security procedures for accessing such Services when Data Translation Services are utilized. State is solely responsible for maintaining its own internal security procedures to prevent errors or unauthorized access to State's computer systems by unauthorized employees, vendors or customers.

7. File Confirmation Procedures. State shall at all times comply with the applicable file confirmation procedures established by Bank. File confirmation procedures utilizing Data Translation Services are solely for the purpose of verifying Bank's receipt of the Payment Requests but not for identifying errors in transmission or content.

a. Control Totals. Control Totals are an elective option that allows State to confirm file totals of Payment Requests transmitted to Bank. If the Control Totals option is selected by State, State shall call Bank's Audio Response Unit ("ARU") or send a data file to Bank providing the total items and dollar value of the Payment Requests and any other necessary information ("Control Totals"). After Bank receives State's Payment Requests, Bank will compare the Payment Requests to the Control Totals. If the Control Totals match the Payment Requests, Bank will process the Payment Requests. Bank will not process the Payment Requests if Bank does not receive conforming Control Totals on or before the established delivery deadline. Bank will notify State if the Control Totals do not match the Payment Requests, or if Bank receives Payment Requests without receiving Control Totals or vice versa.

If the Control Totals option is not selected by State, upon Bank's receipt of State's electronic payments via a data file, Bank shall send an acknowledgement to State confirming receipt and acceptance of State's Payment Requests. If State identifies errors in the content or transmission of State's Payment Requests, or if State does not receive an acknowledgement from Bank, State agrees to notify Bank immediately. Depending on the payment deadlines, Bank may be able to delete or reverse processing of Payment Requests.

b. Payables File Manager. Payables File Manager is an elective Service that allows State to confirm that Bank has received State's files. Using SinglePoint® or other applications or systems as may be introduced by Bank, State may view the status of Data Translation files sent by State to Bank. If State selects this Service, State agrees to promptly and regularly review the status of all files displayed in the Payables File Manager and to notify Bank immediately if any files sent by State were not received by Bank. Depending on the payment deadlines, Bank may be able to delete or reverse processing of Payment Requests. State bears sole responsibility for any inaccurate or incomplete information sent to Bank if State fails to notify Bank prior to Bank's processing of State's files.

8. [RESERVED]

SCHEDULE L
RELIACARD PREPAID DEBIT CARD AGREEMENT

This ReliaCard Prepaid Debit Card Agreement (this "Agreement") is between U.S. BANK NATIONAL ASSOCIATION, a national banking association ("Contractor"), and the STATE OF MICHIGAN (the "State").

Contractor is a member of Card Networks and issues Card Network-branded debit cards, check cards, prepaid debit cards and other banking cards to cardholders; and

State is a government agency seeking to dispense payments to individual recipients via Card Network-branded prepaid debit cards; and

Contractor is willing to issue prepaid debit cards and perform related services to support the State's program, subject to the terms and conditions set forth in this Agreement.

THEREFORE, in consideration of the mutual promises set forth in this Agreement, Contractor and State agree as follows:

Article 1
DEFINITIONS

In addition to the Contract's Definitions, for the purposes of this Agreement, the following definitions will also apply:

"Account" means a prepaid debit card account operating through a centralized pool or funds, with an individual sub-account set up for each participating Cardholder, funded through periodic deposits made by State, and accessible using a prepaid debit card issued by Contractor.

"ACH" means the Automated Clearing House consisting of a collection of electronic interbank networks used to process transactions electronically.

"Adequate Identity Verification" means a process for verifying the identity of each Recipient that enables State to form a reasonable belief that it knows the true identity of each Recipient. Recipient's critical identification elements (such as First Name, Last Name, Date of Birth and Tax Identification Number) shall be evaluated against industry risk attributes and/or scores for Adequate Identify Verification. If the evaluation results are unsatisfactory, additional authentication must be performed prior to sending an enrollment file.

"Administrative Web Portal" means the proprietary web-based prepaid administrative portal hosted by U.S Bank that State may use to enroll Cardholders, load and activate Cards, manage Card inventory, and view reports regarding the Program.

"Affiliate" means, with respect to a party, any Person that is directly or indirectly in Control of, is under the Control of, or is under common Control with that party, as of the date of this Agreement or thereafter.

"Applicable Law" means with respect to any party, any law, ordinance, statute, treaty, rule, judgment, regulation or other determination or finding of or agreement with any arbitrator, court or other governmental authority applicable to or binding upon a party or to which a party is subject, whether federal, state, county, local, municipal, or otherwise.

"ATM" means an automated teller machine.

“Bona Fide Recipient” means Recipient whose identity has been confirmed through Adequate Identity Verification and who, to the best of State’s knowledge and ability, qualifies for the intended benefit.

“Business Day” means any day other than a Saturday, Sunday or federal legal holiday.

“Card” means a prepaid debit product bearing Contractor Marks and either Visa Marks or MasterCard Marks.

“Card Collateral” refers to the Cardholder Agreements, promotional materials, and any other documents, disclaimers, notices, and disclosures provided by Contractor for delivery to Cardholders in the manner directed by Contractor.

“Cardholder” means a Person who requests and receives a Card under the Program.

“Cardholder Agreement” means the written agreement between Contractor and each Cardholder that will govern the terms and conditions of each Card and the related Account.

“Cardholder Data” has the same meaning for same term as defined in the Payment Card Industry - Data Security Standards, as promulgated by the Card Networks from time to time.

“Card Network” refers to Visa U.S.A., Inc., Visa International, Inc., Plus System, Inc., MasterCard International Inc., Maestro, or Cirrus System, Inc.

“Card Security Guidelines” refer to the written instructions provided to State by Contractor describing the way State must securely store any Card stock in its possession and control, as the same may be modified from time to time. Contractor’s current Card Security Guidelines are attached as Exhibit C to this Agreement.

“Control” means the possession, directly or indirectly, of more than fifty percent (50%) of the voting power for the election of directors of any entity, or the power to direct or cause the direction of the management and policies of that entity, whether through ownership of voting rights, by contract, or otherwise.

“Disbursement” means the loading of funds onto an individual Card by State.

“Disbursement Amount” refers to the dollar value to be loaded onto a Cardholder’s Account.

“Fee Schedule” refers to the Cardholder’s schedule of fees and costs set forth in Exhibit B to this Agreement.

“Funding Account” means a centralized pool of funds held at Contractor with a digitally segregated sub-account set up for State that is funded through periodic deposits with Contractor by State (by means of ACH transfers or otherwise) and which is accessible through the use of a (real or virtual) prepaid debit card issued and serviced by Contractor. The Funding Account will only be used by State to make Disbursements to Cards.

“MasterCard Marks” means all names, logos, trademarks, and service marks owned by MasterCard Worldwide and its subsidiaries in the United States.

“Network Rules” means the applicable by-laws and operating rules of any electronic funds payment network, including rules promulgated by any Card Network or the National Automated Clearinghouse Association.

“Person” means any corporation, company, group, partnership, other entity, or individual.

“Personalized Card” means a Card issued pursuant the Program for a particular Cardholder that bears the respective Cardholder’s name.

"PLUS SYSTEM Marks" means the service marks "PLUS SYSTEM" and a certain diamond design, which are registered as United States Registration No. 1,116,468 dated April 10, 1979 for PLUS SYSTEM, Registration No. 1,120,179 dated June 12, 1979 for a diamond design, Registration No. 1,117,432 dated May 1, 1979 for PLUS SYSTEM used in conjunction with the diamond design, and all of which are owned by Visa International Inc.

"PM" means the Program Manager, which is the individual designated by a party to serve as that party's primary point-of-contact with respect to notices under this Program.

"Program" means the program between Contractor and State for the issuance of Cards to Cardholders, according to the terms of this Agreement.

"Program Description" means the description of certain features of State's Program and the duties of the parties in relation to the Program found in Exhibit A to the Agreement.

"Program Launch" means the date the first Disbursement is made onto a Card under the Program other than loads made to any test cards.

"Public Records Laws" shall mean the state laws and regulations applicable to the State as a government agency that governs the rights of members of the public to obtain documents and other records from the State.

"Recipient" means an individual receiving disbursements or payments from the State.

"RII Card" means a non-personalized instant issue Card issued pursuant to the Program.

"RII Cardholder" means a Person who requests and receives an RII Card.

"State Representatives" mean those Persons that State has authorized to transmit information to Contractor or to whom State has granted access to the Administrative Web Portal. State may assign differing levels of authority to its State Representatives from the menu of options offered in the System.

"Subcontractor" means any subcontractor, vendor, or third party retained by Contractor to perform some or all of its obligations under this Agreement.

"Subsidiary" means any corporation or other entity under the Control of a party, either directly or through one or more of its Subsidiaries.

"System" refers to the Contractor Processing System. The System consists of digital applications, procedures, forms and other related materials that have been acquired or developed by Contractor.

"Visa Marks" refers to the "Visa" service mark and the Three Bands Design, along with all other logos, trademarks and service marks owned by Visa U.S.A. or Visa International, Inc.

Article 2
PROGRAM LAUNCH

2.1 Prior to Program Launch. To assist the federal government of the United States of America in preventing the funding of terrorism and money launderings, the law of the United States of America requires all financial institutions to obtain, verify and record information that identifies each Person that opens an account. Accordingly, prior to Program Launch, State shall provide to Contractor its legal entity name, street address, taxpayer identification number and other information that will allow Contractor to adequately identify State prior to establishing an Account funded by State. Contractor may, upon request, require State to promptly provide Contractor with any additional documentation regarding the identity of State or its principals that Contractor believes is necessary for Contractor to meet its obligations to comply with all Applicable Laws.

2.2 Program Launch. Contractor and State will use commercially reasonable efforts to cooperate in the timely implementation of the Program according to the terms of this Agreement.

Article 3
RESERVED

Article 4
RESPONSIBILITIES OF CONTRACTOR

4.1 Card Issuance.

(a) Contractor will issue a Card to a Recipient following State's notification to Contractor of State's receipt of the Recipient's request for a Card, but only after Contractor completes its review and processing of that Recipient's request in accordance with Contractor's internal procedures and eligibility criteria, as the same may be adopted from time to time by Contractor and if such change impacts State's program, Contractor will use best efforts to provide 30 days' notice to the State.

(b) Contractor may, in its sole discretion, undertake periodic reviews of Cardholders and their Accounts to manage risks associated with fraudulent card use and other Account activity which has the potential of exposing Contractor to financial loss. Contractor reserves the right to take any necessary actions to stop such activity on the Account. For any Account closed pursuant to this section, subsequent transmission of any Disbursement will be rejected and any balance remaining on the Card at the time of closure will be returned to the State. A report will be generated confirming such rejection and the return of funds. Contractor will notify State via email to the PM of any actions taken pursuant to this section within ten Business Days.

(c) Reserved.

(d) With respect to Personalized Cards, Contractor will place Personalized Cards in the mail to each verified Recipient of State who elects to receive a Personalized Card no later than two (2) Business Days following Contractor's receipt (by 6 a.m. ET) from State of a request for same containing complete and accurate information regarding the Cardholder as required by Contractor.

(e) State may opt to offer its Recipients (i) only RII Cards, (ii) only Personalized Cards, or (iii) both RII Cards and Personalized Cards under the Program.

(f) Notwithstanding anything in this Agreement to the contrary, Contractor may refuse to issue a Card to any Person if Contractor determines that the issuance or use of the Card would violate a Network Rule or any Applicable Law, or would otherwise pose an undue level of risk to Contractor.

4.2 Design and Manufacture of Cards.

(a) Contractor will purchase plastic stock and be responsible for ordering, embossing, encoding and delivering Cards. Contractor will provide a standard card design. Each Card will bear the Contractor Marks and the marks of the appropriate Card Network.

(b) Contractor will bear the expense of manufacturing standard-issue Cards issued to Cardholders; provided, however, that State will bear any additional manufacturing or printing expense incurred as a result of a special or custom Card design requested by State. Both Contractor and State must agree that a special or custom Card design is required and jointly approve the design.

4.3 Design of Statements and Card Collateral.

(a) Contractor will produce Account statements and Card Collateral, subject to all Applicable Laws and Network Rules, using designs created by Contractor. Contractor will bear all costs and expenses for the design, printing and production of the Account statements and Card Collateral; provided, however, that State will bear any additional manufacturing, printing or operating expense incurred as a result of a request by State to redesign the Account statements or Card Collateral. Both Contractor and State must agree that the redesign is required and jointly approve the new design and any associated costs.

(b) Contractor will be responsible for the provision to Cardholders of monthly Account statements that will contain information relating to transactions performed with their Cards. Contractor may, in its discretion, provide Cardholders with electronic statements accessible via the internet or paper statements.

4.4 Contractor Operational Responsibilities. Contractor shall administer the Program in accordance with the Program Description. Contractor is also responsible for Account set-up, Card fulfilment, Account reconciliation, responding to Cardholder inquiries, chargeback processing, Disbursement processing, interaction with Card Network systems, transaction processing, and collections. Contractor will not be responsible for determining the amounts to be paid to Cardholders or the calculation of Cardholder Disbursement Amounts.

4.5 Contractor Customer Service. Contractor will maintain a trained staff to assist State with Cardholder inquiries or complaints regarding the Program.

4.6 Provision of Program Information.

(a) Contractor shall provide information to State for each month in which Cards are issued and outstanding, including but not limited to Card registration, order and load verification reports.

(b) Any and all information State receives from Contractor regarding the Program shall be deemed to be Confidential Information of Contractor and may only be used by State in connection with the Program.

(c) In no event will Contractor be obligated to provide any information to State in violation of any Applicable Law, or Network Rule, or of U.S. Bank's privacy policies.

4.7 Compliance with Applicable Law. Contractor shall cause the Program to comply with all Applicable Laws in all material respects, including but not limited to compliance with applicable state escheatment laws.

Article 5
RESPONSIBILITIES OF STATE

5.1 Adequate Identity Verification and Enrollment of Recipients. State will notify Contractor of Recipient's request for a Card only after it has received a request by the Recipient to receive benefits on the Card. Contractor will notify State if the percentage of unfunded Cards exceeds 20 percent of enrollments on a 30 day trailing basis. If the percentage of unfunded Cards is not reduced below 20 percent of enrollments within 30 days of written notification, State will reimburse Contractor three dollars for each additional unfunded Card that exceeds 20 percent of enrollments.

State will ensure that all Cardholders enrolled in the Program, other than companion Cardholders, are Bona Fide Recipients of State prior to Card issuance. Contractor shall not be responsible for any damages, including additional expenses for screening or investigation, directly arising from Cards registered to individuals who fraudulently applied for benefits if the State failed to fulfill its fraud prevention obligations required under the Contract.

Contractor may sample enrollment files at its own cost to assess whether State has met its obligation to perform Adequate Identity Verification prior to enrollment and to the satisfaction of Contractor. If more than 10 percent of enrollments sampled contain high risk identity characteristics, Contractor will provide written notice to State. Additionally, Contractor may, in its sole discretion, perform additional identity screening. If the percentage is not reduced below 10 percent within 30 days of written notification, State shall pay Contractor for the costs of this additional identity screening until such percentage is below 10 percent. State shall provide Contractor with notice if it makes material changes to its fraud detection or mitigation program.

State understands that Contractor must collect identifying information and verify the identities of all prospective cardholders as required by the USA PATRIOT Act and any other government or industry regulatory requirements. Further, State acknowledges that any Cardholders who do not pass initial or ongoing identify verification or OFAC screening will be denied a Card or have their Card suspended. The denial of a Card to a Recipient under this section may not be deemed cause for termination of this Agreement by State.

5.2 State Program Offering. Beginning no later than the Program Launch, State will begin to offer Recipients the option of receiving payments from State in an Account. Contractor will design and produce marketing materials for the Program. State will arrange for and coordinate the marketing and promotion of the availability of Cards to Recipients. Neither party will distribute any marketing or promotional material unless such material has been reviewed and approved by the other party.

5.3 Funding of Accounts. State shall utilize a good funds method of settlement and must have a sufficient amount of immediately available funds on deposit in the Funding Account to fund any Disbursement to a Card. Contractor will not be liable to State for any claims arising from the refusal by Contractor to load a Disbursement onto a Card if there are insufficient funds available in the Funding Account to cover the Disbursement Amount.

5.4 Transmission of Disbursements. State Representatives may use a batch process or the Administrative Web Portal to process Disbursements. State shall provide complete and accurate information to Contractor regarding each Disbursement. State Representatives will be responsible for the accuracy of Disbursement Amounts transmitted to Contractor, and any changes thereto.

5.5 Erroneous Disbursements. State may seek to reverse any Disbursement loaded onto a Card in error, provided that sufficient funds remain available on the applicable Card to recover the erroneous Disbursement. State will be responsible for all erroneous Disbursements made due to the fault of the State. Contractor will not be obligated to assist State in collecting erroneous Disbursements.

5.6 Compensation to Contractor. Contractor will be permitted to charge Cardholders the fees set forth in the Fee Schedule. Any changes to the Fee Schedule must be approved by the State in writing. In the event of an increase to any fee or the introduction of a new fee, Contractor will provide Cardholders notice thereof in a manner that complies with all Applicable Laws.

5.7 Training. State shall be responsible for identifying State locations that will be used to enroll, load and activate Cards. Contractor shall provide State with its standard initial “train-the-trainer” approach, and will provide State with a support number that State Representatives can call for assistance regarding the Program. State is solely responsible for training its State Representatives on how to administer the Program and how to answer questions from Recipients about the Program.

5.8 Cardholder Enrollment. Following State’s identity and eligibility verification of a Recipient as required in Section 5.1, at the time of each Card enrollment, State shall provide Contractor with the Cardholder enrollment information set forth in the Program Description. Data entry of Card identification numbers and Cardholder information may only be made by State Representatives. State

will be liable for any errors in transmission made by its employees or State Representatives. Unless otherwise agreed to in advance and in writing by Contractor, State may only enroll and register RII Cardholders who are physically present at a designated State location at the time of enrollment. State shall distribute RII Cards, RII Card Collateral, and all Contractor designated disclosure documents to RII Cardholders in the form and manner prescribed in the Program Description and State Guidelines.

Article 6
PROGRAM POLICIES AND ACCOUNT ATTRIBUTES

6.1 Card Account Policies. Contractor will have full responsibility for, and will retain full control of all policies and operational aspects relating to the Program, including fees and charges, customer service, Card issuance and cancellation, debt collection, access to ATMs, and the issuance of personal identification numbers. State will not be liable for fraudulent activities on the part of Cardholders, unless such activity arises from or is abetted by the gross negligence or willful misconduct by State, or its State Representatives, agents, or employees. State shall, in a timely manner, refer to Contractor any and all inquiries regarding any aspect of the Program, any Card or Account, or Contractor's prepaid debit card operations.

6.2 Card Account Attributes. The use by Cardholders of the Cards will, in all instances, be governed by the terms and conditions contained in the Cardholder Agreement. The Cardholder Agreement may be changed by Contractor from time to time with 30 day notice of material changes to the State in writing Cardholder Accounts will be maintained at all times in a manner ensuring that each Cardholder is eligible for "pass through" deposit insurance from the Federal Deposit Insurance Corporation ("FDIC"). All funds on deposit in a Cardholder's Account will be held for the sole benefit of the Cardholder. State shall have no right, title or interest in a Cardholder's Account. No interest will be paid on funds held in a Cardholder's Account.

6.3 FDIC Record Keeping Requirements. In order to facilitate the offering of deposit insurance to Cardholders, State agrees to fully cooperate in arranging to retain and sharing of Cardholder information with Contractor in a manner consistent with its FDIC-mandated record-keeping obligations, including (i) through April 1, 2021, those required by 12 C.F.R. § 360.9, which provide for a standard data format for generating deposit account and customer data for the FDIC; and (ii) starting April 1, 2021, those required by 12 C.F.R. § 370, which mandate that State be able to provide the required information in the required format ("FDIC Information") to the FDIC within 24 hours of the failure of Contractor. The FDIC Information that is compatible with Contractor's information technology systems are outlined in the Deposit Broker's Processing Guide ("Guide") published by the FDIC, including alternative recordkeeping requirements in Section VII of the Guide, which describes the process to follow and the FDIC Information State will need to provide in the event Contractor fails. That information can be accessed on the FDIC's website at https://www.fdic.gov/deposit/deposits/brokers/. State acknowledges that, following the appointment of the FDIC as receiver of Contractor, the FDIC may place a hold on Cardholder's Accounts and that State and Cardholders may not have access to deposits in the deposit account until State delivers the FDIC Information. Upon request, Contractor will provide State with the opportunity to validate its capability to deliver the FDIC Information so that a timely calculation of deposit insurance coverage can be made.

6.4 Funding Account. The Funding Account is, at all times, subject to the terms of this Agreement. Funds deposited in the Funding Account are State-owned deposits with Contractor and may only be used solely for the purpose of making Disbursements to individual Cards. Funds loaded onto a Card will not be returned to the State, even if the Card in question has expired with a balance remaining on the Card. Contractor will be deemed to be the holder of the funds held in Card Accounts and

Contractor will be responsible for escheating any unclaimed funds remaining in those Accounts in accordance with Applicable Law. Upon termination of this Agreement, Contractor shall refund to State any funds remaining in the Funding Account that have not been applied or loaded to a Card or otherwise held for the purpose of paying any other obligation owed by State under this Agreement. No interest will be paid on funds held in the Funding Account.

6.5 New Card Features. Contractor may, from time to time, offer Cardholders new or improved Card features and benefits and impose new or additional fees in connection therewith. Any New Card Features which would result in additional fees must be optional at the discretion of the Cardholder. Contractor will provide 30 day written notice to the State of any optional New Card Features and fees, except for required security features that are at no-cost to the Cardholder. If the Contractor is imposing no-cost security features, then notice must be provided as soon as reasonably practical but before the Cardholder's receive notice of such security features.

6.6 ACH Transfers. State warrants to Contractor that State will not knowingly make any ACH transfer with respect to the Program for any purpose that is not permitted under Applicable Law or the terms of this Agreement. State will, with respect to all ACH transfers, comply with the Network Rules that govern the applicable funds transfer system. State acknowledges that Contractor must make certain warranties with respect to ACH transfers initiated by State. State will be responsible for any direct damages incurred by Contractor, subject to any applicable contractual limitations of liability, as a result of State's breach of warranty in this Section arising out of an ACH transfer initiated by State. State hereby waives its right to be notified whenever a non-ACH transfer has been deposited in the State's Funding Account. U.S. Bank shall provide confirmation that an electronic funds transfer has been deposited in the State's Funding Account via the Administrative Portal.

Article 7
RESERVED

Article 8
RESERVED

Article 9
REPRESENTATIONS AND WARRANTIES

9.1 Legal Compliance. Each party is now in compliance and will remain in compliance at all times with all federal, state, and local laws and regulations applicable to its activities under this Contract (including such laws and regulations brought to one party's attention by the other). Each party understands and agrees that it shall be responsible for its own compliance with Applicable Law and the costs associated therewith. State has the sole responsibility to determine if its intended participation in the Program is appropriate and to determine if any applicable federal, state, or local law, regulation, rule, or ordinance exists that prohibits State's participation in this type of a Program.

Article 10
RESERVED

Article 11
RESERVED

Article 12
POST-TERMINATION PROVISIONS

12.1 Account Ownership. Upon termination of this Agreement, Contractor retains all right, title and interest in all Accounts and Cards and in all Cardholder Data and Card Account information, including all records relating thereto retained in Contractor's System. Without limitation of the foregoing, upon and following termination of this Agreement, Contractor shall have the right to solicit any Cardholder or convert any Card and related Account to any other card or account issued by Contractor or any Affiliate of Contractor, and to exercise all rights of ownership with respect thereto, subject to Applicable Law. Contractor will have no obligation to assign new account numbers to replacement Cards.

12.2 Wind-down of Operations. Following termination of this Agreement, Contractor will not be required to accept requests to issue a Card and will not reload existing Accounts with Disbursements. Contractor will have six months following termination of this Agreement where it may continue to re-issue State branded cards to Cardholders whose Cards are lost or stolen or who request additional Cards. Thereafter, Contractor may, but is not in any way obliged to, issue non-State branded cards as replacements for any lost, stolen, or expired Cards.

Article 13
RESERVED

Article 14
ADDITIONAL PROVISIONS

14.1 Compliance with Network Rules. In connection with their performance under this Agreement, U.S. Bank and Client will comply with all applicable Network Rules in effect from time to time. To the extent any provision of this Agreement conflicts with any Network Rule, this Agreement will be deemed amended to the extent necessary in order to conform to such Network Rule.

SCHEDULE L – EXHIBIT A
RELIACARD PROGRAM DESCRIPTION

Core Elements

The Program will have the following core elements:

- All Cards will be Card Network-branded, following all Card Network "Prepaid Debit Card" regulations and program guidelines.
- No general purchase restrictions will be placed on the Cards (other than MCC block on online gambling).
- The Cards will have teller cash withdrawal access.
- The Cards will have ATM access at Card Network-enabled ATMs.
- The Cards will have point-of-sale access through the Card Network.
- The Cards will be standard-issue Cards carrying Contractor's name and/or marks and may also carry State's name and/or marks.

Contractor Responsibilities

Contractor shall be specifically responsible for the following:

- Providing State with continual access to the Administrative Web Portal.
- Providing initial training (train-the-trainer) of designated State Representatives.
- Providing all Card Collateral needed to support the delivery of Cards to the Cardholders at the agreed-upon cost.
- Setting up Accounts, processing chargebacks in accordance with the rules of the applicable Card Network, and providing all related transaction processing.
- Managing Account settlement for loading of Disbursements to Cards and processing transactions performed on Cards through the applicable Card Network.
- Providing Cardholders with transaction histories and statements via a designated web site.
- Providing access to its Continual Voice Response Unit ("VRU") which will be made available via a dedicated toll-free telephone number. VRU features will include: Card activation lost/stolen account reporting, remaining account balance, last load amount, and recent transactions.
- Providing Cardholders with continual access to live-agent customer service representatives via a dedicated toll-free telephone number.
- Designating a PM for the Program.

State Responsibilities

State shall be responsible for the following:

- ❑ Actively promoting the Cards to Recipients as a means of receiving payments.
- ❑ Assisting Contractor in the training of State Representatives.
- ❑ Managing Card inventory using the System and following procedures set by Contractor.
- ❑ Complying with the Card Security Guidelines set forth in Exhibit C.
- ❑ Presenting all Card Collateral, enrollment information, and Program disclosures to Cardholders in the form and manner prescribed by Contractor using only materials provided to State by Contractor.
- ❑ Enroll all applicable Cardholders in Program, and if applicable to program, reload cards following the enrollment/data entry procedures and System provided by Contractor.
- ❑ Providing complete and accurate information regarding Cardholders required by Contractor for initial enrollment, the scope of which is subject to change from time to time.
    - As of the date of this Agreement (but subject to change), the Cardholder information required for initial enrollment for an RII Card is: First Name, Last Name, Full Address, Date of Birth (if selected methodology for Card activation), Tax Identification Number, E-mail, Mobile Phone Number and the Card ID from the RII Card Collateral.
    - As of the date of this Agreement but subject to change), the Cardholder information required for initial enrollment for a Personalized Card is: First Name, Last Name, Full Address, Date of Birth, Tax Identification Number, E-mail and Mobile Phone Number.
- ❑ State will transmit Disbursement Amounts in the manner required by Contractor.
- ❑ State will designate its PM for each Program.

Timing

The targeted product rollout will be as follows:

- ❑ Kick-off meeting between Contractor and State for each new program, if requested by the State.
- ❑ Product “Friendly User” Testing
- ❑ Program Launch

SCHEDULE L – EXHIBIT B
CARDHOLDER FEE SCHEDULE

All fees	Amount	Details
Get cash		
ATM Withdrawal (in-network)	$0	This is our fee per withdrawal. "In-network" refers to the U.S. Bank, MoneyPass or Allpoint ATM networks. Locations can be found at usbank.com/locations, moneypass.com/atm-locator or www.allpointnetwork.com.
ATM Withdrawal (out-of-network)	$0.75	"OON" or "Out-of-network" refers to all the ATMs outside of the U.S. Bank, MoneyPass and Allpoint ATM networks. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Teller Cash Withdrawal	$0	This is our fee for when you withdraw cash off your card from a teller at a bank or credit union that accepts Visa.
Information		
ATM Balance Inquiry (in-network)	$0	This is our fee per inquiry. "In-network" refers to the U.S. Bank, MoneyPass or Allpoint ATM networks. Locations can be found at usbank.com/locations, moneypass.com/atm-locator or www.allpointnetwork.com.
ATM Balance Inquiry (out-of-network)	$0	This is our fee per inquiry. "Out-of-network" refers to all the ATMs outside of the U.S. Bank, MoneyPass or Allpoint ATM networks. You may also be charged a fee by the ATM operator.
Using your card outside the U.S.		
International Transaction	2%	This is our fee which applies when you use your card for purchases at foreign merchants and for cash withdrawals from foreign ATMs and is a percentage of the transaction dollar amount, after any currency conversion. Some merchant and ATM transactions, even if you and/or the merchant or ATM are located in the United States, are considered foreign transactions under the applicable network rules, and we do not control how these merchants, ATMs and transactions are classified for this purpose.
International ATM Withdrawal	$0.75	You may also be charged a fee by the ATM operator even if you do not complete a transaction.
International ATM Balance	$0	This is our fee per inquiry. You may also be charged a fee by the ATM operator.
Other		
Card Replacement	$5	This is our fee per replacement of a lost card mailed to you with standard delivery (up to 10 business days). This fee is waived for your first card replacement in a rolling 12-month period.
Card Replacement Expedited Delivery	$15.00	This is our fee for expedited delivery (up to 3 business days) charged in addition to any Card Replacement fee.
Inactivity	$0	This is our fee charged each month if you have not completed a transaction using your card.

Your funds are eligible for FDIC insurance. Your funds will be held at U.S. Bank National Association, an FDIC-insured institution, and are insured up to $250,000 by the FDIC in the event U.S. Bank fails. See *fdic.gov/deposit/deposits/prepaid.html* for details.

No overdraft/credit feature.
Contact Cardholder Services by calling **1-855-282-6161**, by mail at P.O. Box 551617, Jacksonville, FL 32255 or visit ***usbankreliacard.com***.

For general information about prepaid accounts, visit *cfpb.gov/prepaid*. If you have a complaint about a prepaid account, call the Consumer Financial Protection Bureau at 1-855-411-2372 or visit *cfpb.gov/complaint*.

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SCHEDULE L – EXHIBIT C
CARD SECURITY GUIDELINES

These Card Security Guidelines are based on policies and guidelines development by the Card Networks and industry best practices. These requirements are to be implemented and followed by State at all locations that store and distribute Cards whenever State has Card stock on hand at its locations or under its control.

Card Stock Ordering

Card stock orders will be placed as bulk orders to the card manufacturer by Contractor. The fulfilled Card stock orders will be shipped to the designated State locations by the card manufacturer by an approved carrier. Shipments will be traceable. Card stock orders must be signed for upon arrival. If intermediate stops are made during the shipment, the shipment must remain secure and inaccessible to unauthorized personnel.

Card Stock Storage

All Card stock must be placed at the time of receipt into inventory in a secured storage area. An Account Representative designated by State management should be appointed to ensure that physical and procedural security policies are implemented. Physical security of Card stock inventory must be maintained at all times. State shall use commercially reasonable controls to ensure the protection of the Card stock. At minimum, Card stock must be stored in a locked area such as a back office with limited access when not actively being distributed to Cardholders. RII Card stock, which will be provided by Contractor in tamper-evident sealed envelopes, may not to be opened by anyone other than the applicable Cardholders.

Card Stock Inventory

An inventory log must account for Card stock received, used, spoiled (Card stock that cannot be used due to damage, tampering or expiration), and remaining. Card stock remaining in inventory in the inventory log should balance to the number of Card stock on hand at any time. Contractor's System will allow State to maintain an inventory log automatically in the ordinary course of business, but State shall immediately report to Contractor, through a channel approved by Contractor, any spoilage or theft of any Card stock that State has detected. State shall utilize Contractor's Administrative Web Portal to log such exceptions and provide an explanation of spoilage. State shall conduct monthly self-audit Card stock inventory true-ups.

Card Stock Destruction

Contractor may request return of unused Card stock in inventory for destruction for any of the reasons listed below:

- Card stock compromised or tampered with,
- Card stock expired,
- Card stock damaged or defective, or
- Program is terminated.

Any Card stock returned to Contractor must be securely packaged.

SCHEDULE M

Your Deposit Account Agreement

&

General Terms & Conditions

Electronic Transfers

Funds Availability

Effective November 9, 2020

Member FDIC

21000000XXXX

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TERMS APPLICABLE TO ALL ACCOUNTS

THIS IS AN AGREEMENT

Welcome to U.S. Bank and thank you for opening an account with us. This Agreement provides the general rules that apply to the account(s) you have with **U.S. Bank (“us”)** described herein. Additional rules will be provided in:

1. disclosures we give you when you open your account for example our *Consumer Pricing Information and Business Pricing Information* disclosure(s) and other fee disclosures (Both can be obtained by stopping in a U.S. Bank branch or for the *Consumer Pricing Information* only, call 800.872.2657 to request a copy);
2. disclosures that are applicable to additional products and services (for example the *Digital Services Agreement);*
3. periodic statements;
4. user guides;
5. *Consumer Privacy Pledge* brochure;
6. any appropriate means such as direct mail and notices on or with your statement, including any statements or notices delivered electronically; and
7. disclosures we give you about ATM and Debit Card Overdraft Coverage (applicable to certain consumer accounts, refer to the **Insufficient Funds and Overdrafts** section on page 9 for details).

These things, together, are an agreement between you and **U.S. Bank.**

If you have any questions, please call us. Our most commonly used phone numbers are printed on the back of this booklet.

DEFINITIONS

The following definitions apply in this Agreement except to the extent any term is separately defined for purposes of a specific section.

- The words **“we,” “our,”** and **“us”** mean **U.S. Bank National Association (“U.S. Bank”)**. We are a national bank. We are owned by **U.S. Bancorp**.
- **U.S. Bancorp and U.S. Bank** own or control other companies, directly and indirectly. The members of this family of companies are our **“affiliates.”** The words **“you”** and **“your”** mean each account owner and anyone else with authority to deposit, withdraw, or exercise control over an account. If there is more than one owner, then these words mean each account owner separately, and all account owners jointly.
- The term **“account”** means any savings, transaction (for example, checking, NOW Account), and time deposit (for example, certificate of deposit or CD) account or other type of account you have with us, wherever held or maintained.
- An **“owner”** is one who has the power to deal with an account in his, her or its own name. An **“agent,”** in contrast, is one whose power to withdraw from an account comes from, or is on behalf of, the owners. Authorized signers, designated corporate officers, trustees, attorneys-in-fact, and convenience signers are examples of agents.
- Entities such as corporations, limited liability companies, partnerships, estates, conservatorships, and trusts are not natural persons, and can only act through agents. In such cases, it is the **“entity”** that is the owner.
- **“Personal accounts”** are consumer accounts in the names of natural persons (individuals). They are to be distinguished from **“non-personal accounts”** which are accounts in the name of businesses, partnerships, trusts and other entities.
- An **“account cycle”** or **“statement cycle”** represents the period of time when your statement starts and ends. It’s approximately 30 days long but doesn’t necessarily align with the beginning and end of the month and won’t end on a weekend or holiday.

Except where it is clearly inappropriate, words and phrases used in this document should be interpreted so the singular includes the plural and the plural includes the singular.

CELLULAR PHONE CONTACT POLICY

By providing us with a telephone number for a cellular phone or other wireless device, including a number that you later convert to a cellular number, you are expressly consenting to receiving communications—including but not limited to prerecorded or artificial voice message calls, text messages, and calls made by an automatic telephone dialing system—from us and our affiliates and agents at that number. This express consent applies to each such telephone number that you provide to us now or in the future and permits such calls for non-marketing purposes. Calls and messages may incur access fees from your cellular provider.

MONITORING AND RECORDING COMMUNICATIONS

You acknowledge and agree that we, or anyone acting on our behalf, may monitor and/or record any communication between you and us, or anyone acting on our behalf, for quality control and other purposes. You also acknowledge and agree that this monitoring or recording may be done without any further notice to you. The communication that may be monitored or recorded includes telephone calls, cellular or mobile phone calls, electronic mail messages, text messages, instant or live chat, or any other communications in any form. The State has the same rights as U.S. Bank to monitor and/or record any communications as provided herein.

WAIVERS AND PRECEDENTS

Our Agreement with you gives us rights and duties. If we don’t take advantage of all our rights all the time that does not mean we lose them. For example:

- If we make funds available to you for withdrawal ahead of schedule, that does not mean we have to do it again.
- If we pay a check that is more than your account balance, that does not mean we have to do it again.

CUSTOMER IDENTIFICATION PROGRAM NOTICE (USA PATRIOT ACT)

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you

When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see other identifying documents like a driver's license or documents showing your existence as a legal entity.

Existing customers

Even if you have been a customer of ours for many years, we may ask you to provide this kind of information and documentation because we may not have collected it from you in the past or we may need to update our records.

Failure to Provide Information

If, for any reason, any owner is unable to provide the information necessary to verify their identity, their account(s) may be blocked or closed, which may result in additional fees assessed to the account(s).

We will use the word "agent" to mean any person who you authorize to act on your behalf, whether by following the process we require (for example, by designating an authorized signer on a signature card), or on your own (for example, by creating a power of attorney). If you name such an agent:

1. we may require that you use forms we approve and require each owner to sign the form to be effective;
2. the powers you give to your agent, and any limitations on those powers, are between you and your agent, even if we have express written notice of those powers. You understand and agree that we have no duty or responsibility to monitor the acts of your agent or ensure that the acts of your agent are for your benefit. For example, if you only give your agent authority to pay your bills and your agent exceeds that authority, we are not responsible for that breach of authority;
3. you agree we're not responsible for any loss or damage you incur as a result of us following written instructions given to us by your agent;
4. the owners of the account are responsible to us for any actions of your agent, regardless of whether those actions exceed the authority given or whether the agent is appointed by all the owners or less than all the owners;
5. the agency will end if the owner dies **and** we get notice of that death, or if there is more than one owner, the agency will end after the death of the last owner and we get notice of that death and, in either case, once we've had reasonable opportunity to act on it;
6. the agency will end after the owner notifies us in writing to end the agency and we have had a reasonable opportunity to act on it; and
7. if you authorize any third person, such as a bookkeeping service, an employee, or agent of yours to retain possession of or prepare items, you agree to assume full responsibility for any errors or wrongdoing performed or caused by such third person or any of its agents or employees if we should pay any such item.

CHANGE IN AUTHORIZED SIGNERS

Any owner, including one of the owners of a joint account, may add owners or authorized signers to an account; however, we have the right to require the signature of all owners to make the change. Only under special circumstances and subject to prior approval by us may an owner remove another owner or authorized signer from an account.

No change in owners or authorized signers is effective until we have received written notice of the change and have had adequate time to approve and act on it.

ADJUSTMENTS

If we (or you, or you and us together) make an error on your account, we can fix the error without first notifying you. For example, if:

- the dollar amount of your check is paid for the incorrect amount;
- a deposit is added incorrectly;
- we apply a deposit to the wrong account;

we can fix the error without any special notice to you, though such a correction will normally appear on your statement if the error and the correction occur on different business days.

RETENTION OF DOCUMENTS

You should retain your copy of deposit receipts and other documents associated with your deposit(s). Should you claim that a deposit was incorrectly credited, we may request a copy of your receipt or other documents associated with your deposits.

LIABILITY FOR CHARGES AND OVERDRAFTS

All account owner(s) are responsible to repay to us any overdraft amount charged to an account, no matter which owner caused it or why. That repayment is due immediately, and we will take it from your next deposit or whenever funds become available in your account. If there is more than one owner, each owner is separately, and all owners are jointly, responsible for an overdraft and any account fees. For more information on overdrafts please refer to the section titled **Insufficient Funds and Overdrafts.** ***Except for any overdraft amount that may be taken immediately or whenever funds become available in your account, any overdraft fee and all other charges and/or fees that may be incurred on your account will be billed pursuant to the Contract.***

TRANSACTION POSTING ORDER

We reserve the right to decide the order of the items we will pay and which items will be returned (if any). Our posting order may not be the same as the order in which you conducted a transaction and could result in overdraft fees, if you do not have available funds at the time the item is paid. Generally, we post the following three transaction types after the close of each business day in the following order:

1. Deposits we receive before the daily cutoff time will be posted before any withdrawals. (Refer to our Cutoff Time and/or Funds Availability section for cutoff time description.)

2. Your non-check withdrawals will be posted in date/time order, based on the date and time associated with each transaction. A date and time (if one is available) will be assigned to each transaction based on one of the following: (1) when the transaction was preauthorized (for example a debit card or ATM transaction was approved); **or** (2) when the transaction was processed by U.S. Bank (for example an ACH, or bill pay transaction for which there is no pre-authorization). If a date and time is not available, these transactions are posted to your account after all transactions with a valid date and time or check number are complete, and posted to your account in order of amount, starting with the lowest transaction amount first (frequently referred to as low-to-high).

3. Your checks will be posted in check number order, starting with the lowest number. (For example: on Monday we may receive and post check # 107; on Tuesday we may receive check # 102 and # 105, and those would be posted on Tuesday in the order of lowest check number (e.g., # 102) posting first).

DEPOSITS

When you make a non-cash deposit to your account, we give you credit for that deposit, but that credit is provisional (temporary). If the deposit needs to be collected from another financial institution, we must be paid before the credit becomes final. After a credit is final it may still be reversed if the funds cannot be collected. See the sections titled **Returned Deposited and Cashed Items** and **Funds Availability.** All deposit receipts are issued subject to our count and verification of the items deposited. You should retain your copy of deposit receipts and other documents associated with your deposit(s). Should you claim that a deposit was incorrectly credited, we may request a copy of your receipt or other documents associated with your deposit.

Foreign Currency: Deposits received in a foreign currency, whether by check, wire-transfer, or otherwise, must be converted to U.S. dollars prior to being deposited into your account. U.S. Bank will convert your funds at an exchange rate established by U.S. Bank on the business day when such exchange is processed. Currency exchange rates are determined in our sole discretion based on factors such as market conditions and risk, economic and business factors. The exchange rate is an all-in rate which includes our profit, fees, costs, and charges. Currency exchange rates will be applied to these deposits without notice to you. You agree to this procedure and accept our determination of the currency exchange rates.

Foreign currency conversions can take time and exchange rates fluctuate at times significantly. You acknowledge and accept all risk that may result from such fluctuations. Your transaction is a retail transaction. Retail foreign exchange conversion rates are different from the wholesale exchange rates for large transactions between two banks as may be reported in *The Wall Street Journal* or elsewhere. Exchange rates offered by other banks or shown at other sources (including online sources) may be different from our exchange rates. The exchange rate you are offered may be different from, and likely inferior to, the rate paid by U.S. Bank to acquire the underlying currency. The exchange rate may also be different from a rate offered by U.S. Bank to a different customer, at a different time, for a different transaction amount, or in a different payment channel (checks, wire-transfers, etc.).

U.S. Bank sometimes relies on other financial institutions in the conversion process. In this event, the conversion will be in accordance with the policies and procedures of that bank and the funds will be converted at the exchange rate determined by that bank. Any fees or charges assessed by that bank will be passed on to you. Your final credit will be adjusted to reflect that final exchange rate less all fees or charges.

Foreign Checks: Checks and other items drawn off a foreign financial institution, whether negotiable in a foreign currency or in U.S. dollars may require special funds collection processing by us. As a result, funds availability may be delayed. If you deposit such an item, you agree that we may delay funds availability at our discretion until we are satisfied that we have received final payment of the item.

Deposits by Mail: If you make a deposit by mail, we have to receive it and have time to record it before it becomes effective. (See our **Funds Availability** section.)

Cutoff Time: A deposit made after our daily cutoff time on a business day, or on a day we are not open for all forms of business, will be considered deposited on the next full business day. (Refer to our **Funds Availability** section for cutoff time description.) The cutoff time applies to all accounts (savings, certificate of deposits, payments, etc.), not just checking accounts.

Endorsement: If you make a deposit to an account and you fail to endorse the item, we may add an endorsement on any item and you will be responsible for the item as if you endorsed it yourself.

We can refuse to accept any item or other type of deposit, for any reason, or no reason, or impose conditions on a deposit. For example, we can treat a deposit as an "inquiry" or take an item for "collection" instead of deposit. We may also decline to accept a large cash deposit or require you to make such a deposit at a location and time of our choosing.

RETURNED DEPOSITED AND CASHED ITEMS

The funds you deposit to your account are subject to normal collection processes even after we make the funds available to you for withdrawal (e.g., the check has "cleared"). If we do not collect the funds, or we need to return the funds, your deposit will be reversed and become your responsibility. **Returned items** are charged back to your account and a Return Item Advice notice is mailed to the primary account address on file.

For example:

- The deposit amount of the check is recorded incorrectly to your account. The person who wrote the check catches the error, and reports it to their bank, who in turn reports it to us. We would reverse the incorrect portion of the deposit and correct the mistake.
- A check you deposit has a forged endorsement. The person who wrote the check notices the forgery and reports it to their bank, who reports it to us. We would reverse the deposit and collection of the check would become your responsibility.
- This also applies to checks we might cash for you that you don't deposit. For example, if you bring a check to us and take cash back from a deposit, or we simply cash the check and if that check "bounces" (is returned to us unpaid), we can take the money from your account to reimburse us for the check and you will have to collect it through other channels.

There will be one fee posted for the sum of all Returned Deposited Item or Cashed Check fees returned within a single transaction as well as applicable overdraft fees if sufficient funds are not in your account to cover your items.

INSUFFICIENT FUNDS AND OVERDRAFTS

"Account Balance" means the funds in your account, including deposits and withdrawals made to date. Not all your transactions will be immediately reflected. As a result, only part of this balance may be available for withdrawal.

"Available Balance" means the amount of money that can be withdrawn at a point in time. **The Available Balance will be less than the Account Balance when there are pending transactions such as:**

- Funds held from deposits: These funds have been deposited but are not yet fully available for withdrawal or transfer. Once these funds are available, they will be reflected in the Available Balance.
- Funds held for debit card authorizations: This reflects merchant-authorized requests for payment, when the final charge has not been submitted by the merchant. Debit card authorizations will be reflected as pending transactions from the time we receive the authorization until the merchant presents the item for payment, a completion message is received, or three business days, whichever occurs first. If the debit card transaction has not been presented for payment after three business days, it will be removed from your pending transactions and your Available Balance will no longer be reduced by the authorization amount. Once the final charges have been received and processed, they will be reflected in the Available Balance.
- Any other holds on funds in your account.

Note: The Available Balance does *not* reflect every transaction you have initiated or previously authorized. Items that may not be reflected in your Available Balance include, but are not limited to:

- Outstanding checks and authorized automatic withdrawals (such as recurring debit card transactions, transfers, and ACH transactions that we have not received for payment or processing).
- The final amount of a debit card purchase. For example, we may authorize a purchase amount from a restaurant or a gas station, but the authorized amount may be different from the final charge. Once a final charge has been received and processed, it will be reflected in the Available Balance. (Please refer to "Debit Card Transactions" subsection for more information about how these situations are handled.)
- Scheduled bill payments that have not yet been processed.
- Debit card transactions that have been previously authorized but not sent to us for payment from your account where we have released the transaction authorization hold and the transaction is sent for payment from your account at a later date.

"Insufficient funds" means you do not have enough available funds in your account to pay the withdrawals you are attempting from that account.

Having insufficient funds in your account could lead to returned items, which refers to any withdrawal or transfer that we return because it exceeds your Available Balance on a given day. Examples of withdrawals that could be returned may include any checks, ACH transactions, online bill payments, or any other debit from your account where we return it because it is for more than the Available Balance you have in your account at the time the transaction is presented to your account.

"Overdraft" means a transaction has caused the Available Balance on an account to become a negative number. An overdraft can happen, for example,

- by writing a check without enough money in your checking account to pay the check, and we pay the item;
- by making a withdrawal from your account that exceeds your Available Balance;
- by using your U.S. Bank Debit Card for payment without enough money in your checking account to cover the amount authorized or the amount paid to the merchant. If any debit card transaction results in a negative Available Balance at the time it is presented for payment, even if your Available Balance was positive at the time the debit card transaction was authorized, you may be charged an Overdraft Paid Fee;
- by making a deposit, withdrawing money based on the credit received from that deposit, and then having that deposit reversed because the deposited item is later returned to us unpaid;
- by withdrawing money from your account and not having enough money left to pay any related charges posted to the account;
- when funds are credited to your account in error and you use the funds, and the reversal of the credit results in an overdraft; or
- when fees such as monthly maintenance fees are charged, and you do not have sufficient funds to cover.

If we get a **batch, or multiple batches,** of such items in a day (for example, checks, ATM purchase transactions, and debit card purchase transactions typically come in batches), and if one, some or all of them would overdraw the account if paid, we will post items in accordance with the **"Transaction Posting Order"** section listed within this Agreement. This may result in processing larger dollar items before smaller dollar items, even though this would have the effect of reducing your Available Balance more quickly.

There are some circumstances that can take your account into a negative balance where we will not charge a fee, for example:

- If certain fees such as your monthly maintenance fee are the only items that resulted in the negative balance.
- If the negative Available Balance is less than our threshold. See your *Consumer Pricing or Business Pricing Information* disclosure for specific information. (Both can be obtained by stopping in a U.S. Bank branch or for the *Consumer Pricing Information* only, call 800.872.2657 to request a copy.)

Your responsibilities for overdrafts: If you have an overdraft on your account, you must deposit enough money into your account to pay both the overdraft amount and the fees we charge, and you must do so immediately. If you share ownership of your account with someone else, you are responsible to us for the overdraft, whether or not you personally caused the overdraft or benefited from it.

REFUSING PAYMENT ON YOUR CHECKS

You must fill in an amount (in words and numbers) correctly and clearly, and sign your name on checks you write. You should fill in the date and name a payee on your checks. If you don't name a payee, anyone can cash the check. If you fail to follow these rules, we may refuse to honor your checks.

When a check you write is presented to us by another bank for payment, we will generally accept the endorsements on the check, because if an endorsement is missing or forged, we have rights against the other bank that protect us. When a check of yours comes to us *other than through another bank,* we might not cash it if we are not comfortable with the endorsements on it or the identity of the person who presents it. This is especially true with an endorsement in the name of a business entity.

We may require anyone who presents a check for payment in person (other than an account owner presenting a check on his or her own account) to:

- pay a fee to cash the check if applicable; and
- give a fingerprint or thumbprint, and identification, as a condition of cashing a check.

If the presenter of the check refuses to comply with these requirements, or complies but later asserts that these requirements infringed on their legal rights, you understand and agree that imposing these requirements will not be considered a "wrongful dishonor" of your checks.

FUNDS TRANSFERS

Unless we have entered into a specific written agreement with you that provides otherwise, payment orders you give to us for the transfer of funds out of the account by wire transfer or otherwise, and payment orders we receive for the transfer of funds into the account, will be governed by this paragraph. In addition, your rights and obligations with respect to a payment order, and our rights and obligations, will be governed by (a) any separate written agreement with us; then (b) this section; and then, to the extent not specified in a separate written agreement or this Agreement; (c) by Article 4A of the Uniform Commercial Code ("UCC4A") as enacted in the state in which you have your account with us.

We reserve the right to refuse to accept any payment order. Payment orders are accepted when they are executed by us. We may process any payment order request (as well as any amendment or cancellation request concerning a payment order) that we believe is transmitted or authorized by you if we act in compliance with a security procedure agreed upon by you and us. Such payment orders will be deemed effective as if made by you, and you will be obligated to pay us in the amount of such orders, even though they are not transmitted or authorized by you. Unless we agree on another security procedure, you agree that we may confirm the authenticity and content of a payment order (among other ways) by placing a telephone call to you. If we cannot reach you, or if the payment order is not confirmed or approved in the manner we require, we may refuse to execute the payment order.

YOU AGREE THAT IF A PAYMENT ORDER OR CANCELLATION THEREOF IDENTIFIES THE BENEFICIARY BY BOTH NAME AND AN IDENTIFYING NUMBER, AND THE NAME AND NUMBER IDENTIFY DIFFERENT PERSONS OR ACCOUNT HOLDERS, EXECUTION AND PAYMENT TO THE BENEFICIARY OR CANCELLATION MAY BE MADE SOLELY ON THE BASIS OF THE IDENTIFYING NUMBER. YOU ALSO AGREE THAT IF A PAYMENT ORDER IDENTIFIES AN INTERMEDIARY BANK OR THE BENEFICIARY'S BANK BY BOTH NAME AND AN IDENTIFYING NUMBER AND THE NAME AND NUMBER IDENTIFY DIFFERENT PERSONS, EXECUTION OF THE PAYMENT ORDER BY ANY BANK MAY BE MADE SOLELY ON THE BASIS OF THE IDENTIFYING NUMBER.

If we receive a funds transfer into any account you have with us, we are not required to give you any notice of the receipt of the funds transfer. The funds transfer will appear on your next periodic statement. To confirm the completion of funds transfers, please contact us through U.S. Bank 24-Hour Banking (see last page for phone numbers), usbank.com or the U.S. Bank Mobile App. Prior to the acceptance of an outgoing payment order, the outgoing payment order may be cancelled, but may not be amended or modified, if the beneficiary's bank is located within the United States of America and the outgoing payment order is to be paid in U.S. dollars. Other outgoing payment orders may not be cancelled, amended or modified. We must receive your cancellation in a reasonable time prior to the time we execute the outgoing payment order. Payment orders sent by Fedwire will be subject to the Federal Reserve's Regulation J, and payment orders sent via other payment systems will be subject to the rules of those systems. You agree that we may record all telephone conversations and data transmissions received from, made for or made on behalf of you pursuant to or in connection with a payment order.

YOU AGREE THAT IF A PAYMENT ORDER, OR ANY CANCELLATION OR AUTHORIZATION RELATING THERETO, BUT FOR THE APPLICABILITY OF THE ELECTRONIC FUND TRANSFERS ACT OF 1978 (AS IN EFFECT FROM TIME TO TIME), CONSTITUTES A PORTION OF A FUNDS TRANSFER AS DEFINED IN UCC4A, ALL ACTIONS AND DISPUTES CONCERNING SUCH PAYMENT ORDER, CANCELLATION OR AUTHORIZATION SHALL BE DETERMINED PURSUANT TO UCC4A AND THIS AGREEMENT TO THE FULL EXTENT PERMITTED BY LAW. If an outgoing payment order in a foreign currency cannot be completed, the exchange rate that will apply to any refund due you will be the exchange rate in effect at the time on the day the refund is made. Additional fees may be deducted from a payment order amount by other banks involved in the funds transfer process.

We may route payment at our own discretion for each outgoing wire transfer. A wire transfer is irrevocable once payment has been transmitted to the beneficiary's bank. At your request, we may request that the beneficiary's bank return funds previously transferred. However, you acknowledge that the beneficiary's bank is under no obligation to comply with this request.

WITHDRAWAL RIGHTS, OWNERSHIP OF ACCOUNT, AND BENEFICIARY DESIGNATION

The following rules govern the ownership and withdrawal rights of deposit accounts with the various titles given to them.

There are two primary issues that these rules control. The first is "withdrawal rights" and the second is "ownership."

By "withdrawal rights" we mean who has access to the funds in the account for all purposes. These withdrawal rights will control, for example, whose instructions we must follow, whose checks we must pay, and whose withdrawal requests we must honor. These withdrawal rights do not control who actually owns the funds, as between multiple parties to an account.

By "ownership" we generally mean who owns the funds in the account. In particular, by selecting a particular ownership, you are expressing your intention of how and to whom your interest in the funds in the account should pass in the event of your death.

If you create a type of account, you retain the right to change or close the account to the extent of the withdrawal rights you retain in your own name.

We make no representations as to the appropriateness or effectiveness of any particular ownership or beneficiary designations. Our only responsibility is to permit access to the account as provided by the withdrawal rights. You must consult with your own attorney or financial advisor as to whether and how to effect any change in actual ownership of funds in the account.

Corporate, Partnership, Limited Liability Company and other Organizational Accounts

These are accounts opened by any business organization or association. We reserve the right to require the account holder(s) to furnish us with such resolutions, agreements or documents as we may reasonably request to evidence the authority of individuals to act on behalf of the account holder(s). We will honor such an authorization until we receive written notice of change from the governing body of the organization. It is mutually agreed that the power and authority of each person named as authorized to take action with respect to the account shall continue in full force and effect until we receive actual written notice of revocation, whether the same be brought about by dissolution of the account holder or otherwise.

PLEDGES AND SECURITY INTERESTS IN FAVOR OF OTHERS

You cannot give a security interest or pledge your account to someone other than us without first getting our express written consent. We are not required to give consent to a security interest or pledge to someone else.

Unless we agree in a separate writing otherwise a security interest or pledge to someone else must be satisfied or released before any right to withdraw from the account can be exercised, including any right that arises by surviving the death of an owner (for example, a surviving joint tenant or beneficiary of a pay-on-death account).

ACCRUAL OF INTEREST

We will begin to accrue interest on deposits drawn from other banks at the time we get credit for the deposit in the collection process, which is not necessarily the same time as the time we make funds available for withdrawal.

You can find out our current rates on accounts that earn interest in our branches, from U.S. Bank 24-Hour Banking, or at usbank.com. The telephone number is at the end of this booklet.

DORMANT ACCOUNTS AND ESCHEAT

State business accounts will not be considered dormant until after the termination of the applicable Contract, or the account is inactive after 12 months - whichever is later.

Escheat is the term that is used to describe the process of transferring an account balance to the state government after an account has been dormant and if our attempts to contact you fail.

The time period after which funds must escheat to the state varies from state to state. Once the funds are transferred to the state, you may be able to recover the funds from the state itself, but not from us.

As permitted by the state, we may deduct the cost of required due diligence from the balance of your account. This due diligence may include first class and certified mailings or public notices about your account's pending escheatment, as required by state law.

SPECIAL PROVISIONS FOR THIRD-PARTY ACCOUNTS

If you have opened a deposit account on behalf of the beneficial owner(s) of the funds in the account (for example as an agent, nominee, guardian, executor, custodian or funds held in some other capacity for the benefit of others), those beneficial owners may be eligible for "pass-through" insurance from the FDIC. This means

the account could qualify for more than the standard maximum deposit insurance amount (currently $250,000 per depositor in the same ownership capacity). If the account has transactional features (such as check writing capabilities or the use of debit cards), as defined in 12 C.F.R. 370.2(j), you as the account holder must be able to provide a record of the interests of the beneficial owner(s) in accordance with 12 C.F.R. 370.5(a) and with the FDIC's requirements as specified below.

The FDIC has published a Deposit Broker's Processing Guide that describes the process to follow and the information you will need to provide in the event U.S. Bank fails. That information can be accessed on the FDIC's website at https://www.fdic.gov/deposit/deposits/brokers/ In addition, the FDIC published an Addendum to the Deposit Broker's Processing Guide, section VIII, which is a good resource to understand the FDIC's alternative recordkeeping requirements for pass-through insurance and is accessible at the website above. The Addendum sets forth the expectations of the FDIC for pass-through insurance coverage of any deposit accounts, including those with transactional features. The Addendum will provide information regarding the records you keep on the beneficial owners of the funds, identifying information for those owners, and the format in which to provide the records to the FDIC upon failure of U.S. Bank. You must be able to provide this information in a timely manner in order to receive payment for the insured amount of pass-through deposit insurance coverage as soon as possible. You have an opportunity to validate the capability to deliver the required information in the appropriate format so that a timely calculation of deposit insurance coverage can be made. Please contact your account representative for details on the validation process.

You agree to cooperate fully with us and the FDIC in connection with determining the insured status of funds in such accounts at any time. In the event of failure of U.S. Bank, you agree to provide the FDIC with the information described above in the required format within 24 hours of the failure of U.S. Bank. As soon as the FDIC is appointed, a hold may be placed on your account so that the FDIC can conduct the deposit insurance determination; that hold will not be released until the FDIC obtains the necessary data to enable the FDIC to calculate the deposit insurance. You understand and agree that your failure to provide the necessary data to the FDIC may result in a delay in receipt of insured funds and legal claims against you from the beneficial owners of the funds in the account. If you do not provide the required data, your account may be held or frozen until the information is received, which could delay when the beneficial owners could receive funds. Notwithstanding other provisions in this Agreement, this section survives after a receiver is appointed for us, and the FDIC is considered a third-party beneficiary of this section.

CHECKING ACCOUNTS AND "SUBACCOUNTS"

For regulatory accounting purposes we may designate two sub-accounts for a checking account; one sub-account is a savings (non-transaction) account and the other is a checking account. Checks and other third-party transfers are paid from the checking (transaction) account. As necessary, we transfer funds from the savings sub-account to the checking sub-account automatically. You cannot access the savings sub-account directly. This accounting device does not affect either the appearance or the operation of your checking account in any way.

REAL-TIME PAYMENTS / PROHIBITION ON FOREIGN PAYMENTS

Real-Time Payments ("RTP") is an electronic payment system which permits payment senders to send funds in real-time to payment receivers for deposit into the payment receiver's account(s). This means that a payment receiver will have near immediate availability of funds sent using an RTP system. The RTP system is intended for domestic payments only. It prohibits payments which involve either a sender or receiver located outside the United States. You agree that to the extent you

either send or receive payments through an RTP system, you will not use your accounts to do so on behalf of a person who is not a United States resident or otherwise domiciled in the United States and that you will comply with all regulations of the Office of Foreign Assets Control.

REQUIRED SIGNATURES

Signature Comparison. We process certain items mechanically, based on information encoded on checks and other transaction items, and we are not required to examine items and debits drawn on your account. We collect your signature to obtain your agreement to the rules we establish for your account, but this does not create any responsibility on our part to verify signatures on items and other charges to your account.

Number of Signatures. You agree that if you

1. require the signatures of two or more persons to open an account;
2. have an account in which more than one signature is required to complete a transaction;
3. authorize someone to transact some but not all transactions on your account;
4. authorize someone to transact business on your account for limited purposes and no others; or
5. use checks that require two or more signatures,

such arrangements are strictly between you and the other person(s) you authorize, whether we have notice of your arrangement (including in a form we provide you) or not. You cannot assert a claim against us for permitting a transaction so long as any one of the owners or authorized persons sign or initiate the transaction, even if a person exercises more authority than you have given.

CLOSING YOUR ACCOUNT

This section does not apply to an active time deposit (or certificate of deposit) account.

If you intend to close your account: If you intend to close your account with us, you should tell us; simply transferring all the money in your account and reducing your account balance to $0.00 is insufficient notice and may result in additional fees charged to your account.

If you close your account,

1. you are still responsible for transactions you arranged for, including those that arrive after the account is closed;
2. you should pay special attention to pre-authorized electronic deposits to your account and payments from that account; you should reroute the deposits to another account and make other arrangements for the payments, with us and the other institutions involved;
3. you should not close your account until all the transactions you arranged for have been cleared, and you should leave enough funds to clear them and the fees that might be due; and
4. if it is an interest-bearing account, accrued interest will not be paid.

If your account is closed and you have a debit or ATM card associated with the account, you will need to either:

1. close the associated card; or
2. select a new account to be linked to your card.

If you do not designate a new account, the bank will automatically assign your ATM/debit card to a new account from any eligible account where you are an owner/joint owner. If there are no eligible accounts the card will be closed.

STATEMENTS AND NOTICES

Statements. We will periodically make available to you a paper or eStatement of your checking or savings account. These statements show the transactions that occurred in the time period covered by the statement. If you elect **not** to receive or review your statement, you are still responsible for having access to the information provided in the statement. At our option, a statement will not be produced in any statement period in which service charges, fees, reversals, refunds or interest are the only transactions on the account. When other activity exists, such as a deposit or withdrawal, a statement will be available to you and will include all transactions which have occurred since the last statement (this includes any service charges, fees, reversals, refunds or interest that occurred since the last available statement). At a minimum, all accounts will receive an annual statement. Regardless of how frequently a statement is made available, monthly service charges and other account fees will continue to be deducted from the account. In addition, applicable interest will continue to accrue and be paid periodically as disclosed in the product pricing information disclosure.

Combined Statements. If you have multiple accounts with us, we may at any time automatically combine your accounts on a single, easy-to-read monthly statement. We will only combine statements for accounts that have common ownership (meaning at least one owner is common across multiple accounts) and the same address and Social Security Number.

If you prefer to continue receiving separate statements, please contact U.S. Bank within 30 days of receiving your combined statement. You may reach us by calling one of the numbers listed on the back of this brochure, sending a letter to U.S. Bank, 60 Livingston Ave, EP-MN-WS5D, St. Paul, MN 55107, or sending a secured email by logging on to usbank.com and selecting "Contact Us". Please include the following information in your correspondence: your name, account number(s) and the reference code "CMBSTMN."

Your address. You must give us your correct address, and if you move or change your address, you must keep us advised. You are responsible for messages and statements we send to the most recent address you have given us. We may also update your address in our records without a request from you if we receive an address change notice from the U.S. Postal Service or if we receive updated address information from our mail services vendor.

If you agree to accept mail electronically, you must give us your accurate email address and keep us up to date with any changes to your address. You are responsible for keeping your email functioning properly, or advising us if it does not work.

Multiple owners. Periodic statements and notices that we make available to one owner or agent/signer of an account will be the same as providing statements and notices to all owners of an account. You agree to designate the primary address for purposes of receiving statements and other account correspondence. Each account owner agrees that we may send any legal notice or legal process affecting any owner or the account to the primary address designated on the account. Each account owner agrees to notify the other owners of any legal notice received at that address pertaining to such other account owner or to the account.

Your Duty to Examine Your Statement. As used in this section, the term "problem" means any error, alteration, counterfeit check, or unauthorized transaction (including, but not limited to, forged or missing signatures and excluding consumer electronic banking transactions) related to your account. Because you are in the best position to discover any problem, you agree to promptly examine your statement and report to us any problem on or related to your statement within 30 calendar days after we mail the statement (or make the statement available) to you. You agree that we will not be responsible for:

1. any problem that you do not report to us in writing within a reasonable time not to exceed 60 calendar days after we mail the statement (or make the statement available) to you;
2. subsequent problems or fraudulent items occurring after 60 days of the first occurrence; if you fail to report the problem within 60 days of the first occurrence reported on your statement;
3. results from a forgery, counterfeit or alteration so clever that a reasonable person cannot detect it (for example, unauthorized checks made with your facsimile or other mechanical signature device or that look to an average person as if they contain an authorized signature); or
4. as otherwise provided by law or regulation.

[redacted] If you make a claim against us in connection with a problem, we reserve the right to conduct a reasonable investigation before re-crediting your account and you agree to fully cooperate in such investigation. Within 30 days of the date of mailing, you agree to complete and return an affidavit of unauthorized paper debit on the form we provide you along with any other information we may request. You further agree to file a police report if we request. If you refuse to sign such an affidavit or fail to return the affidavit and other requested documentation within 30 days of the date we mail it to you, you agree that we may consider the matter resolved and reverse any provisional credit provided. At our sole discretion, we may, but are not obligated to, provisionally credit your account during the investigation for all or a portion of the amount claimed. Any provisional credit to your account may be reversed if you fail to fully cooperate in our investigation or, if as a result of our investigation, we determine that the charge to your account was proper. You agree to pay any fees assessed or accrued against your account during the investigation or that may arise upon reversal of any provisional credit.

For problems involving an electronic banking transaction, please refer to the **"Electronic Banking Agreement"** sections of this brochure.

This time period for you to examine your statement and report problems to us are without regard to our level of care or the commercial reasonableness of our practices, and without regard to whether cancelled checks are supplied to you.

Contact us if you do not receive your regular statement. If this is a business account, you agree that the same person who has authority to transact on an account is not the only person who reviews the accounts statements, notices, and returned checks.

[redacted]

CHECKS, CHECKING ACCOUNTS AND SAVINGS ACCOUNTS WITH DRAFT ACCESS

NOW Accounts: Transaction accounts are NOW Accounts on which you can write negotiable orders of withdrawal. Negotiable orders of withdrawal look and function like checks, and the rules governing checks also apply to them. Depending on account features, NOW Accounts may or may not bear interest. Although we have no intention of exercising this right, federal regulations require that we reserve the right to require at least seven days' written notice prior to withdrawal or transfer of any funds on your NOW Account.

SAVINGS ACCOUNTS

By the term "savings" account we mean an account that earns interest but has no specific maturity date or required notice period. (A maturity date or a required notice period is a characteristic of a time deposit or certificate of deposit.)

We will provide you with a periodic (quarterly, monthly, annually based on your account type and account activity) statement for your savings account and you must examine your statement for errors or forgeries just as you should for your checking account.

Savings Account Transaction Policy

We reserve the right to require seven days' notice before any withdrawal from any savings account, though it is very unlikely we will require such notice and, if we do, we will require it for all savings accounts.

ELECTRONIC MESSAGES AND AGREEMENTS

Many customers use the Internet and email as their primary form of communication with us. If you provide us with an email address, you agree that we may communicate with you via email and you further agree to notify us of any changes to your email address.

You agree that we may make agreements with you by electronic means. Your authorization and consent to such an agreement, or your delivery of instructions, may be made by use of certain numbers, codes, marks, signs, personal identification numbers (PINs), public or private keys or other means, acceptable to you and to us, to establish your identity and acceptance of the electronic communications. All electronic communications that meet these requirements will be deemed to be valid and authentic and you intend and agree that those electronic communications will be given the same legal effect as written paper communications signed by you. You agree that electronic copies of communications are valid and you will not contest the validity of the originals or copies, absent proof of altered data or tampering.

You are not required to accept electronic communications; we want you to be aware that this is an option for you to accept. **We will never ask you for sensitive account information, such as, passwords, PINs, Social Security numbers or account numbers via email. If you receive an email that appears to be from U.S. Bank asking for this type of information, immediately forward the email in its entirety (not as an attachment) to fraud_help@usbank.com.**

LEVIES, GARNISHMENTS AND OTHER LEGAL PROCESS

We are a national bank with many locations. You agree that for purposes of this part, we may treat your funds as existing at any and all locations where legal process can be served upon us or on an appointed agent of ours on our behalf. You understand and agree that a creditor or governmental agency may attach your account by service of legal process on any of our locations, at any site designated by us for acceptance of service of process, on any appointed agent of ours, or any other method authorized by law, court rule, or regulation. We may accept and comply with legal process served by any means, whether in person, by mail, facsimile, electronic transmission, or other means. You agree that we may not contest such legal process.

If we are served with a garnishment, levy, execution, or other legal process of apparent validity (together referred to as "legal process"), you understand and agree that we will pay all amounts in the account, or release information about your account, in satisfaction of the legal process and in compliance with our understanding of applicable law. If your account is a joint account, for purposes of responding to legal process, we will consider each joint owner to have an undivided interest in the entire account. Therefore, you agree we may pay all amounts in the account in satisfaction of any legal process, even if it attaches to the interest of fewer than all the account owners. You agree that we may process a levy, garnishment, or other legal process served on us even if we do not process it on the same day it was received. If you believe your funds are exempt from legal process, or otherwise should not be subject to the legal process (for example, if you own funds and the legal process applies to another joint owner, you believe the court, garnishor, or levying authority lacks jurisdiction over you or the property, or you believe the garnishment or levy names the wrong party as garnishee), you agree that it is your responsibility to raise any defense to the legal process against the party who originated the legal process or seek reimbursement from a joint owner, and you agree that we have no obligation to do so.

If we are served with any such request for legal process, as outlined above, we will notify you within one (1) business day of the receipt and processing of the request.

CONSUMER REPORT DISPUTES

We may report information about your deposit accounts to Consumer Reporting Agencies (CRA). As a result, this may prevent you from obtaining services at other financial institutions. If you believe we have inaccurately reported information to a CRA, you may submit a dispute by calling 844.624.8230 or by writing to:

U.S. Bank Attn: CBDH Management, P. O. Box 3447, Oshkosh, WI 54903-3447. In order for us to assist you with your dispute, you must provide: your name, address and phone number; the account number; the specific information you are disputing; the explanation of why it is incorrect; and any supporting documentation (e.g., affidavit of identity theft), if applicable.

ACCOUNT INFORMATION

Our Privacy Pledge discloses the information we share with other entities for marketing purposes. We also may be required to provide information about you and your account when and as required or permitted by law for other purposes, such as, for example:

1. reporting of interest you earn to federal and state tax authorities;
2. reporting of cash transactions that are at reportable limits;
3. investigating and reporting of transactions that we reasonably determine to be suspicious; and
4. responding to subpoenas, court orders, or government investigations.

SECURITY

It is your responsibility to protect the account numbers, including card numbers and electronic access devices (e.g., an ATM card, debit card, username and password or PIN) we provide to you for your account(s). Do not discuss, compare, or share information about your account number(s) with anyone unless you are willing to

give him or her full use of your money. An account number can be used by thieves to encode your number on a false demand draft which looks like and functions like an authorized check.

If you furnish your access device and grant actual authority to make transfers to another person (a family member, coworker or employee, for example) who then exceeds that authority, you are liable for the transfers unless we have been notified that transfers by that person are no longer authorized.

Your account number can also be used to electronically remove money from your account. If you provide your account number in response to a telephone solicitation for the purpose of making a transfer (to purchase a service or merchandise, for example), payment can be made from your account even though you did not contact us directly and order the payment.

We reserve the right to place a hold on your account if we suspect irregular, fraudulent, unlawful or other unauthorized activity involved with your account. We may attempt to notify you of such a hold, but we are not required to provide notice prior to placing the hold. You agree that we may maintain such a hold until all claims against you or us to the funds held in your account, whether civil or criminal in nature, have been resolved fully in our sole satisfaction.

FUNDS AVAILABILITY: YOUR ABILITY TO WITHDRAW FUNDS – ALL ACCOUNTS

This funds availability policy applies to deposits into a checking or savings account made at a branch or ATM. This policy may not apply to deposits made remotely through a mobile or other electronic device.

Some sections of this disclosure apply to all accounts and all customers. There are special sections for New Accounts, Commercial Accounts, Wealth Management Accounts and Retail Consumer and Business Accounts. We will make that clear in the section headings.

Funds "availability" means your ability to withdraw funds from your account, whether those withdrawals are to be in cash, by check, automatic payment, or any other method we offer you for access to your account. If deposited funds are not "available" to you on a given day, you may not withdraw the funds in cash and we may not use the funds to pay items that you have written or honor other withdrawals you request. If we pay items that you have written or honor other withdrawals before funds are available to you, we may charge a fee for this. Please review the product pricing information disclosure for information regarding overdraft fees associated with your accounts.

Please remember that even after the item has "cleared," we have made funds available to you, and you have withdrawn the funds, you are still responsible for items you deposit that are returned to us unpaid and for any other problems involving your deposit. See our **Returned Deposited and Cashed Items** section.

DETERMINING THE AVAILABILITY OF A DEPOSIT – ALL ACCOUNTS

The day funds become available is determined by counting business days from the day of your deposit. Every day is a business day except Saturdays, Sundays, and federal holidays. If you make a deposit in person before our "cutoff time" on a business day we are open, we will consider that day to be the day of your deposit for purposes of calculating when your funds will become available. However, if you make a deposit after the cutoff time, or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

Our cutoff times vary from branch to branch. The earliest cutoff time at any of our branches is 2:00 p.m. (local time at the branch).

If a deposit is made after 8:00 p.m. (local time at the ATM location) or on a day we are not open, we will consider the deposit to be made on the next business day we are open.

Deposits you send by mail are considered deposited on the business day it arrives if it arrives by the cutoff time at the branch of deposit. In all cases, availability of any deposit assumes that a requested withdrawal will not overdraw the account.

IMMEDIATE AVAILABILITY – ALL ACCOUNTS

The following types of deposits will usually be available for withdrawal immediately under normal circumstances:

- Cash (if deposited in person to an employee of ours);
- Electronic direct deposits;
- Wire transfers; and
- The first $225.00 from the total of all other deposits made on any given day.

Cash and wire transfer deposits are subject to the **Special Rules for New Accounts** and the $225.00 availability is subject to the rule in the section titled **Longer Delays May Apply.**

RETAIL CONSUMER, BUSINESS AND COMMERCIAL ACCOUNTS

Our general availability policy for these accounts is to make funds available to you on the first business day after the day of deposit. We generally make some portion of a day's deposits available for withdrawal immediately. See the previous section for the types and amounts of deposits that are available immediately.

SPECIAL RULES FOR NEW ACCOUNTS – RETAIL CONSUMER AND BUSINESS ACCOUNTS

If you are a new customer, the following special rules will apply during the first 30 days your account is open.

Funds from electronic direct deposits and deposits of cash and wire transfers to your account will be available on the day we receive the deposit. The first $5,525.00 of a day's total deposits of cashier's, certified, teller's, traveler's, on-us checks (checks drawn on U.S. Bank), and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess amount over $5,525.00 will be available on the fifth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first $5,525.00 will not be available until the second business day after the day of your deposit.

Funds from all other check deposits will generally be available on the fifth business day after the day of your deposit. In certain instances, we may hold funds from other check deposits for longer than five business days. For example, if we receive a check that falls within the Safeguard Exception description above, we may delay funds for up to seven business days. If we do so, we will provide you with a hold notice at the time of deposit or when we learn that we will hold the funds from the deposit.

ADDITIONAL TERMS FOR BUSINESS ACCOUNTS

All other sections of this Agreement apply to consumer and business accounts alike, (except when a rule specifically says it will apply to consumers). The following sections apply to accounts used primarily for business purposes.

UNLAWFUL INTERNET GAMBLING AND OTHER ILLEGAL TRANSACTIONS

You agree that you, or anyone acting on your behalf, will not use your account, access device or banking relationship with us to facilitate illegal transactions such as those prohibited by the Unlawful Internet Gambling Act of 2006, or otherwise violate any law, rule or regulation applicable to you. If we identify a suspected illegal transaction, we may block such transactions, and further we may close your account or terminate our banking relationship with you.

EARNINGS CREDIT

Fees for services used by you may be assessed in full to your accounts or may be offset through account analysis by applying earnings credit to your service charges to determine a single monthly net service charge. Your earnings credit rate is established by us and will change from time to time. Your net service charge could be zero if your earnings credit equals or exceeds your total charges in a given month. If your earnings credit is not sufficient to offset the amount due hereunder, you agree to pay such amounts to us upon demand.

DEPOSITS

Truncation, Substitute Checks, and Other Check Images: If you truncate an original check and create a substitute check or other replacement document, or other paper or electronic image of the original check, you warrant that no one will be asked to make payment on the original check, a substitute check or any other electronic or paper image, if the payment obligation relating to the original check has already been paid. You also warrant that any substitute check(s) you create conforms to the legal requirements and generally accepted specifications for substitute checks. You agree to retain the original check in conformance with the time requirements as outlined in your remote deposit capture agreement with us. You agree to indemnify us for any loss we may incur as a result of any truncated check transaction you initiate. We can refuse to accept substitute checks that have not previously been warranted by a bank or other financial institution in conformance with the Check 21 Act. Unless specifically stated in a separate agreement between you and us, we do not have to accept any other electronic or paper image of an original check.

Deposit Preparation, Sorting, and Endorsements: You agree to properly prepare, sort, and endorse all deposits according to requirements specified in any applicable user guides and Federal Regulation CC. We require that you include the external processing code of "6" in Position 44 of the MICR line for all remotely created checks, and we reserve the right to dishonor any remotely created check that does not meet the requirement. You agree to indemnify us for any loss we incur that results from your failure to comply with these requirements.

Requalification: If you elect to have another bank or entity receive and process all of your returned checks, such other bank's endorsement may be obscured by our depository bank endorsement. You understand and agree that any other endorsement placed on your checks that identify another bank as the depository bank or the bank to which checks should be returned may result in illegible or double endorsements, which may delay the return of your checks. You agree we shall not be liable for any such delays.

CUSTOMER SEGREGATED ACCOUNTS. Notwithstanding anything to the contrary in this Agreement or any other agreement, we will maintain all money designated as client money—by broker-dealers, future commission merchants, or derivatives clearing organizations—in customer segregated accounts in accordance with acknowledgement letters required by applicable SEC and CFTC rules and regulations.

ELECTRONIC BANKING AGREEMENT FOR CONSUMER CUSTOMERS

This section applies to payment orders and funds transfers governed by the Electronic Fund Transfer Act. When you enroll in online or mobile banking we will provide you with the U.S. Bank *Digital Services Agreement* that governs the use of all online and mobile services ("Digital Services").

If you have any questions regarding electronic banking transactions or believe that an unauthorized transaction has occurred, please call U.S. Bank 24-Hour Banking (see last page for phone numbers), visit a local U.S. Bank branch or write to:

U.S. Bank 24-Hour Banking
EP-MN-WS5D
60 Livingston Ave.
St. Paul, MN 55107

Please read this disclosure carefully because it tells you your rights and obligations for the transactions listed. You should keep this notice for future reference.

TYPES OF TRANSACTIONS

These are the types of Electronic Fund Transfers that you can accomplish with us (assuming you make arrangements to do so).

Electronic Fund Transfers Initiated by Third Parties. You may authorize a third party to initiate electronic fund transfers between your account and the third party's account. These transfers to make or receive payment may be one-time occurrences or may recur as directed by you. These transfers may use the Automated Clearing House (ACH) or other payments network. Your authorization to the third party to make these transfers can occur in a number of ways. In all cases, these third-party transfers will require you to provide the third party with your account number and bank information. Thus, you should only provide your bank and account number information (whether over the phone, the Internet, or via some other method) to trusted third parties whom you have authorized to initiate these electronic fund transfers. Examples of these transfers include, but are not limited to:

Direct Deposits. You can arrange for direct deposits to your checking or savings account(s).

Preauthorized Payments. You can arrange to pay certain recurring bills from your checking or savings account(s).

Electronic check conversion. You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to pay for purchases or pay bills.

Electronic returned check charge. You may authorize a merchant or other payee to initiate an electronic fund transfer to collect a charge in the event a check is returned for insufficient funds.

Expanded Account Access

What it is. Any card or PIN (personal identification number) can be used to access up to five checking, savings, line of credit and credit card account(s) held in the same name at U.S. Bank or any of its bank affiliates; and any account you open with us and our affiliates may be accessed by your card or PIN. "Access" means use of a card or account number and PIN to conduct a transaction or obtain information at ATMs, over the telephone, through personal computer banking, or any other available method. If the card or PIN is for a joint account, that card or PIN can be used to access all the accounts linked to the card or PIN account, whether joint or individual. Expanded Account Access is also applicable to your Digital Services.

The "cards" that can get Expanded Account Access. All U.S. Bank Debit Cards and ATM cards (excluding prepaid cards), and all U.S. Bank-issued Credit Cards (including, but not limited to, co-branded credit cards, and all credit lines issued through U.S. Bank and U.S. Bank affiliates).

Fees and Charges for Expanded Account Access. There are no additional fees or charges just for Expanded Account Access, but fees applicable to each applicable account will continue to apply in accordance with the terms of the applicable account agreements. The fees and terms for each of your accounts will be as disclosed in the *Consumer Pricing Information* disclosure. (This document can be obtained by contacting a U.S. Bank branch or calling 800.872.2657.)

The fees and terms for your personal credit cards and lines of credit are disclosed in the applicable cardmember agreement.

How to Cancel. You can visit a branch or call the U.S. Bank 24-Hour Banking number at any time to cancel Expanded Account Access. If you cancel Expanded Account Access for any account, that account will not be accessible by any card or PIN other than the card or PIN specifically designated for that account.

DOCUMENTATION

Terminal transfers. You can get a receipt at the time you make any transfer to or from your account using automated teller machines or point-of-sale terminals. However, you may not get a receipt if the amount of the transfer is $15.00 or less.

Pre-authorized credits. If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can call U.S. Bank 24-Hour Banking or visit our online banking site at usbank.com to find out whether or not the deposit has been made.

Periodic statements. You will get a monthly account statement unless there are no transfers in a particular month. In any case, you will get the statement at least quarterly for an account to or from which you have arranged for electronic access. In the event your account has become inactive as defined in the section titled Dormant Accounts and Escheat (refer to page 15) and you have had no electronic activity, you will receive an annual statement.

PREAUTHORIZED PAYMENTS

If you have arranged for automatic periodic payments to be deducted from your checking or savings account and these payments vary in amount, you will be notified by the person you are going to pay ten calendar days prior to the payment date of the amount to be deducted. If the date upon which your payment is scheduled to be deducted changes, the person you are going to pay will notify you seven calendar days prior to the new scheduled date. To confirm the completion of automatic transfers, payments and/or direct deposits, please contact U.S. Bank 24-Hour Banking or visit our online banking site at usbank.com.

Right to Stop Payment of Preauthorized Transfers

To stop a preauthorized electronic payment or transfer, please call U.S. Bank 24-Hour Banking (see last page for phone numbers). You must call in time for us to receive your request and to be able to act upon it, which in the case of these electronic payments, is at least three business days before the transfer is scheduled to occur. We may also require you to put your request in writing and forward it to us within 14 days after you call.

If you order us to stop one of these payments at least 3 business days before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

OUR LIABILITY

Liability for failure to make transfers. If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

1. If, through no fault of ours, you do not have enough money in your account to make the transfer.
2. If you have an overdraft line and the transfer would go over the credit limit.
3. If the automated teller machine where you are making the transfer does not have enough cash.
4. If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
5. If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
6. There may be other rules/limitations stated in our agreement(s) with you that excuse our failure to make a requested transfer (for example, the monthly limit on certain transfers out of non-transaction savings accounts; refer to Savings Accounts, Withdrawal section on page 18 for additional details).

CONSUMER LIABILITY FOR UNAUTHORIZED TRANSFERS

Zero Liability for All Transactions. Except as provided in the next paragraph, you are generally protected from all liability for unauthorized use of any of your U.S. Bank Debit Cards, the associated account numbers printed on them (including purchases made over the phone or online) and your ATM card or its associated personal identification number (PIN). You still need to report the loss or theft of these cards, PINs, and any unauthorized transactions to us as soon as you can. This is necessary so you can get any unauthorized transactions reversed, prevent further unauthorized transactions, and avoid liability for subsequent purchases we could have prevented had you given us notice. This policy also protects you from liability for other types of electronic fund transfers. Please follow the section entitled **Error Resolution Notice** to report any unauthorized activity on your account.

After 60 Days from Statement Notice. If you fail to give us notice of an unauthorized electronic fund transfer within 60 days of when we first deliver a statement to you that discloses that unauthorized transaction, you will be liable for all unauthorized electronic fund transfers that occur after that 60-day period expires if we could have prevented such transaction had you reported it to us within the 60-day period. This rule applies to all forms of electronic fund transfers (including but not limited to ATM transactions, preauthorized withdrawals, Online transactions, and purchases with any of your U.S. Bank Debit Cards, etc.) that occur after the 60-day period following the first statement notice.

If a good reason (such as a long trip or hospital stay) kept you from telling us, we may extend this time period.

BUSINESS DAYS

Bank "business days" are Monday through Friday. Federal holidays are not included.

ERROR RESOLUTION NOTICE

In case of errors or questions about your electronic transfers, call U.S. Bank 24-Hour Banking at a number on the last page, visit any U.S. Bank branch or write us at the address listed below, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number (if any).
2. Describe the error or the transfer you are unsure about and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your dispute or question in writing within ten business days. We will determine whether an error occurred within ten business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your dispute or question. If we decide to do this, we will credit your account within ten business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your dispute or question in writing and we do not receive it within ten business days, we might not provisionally credit your account.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to 90 days to investigate your dispute or question. For new accounts, we may take up to 20 business days to credit your account for the amount you think is in error.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation. Write to us at:

U.S. Bank
EP-MN-WS5D
60 Livingston Ave.
St. Paul, MN 55107

Error resolution and contact information with respect to online banking services is provided in our *Digital Services Agreement.* The online banking site may be accessed by going to the U.S. Bank web site at usbank.com and following the directions to log in to online and mobile banking. More detailed information is available on request.

U.S. Bank Fraud Liaison Center
877.595.6256

U.S. Bank 24-Hour Banking	
Cincinnati Metro Area:	513.632.4141
Denver Metro Area:	303.585.8585
Milwaukee Metro Area:	414.765.4636
St. Louis Metro Area:	**314.425.2000**
Minneapolis/St. Paul Metro Area:	**612.USBANKS (872.2657)**
Portland Metro Area:	**503.USBANKS (872.2657)**
All Other Areas:	**800.USBANKS**
Outside the U.S.:	503.401.9991 (call collect)

U.S. Bank Business Service Center	
Monday - Friday:	8:00 a.m. to 8:00 p.m. CT
Saturday:	8:00 a.m. to 6:30 p.m. CT
Minneapolis/St. Paul Metro Area:	651.244.7770
All Other Areas within the U.S.:	800.673.3555
Outside the United States:	503.401.9992

U.S. Bank Fraud Liaison Center
877.595.6256

U.S. Bank accepts relay calls.

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SCHEDULE N
GENERAL PURPOSE INSTANT ISSUE CARD AGREEMENT

This General Purpose Instant Issue (GPII) Card Agreement (this "Agreement") entered into between U.S. Bank National Association ("Contractor"), and the STATE OF MICHIGAN, (the "State").

RECITALS

WHEREAS, Contractor is a member of National Association and issues Contractor-branded and National Association-branded debit cards, prepaid cards, and other banking cards to cardholders; and

WHEREAS, State wishes to participate in a prepaid card program involving the issuance of National Association-branded prepaid cards; and

WHEREAS, Contractor is willing to issue such prepaid cards and perform related services to support such a program, pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises and covenants hereinafter set forth, and payments provided for in this Agreement, the parties agree as follows:

ARTICLE I. DEFINITIONS: In addition to the Contract's Definitions, for the purposes of this Agreement, the following definitions will also apply:

"Account" shall mean a prepaid card account funded for a Cardholder by State by means of a GPII Terminal located at a State location or another approved location, which is accessible through the use of a prepaid card issued and serviced by Contractor.

"Affiliate" shall mean (i) with respect to State, any Person that directly or indirectly Controls, is Controlled by, or is under common Control with State, and (ii) with respect to Contractor, any Person that directly or indirectly Controls, is Controlled by, or is under common Control with Contractor, as of the date hereof or hereafter. For purposes of this definition, "Control" shall mean the possession, direct or indirect, of the power to vote more than 50% of the securities that have ordinary voting power for the election of directors of any entity, or to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or by contract or otherwise.

"Applicable Law" shall mean with respect to any party, any law, ordinance, statute, treaty, rule, judgment, regulation or other determination or finding of or agreement with any arbitrator, court or other governmental authority applicable to or binding upon a party or to which a party is subject, whether federal, state, county, local, municipal, or otherwise.

"Business Day" shall mean any day (other than a Saturday, Sunday or legal holiday in Michigan) on which national banks are permitted to be open in Michigan.

"Cardholder" shall mean a person who requests and receives a GPII Card.

"Contractor Trademarks" shall mean the names "US Bank" and "US Bancorp" and the US Bank and shield design, U.S. Trademark Registration No. 2,247,139, registered on May 25, 1999, which are owned by U.S. Bancorp or one or more of its subsidiaries, as well as any other trademark or service marks owned by U.S. Bancorp that include the terms "US Bank" ("UBANK," "US," "U") or "US Bancorp," however these terms may be capitalized or punctuated.

"Deposit Amount" shall mean the dollar value to be loaded onto a Cardholder's Account.

"Funding Card Account" means a centralized pool of funds held at Contractor with a digitally segregated sub-account that is set up for State that is funded through periodic deposits made with Contractor by State. The Funding Card Account will be used by State to transfer funds to and debit funds from Card Accounts.

"GPII Card" or "Card" shall mean a prepaid payment product which operates off of a centralized funds pool through the Funding Card Account with an individual account set up for each Cardholder and which bears the Contractor Trademarks and the Visa Service Marks or the Contractor Trademarks and the MasterCard Service Marks.

"GPII Card Program" or "Program" shall mean the marketing, issuing and servicing of GPII Cards pursuant to this Agreement.

"GPII Terminal" shall mean the online, web-based, secure virtual terminal software provided by Contractor and used by State to enroll cardholders, load and activate cards, manage card inventory and view program reports.

"MasterCard Service Marks" means all names, trademarks, and service marks owned by MasterCard Worldwide and its subsidiaries in the United States.

"National Association" shall mean, as applicable, Visa U.S.A., Inc.; Visa International, Inc.; and Plus System, Inc.; or MasterCard International Inc., MasterCard Worldwide, Maestro, and Cirrus System, Inc.

"Person" shall mean any natural person, corporation, partnership, limited partnership, limited liability company, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision or any other entity, whether acting in an individual, fiduciary, or other capacity.

"Program Launch" shall mean the date agreed to by the parties in writing that State commences offering the Program.

"PM" means the Program Manager, which is the individual designated by a party to serve as that party's primary point-of-contact with respect to notices under this Program.

"State Representative" or "Representative" shall mean, for the purposes of this Schedule N only, an individual or representative of State, expressly authorized to perform the functions described herein.

"Total Deposit" shall mean the Deposit Amount plus any fees that may apply to the Program.

"Visa Service Marks" shall mean the mark "Visa", the Bands Design and all other service marks owned by Visa U.S.A., Inc. or Visa International, Inc.

Other terms defined herein shall have the meanings set forth in the contexts of use.

ARTICLE II. GPII CARD PROGRAM

Contractor and State agree to participate in the GPII Card Program, which shall include the following elements, with respect to which the parties shall have various rights and responsibilities pursuant to the terms of this Agreement: production of Program materials, marketing or promotion of the Program, GPII Card issuance, Account initiation and funding, and GPII Card processing and administration. Each of

Contractor and State will proceed in good faith and use commercially reasonable efforts to cause the Program to commence on the Program Launch date.

ARTICLE III. Reserved.

ARTICLE IV. RESPONSIBILITIES OF CONTRACTOR

4.1 GPII Card Issuance; Usage.

(a) Beginning no later than the Program Launch, Contractor shall make available to State the software to enroll and load National Association branded instant issue Cards for distribution to Cardholders at State's approved locations. Cardholders who receive the Cards will receive them from State in a ready to activate status with funds loaded by State. Contractor shall ensure each such Card may continue to be used for such purpose until Card expiration or depletion of funds on the Card. Contractor will record the issuance of each Card and track Card activation, issuance, usage, fee collection, and closure.

(b) Card inventory will be distributed directly to State, who will be responsible for the security and distribution of Cards. The Cards will be instant issue in nature and will be loaded with the requested Deposit Amount when issued to the Cardholder.

(c) To the extent possible, Contractor may, in its sole discretion, undertake periodic reviews of Cardholders and their Accounts to manage risks associated with fraudulent Card use and other Account activity that has the potential of exposing Contractor to financial loss or regulatory risk. Contractor reserves the right to take any necessary actions, including Account closure and/or Card deactivation, to stop such activity on the Account.

4.2 Design of Cards, Card Carriers, and Marketing Materials.

(a) Contractor will be responsible for ordering, embossing, encoding and otherwise preparing for use an inventory of Cards in such amounts as required by the Program, and as agreed to by the State. Contractor will supply Cards and Card packets to State as needed.

(b) Contractor will produce the Card carriers and other Card packaging, and terms and conditions/disclosures in such amount as required for the Program, and as agreed to by the State. All such materials will bear a design created by Contractor. Any Program advertising materials produced by State shall be subject to Contractor's prior written approval, which approval shall not be unreasonably withheld or delayed.

4.3 Reporting to Cardholders. Contractor shall provide to Cardholders (upon Cardholder request) information regarding such Cardholder's Card or Account, including the initial Deposit Amount, transactions that have occurred, and balance remaining. Such information will be provided to the Cardholders via the internet and, at Contractor's discretion, through an Interactive Voice Response (IVR) system and live customer service representatives.

4.4 Contractor Operational Responsibilities. Contractor shall administer and be responsible for all operational aspects of the Program as set forth herein, including those set forth on Exhibit A and including without limitation, Account set-up, plastic issuance, Account reconciliation, Cardholder telephone and internet inquiries, chargeback processing, interaction with the National Association's processing system, and computer processing and collections. Contractor shall take all reasonable efforts to cause the Program to comply with state escheatment laws. In review of such Applicable Law, should Contractor find that the issuance of Cards in any particular region or state might violate existing or future Applicable Law, Contractor will notify State of such findings, and retain the right to cease or prevent the

issuance of Cards in that state or region. Should Contractor cease issuing Cards in a particular state or region to avoid a violation of existing or future Applicable Law, Contractor will so notify State and State shall, within ten (10) Business Days (unless the parties agree to a different time period in writing), cease allowing the issuance of Cards in that particular area. State shall work with Contractor to remove all advertising for the Cards at the locations where Cards will no longer be issued. Further, State agrees to notify U.S. Bank of any intention to issue Cards in a new region(s) at least ninety (90) days prior to the preferred time of issuance so that all laws can be reviewed.

4.5 Provision of Program Information.

(a) Contractor shall provide information to State for each month in which Cards are issued and outstanding, including load verification reports. In addition, State will have the ability to download daily, weekly, and monthly activity reports from the Web Portal. Upon request from State, Contractor will provide an activity report for the State's prior fiscal year period (October 1-September 30) within four weeks.

(b) Any and all information State receives under this Section 4.5 shall be maintained in the strictest confidence and shall not be disclosed to any third party whatsoever by State or any of its affiliates, employees or agents without the express written consent of Contractor, and shall be proprietary and Confidential Information of Contractor. Such information shall be used by State in connection with the Program; provided, that information provided pursuant to Section 4.5(a) may be used by State for business purposes so long as State does not use such information in connection with any agreement with, or promotion or marketing of any products of, any other financial institution, including, without limitation, any commercial bank, savings institution or credit union.

(c) Nothing contained herein shall obligate Contractor to provide any information to State in violation of Applicable Law or regulation, of any National Association's rules, or of U.S. Bank's privacy policies. If Contractor determines it must cease sharing information with State, Contractor shall immediately notify State of such determination and provide information explaining the basis for such determination.

4.6 Contractor Customer Service. Contractor shall maintain an adequate trained staff to cooperate with State in servicing of State, Cardholders and inquiries and complaints arising in connection with Cards and other aspects of the Program, in accordance with Exhibit A, Contractor's established customer service procedures and Applicable Law.

4.7 Funding of Accounts. State will transfer the Total Deposit amounts to Cards from the Funding Card Account using APIs or using the GPII Terminal. State may reverse any Total Deposit loaded onto a Card in error, provided that sufficient funds are still available on the applicable Card. State will be responsible for all applicable Total Deposit amounts, including those made by State in error. Contractor will not assist State in any collection efforts with respect to any Total Deposit or Card for which reversals cannot be completed by State.

4.8 Settlement.

(a) Prior to Program Launch and from time to time thereafter, Contractor may perform risk analysis required by its regulators with respect to State and the Program to determine the level of settlement risk to Contractor as a result of the Program. State agrees to provide certain publicly available information to Contractor to assist Contractor with such risk analysis. Following such risk analysis and in U.S. Bank's sole but reasonable discretion, State may be deemed eligible to utilize a daily settlement method as set forth in this Section. If Contractor determines that the

settlement risk is unacceptable, Contractor may require State to utilize a good funds method of settlement that requires State to ensure delivery to Contractor of immediately available funds prior to activating any Card. If State is required or elects to utilize a good funds method of settlement, such method of settlement shall be effective for the term of this Agreement. If State declines to utilize a good funds method of settlement, this Agreement may be terminated by either party within ninety (90) days after the date Contractor notifies State that it must utilize a good funds method of settlement,, upon written notice of such termination by one party to the other party.

(b) State shall deposit funds into the Funding Card Account by the next business day or State shall otherwise maintain a balance in the Funding Card Account in an amount not less than the aggregate amount of Deposit Amounts that have been loaded to Cards but for which Contractor has not yet settled with State ("Daily Settlement Amount"). Any unpaid Program fees due to Contractor from State will be billed pursuant to the terms of the Contract.

(c) Without limitation of the foregoing, State shall be liable to fund each Daily Settlement Amount in the Funding Card Account loaded to any Card as a result of any fraudulent or otherwise wrongful act or omission by any Representative or as the result of State's gross negligence or willful misconduct. Contractor will not attempt to cancel or otherwise reverse any Total Deposit loaded to a Card made in error by State or Representative if such load was made more than two (2) Business Days prior to State's request to Contractor to cancel such load or Card. Total Deposits are the liability of State and State must include such Total Deposit amount in the applicable Daily Settlement Amount. Contractor shall not assist State in any collection efforts with respect to such Total Deposit or Card.

(d) Contractor will initiate an internal funds transfer each Business Day to debit the Funding Card Account for the prior Business Day's Daily Settlement Amount plus an amount equal to any Daily Settlement Amount with respect to which Contractor has not yet debited the Funding Card Account.

(e) It shall be a breach of this Agreement if State does not cause the Funding Card Account to have a balance at least equal to the outstanding load value, unless failure to fund is outside the State's control(a "Settlement Breach").

(f) Upon the occurrence of a Settlement Breach, Contractor may upon five (5) Business Days' written notice to State, elect to suspend its performance under this Agreement until such Settlement Breach has been cured.

(g) In the event a Settlement Breach occurs twice within any six-month period (provided State is given written notice thereof), Contractor may elect to require State to maintain a minimum balance in the Funding Card Account, with such minimum balance to be determined in Contractor's reasonable discretion (a "Funding Card Account Minimum Balance") and may require that State establish and maintain a reserve account at Contractor pursuant to Contractor's instructions to fund and maintain such Funding Card Account Minimum Balance. If at any time Contractor elects to require State to maintain a Funding Card Account Minimum Balance and if at any time the balance in the Funding Card Account is less than the Funding Card Account Minimum Balance, Contractor may elect to immediately suspend its

performance under this Agreement until the Funding Card Account has a balance at least equal to the Funding Card Account Minimum Balance.

(h) Upon any termination of this Agreement, State agrees to send U.S. Bank all undisputed amounts permitted pursuant to this Agreement that have accrued prior to the effective date of termination, including any Daily Settlement Amount with respect to which State has not yet funded the outstanding load value to the Funding Card Account.

4.9 Fees. Contractor shall charge Cardholders certain fees as set forth on Exhibit B attached hereto. Any changes to the Fee Schedule must be approved by the State in writing. In the event of an increase to any fee or the introduction of a new fee, Contractor will provide Cardholders notice thereof in a manner that complies with all Applicable Laws.

ARTICLE V. RESPONSIBILITIES OF STATE

In addition to its other responsibilities set forth in this Agreement and Exhibits A and B and C, State shall have the following responsibilities in furtherance of the Program:

5.1 Marketing and Training Responsibilities. State shall arrange for and engage in the issuance of the GPII Cards through Program and promotional materials and other means available. Neither State or Contractor will distribute any such Program or promotional material unless such material has been reviewed and approved by the other party prior to its distribution. State will be responsible for identifying the appropriate State locations that will enroll, load and activate the Cards. State shall sufficiently train State Representatives in connection with the Program so that State Representatives are able to properly operate the Program and answer questions regarding the Card and the Program. Contractor shall provide State with initial training and a support number they may call for assistance regarding Program questions. With respect to training on the use of equipment and following the initial training provided by Contractor, the State is solely responsible for training State Representatives on the use of such equipment so that State may properly perform the functions contemplated by this Agreement.

5.2 Cardholder Enrollment. State will comply with the Cardholder enrollment process as defined by Contractor in this Agreement. At the time of each GPII Card enrollment, State will provide Contractor with the Cardholder enrollment information required and described in Exhibit A. State will provide such information to Contractor in a format designated by Contractor. Data entry of enrollment information shall be made only by a State Representative. State shall be liable for errors in transmission made by all State employees and its State Representatives. State will only engage in enrollment, load, and registration of Cardholders that are physically present at a bona fide State location at the time of enrollment unless otherwise agreed to in advance and in writing by Contractor. After completing enrollment, State will give the Cardholder the registered Card and all Contractor designated disclosure documents. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. State understands that all prospective cardholders or Cardholders that do not pass the initial or ongoing verification and OFAC screening will be denied a Card. The denial of a Card to a prospective cardholder under any circumstances may not be a cause for termination of this Agreement by State. State understands that Contractor must collect identifying information and verify the identities of all prospective cardholders as required by the USA PATRIOT Act and any other government or industry regulatory requirements.

5.3 RESERVED

5.4 Card Security and Inventory Control. State shall provide Card stock security and inventory control in accordance with National Association guidelines and Contractor's requirements as

modified by Contractor from time to time. Contractor's current requirements are attached hereto as Exhibit C. State shall bear all risk of loss and any associated liability for lost or stolen Cards under its control. State will permit Contractor to monitor and/or audit State's compliance with this Section by requesting written certification from the State. Such written certification may occur no more than three times in any twelve (12) month period during the term of the Agreement. The State will respond to such request within forty-five (45) calendar days of receipt. State will provide Contractor copies of any applicable audits and test results acquired by State in relation to this Section.

ARTICLE VI. PROGRAM AND CARD POLICIES AND ATTRIBUTES

6.1 Contractor's Responsibilities and Rights. Contractor shall have full responsibility for, and shall control all policies, activities and decisions with respect to all Cards and Accounts, including without limitation Card cancellation. State shall not be liable for fraudulent activities on the part of Cardholders, except where such activity is due to gross negligence or willful misconduct by State agents, employees or State Representatives. State shall, in a timely manner, refer to Contractor any and all inquiries regarding any aspect of a Card or Account, and any other inquiries regarding any other aspect of Contractor's Card operations.

6.2 Program Software. All Program Software shall remain the proprietary property of Contractor.

ARTICLE VII. RESERVED

ARTICLE VIII. RESERVED

ARTICLE IX. COMPLIANCE

9.1 Legal Compliance. Each party is now in compliance and will remain in compliance at all times with all federal, state, and local laws and regulations applicable to its activities under this Contract (including such laws and regulations brought to one party's attention by the other). Each party understands and agrees that it shall be responsible for its own compliance with Applicable Law and the costs associated therewith. State has the sole responsibility to determine if its intended participation in the Program is appropriate and to determine if any applicable federal, state, or local law, regulation, rule, or ordinance exists that prohibits State's participation in this type of a Program.

ARTICLE X. RESERVED

ARTICLE XI. RESERVED

ARTICLE XII. RESERVED

ARTICLE XIII. POST-TERMINATION PROVISIONS

13.1 Account Ownership. Upon termination of this Agreement, Contractor retains all right, title and interest in all Accounts and Cards and in all Cardholder names, addresses, telephone numbers and other Cardholder and Account identifying information. Without limitation of the foregoing, upon and following termination of this Agreement, Contractor shall have the right to solicit any Cardholder or convert any Card and related Account to any other card or account issued by Contractor or any Affiliate of Contractor, and to exercise all rights of ownership with respect thereto, subject to Applicable Law. Contractor will have no obligation to assign new account numbers to replacement Cards.

13.2 Wind-down of Operations. Following termination of this Agreement, Contractor will not accept State's request to issue a GPII Card. Additionally, State must immediately return to Contractor all Program Cards and other marketing collateral in its possession.

ARTICLE XIV. RESERVED

ARTICLE XV. ADDITIONAL PROVISIONS

15.1 Compliance with National Association Regulations. In connection with their performance hereunder, Contractor and State will comply with applicable regulations of National Association as in effect from time to time. To the extent any provision of this Agreement conflicts with such regulations at any time, this Agreement shall be deemed amended to conform to such regulations.

15.2 Construction. Captions contained in this Agreement are for convenience only and do not constitute a limitation of the terms hereof.

Schedule N – Exhibit A
Program Description

Core Elements
The Program shall be offered by Contractor with the following core elements:

1. The GPII Card shall be a National Association-branded card, following all National Association regulations and program guidelines.
2. Card will be issued by Elan Financial Services, a d/b/a name used by Contractor.
3. The GPII Card will be accepted at any location that accepts the National Association mark(s) displayed on the Card. (With exception of MCC codes listed below)
4. Issued Cards will have PIN / ATM / Cash Access permitted.
5. Cards are not eligible for reloads.
6. State will not charge a load fee.
7. Program will block the following MCC codes or transaction types:
   a. 5542 – Automated Fuel Dispenser (Pay-at-the-pump)
   b. 7995 – Online Gambling
8. Cardholder information required for initial enrollment in this program is, at a minimum, First Name, Last Name, Date of Birth, Deposit Amount, and Card ID number located on the front of the Card packet.

Contractor Operational Responsibilities
Contractor shall:

1. Provide initial telephone web conference training (train the trainer) of the designated State Representatives.
2. Contractor will provide the GPII Card stock and all packaging needed to support the delivery of GPII Cards to the Cardholders.
3. Provide access to the GPII Web Application, a Web Site needed to participate in the GPII Program.
4. Set up Accounts, process chargebacks in accordance with the rules of the National Associations and provide all related computer processing.
5. Manage the account settlement for both loading of value to the GPII Cards and the processing/settlement of transactions performed on the GPII Cards through the National Associations.
6. Make Cardholder transactions viewable by Cardholders via a designated web site.
7. Provide a Voice Response Unit accessible by Cardholders twenty-four (24) hours per day/seven (7) days per week via a dedicated toll-free telephone number, with features that include: lost/stolen account reporting, remaining account balance, load amount and recent transactions.

8. Provide live customer service agents, this will be twenty-four (24) hours per day/seven (7) days per week via a dedicated toll-free telephone number.
9. Designate and identify to State a Contractor program manager for the Program who shall be the primary point of contact for State.

State Operational Responsibilities
State shall:

1. Provide the GPII Card as a payment option to State Representatives and potential recipients.
2. Assist in the initial and ongoing training of State Representatives.
3. Follow Card inventory procedures utilizing the system/software and procedures provided by Contractor.
4. Enroll all Cardholders in the GPII Card Program and load cards following the enrollment/data entry procedures and system/software provided by Contractor.
5. Present all enrollment and disclosure materials to the Cardholder following the procedures for doing so provided to State by Contractor.
6. Transmit load values via electronic collected means acceptable to Contractor.
7. Designate and identify to us a program manager for the Program who shall be the primary point of contact for Contractor.

Schedule N – Exhibit B
Pricing

The following items are billed to Cardholders:

Item / Activity	Fee
Monthly Account Maintenance Fee *(Effective after the card has been active for 7 months and as long as a balance remains thereafter)*	$2.00

Point of Sale Fees

Visa® Signature-Based POS transactions	$0.00
PIN-Based POS transactions	$0.00
Cash Back with Purchase at Participating Merchants	$0.00

Cash Withdrawal Fees

ATM withdrawals at Domestic ATMs (ATM Withdrawals are free at MoneyPass ATMs)	Free at MoneyPass ATMs $2.00 at Out of Network ATMs
ATM Withdrawal at International ATMs (3% Foreign Transaction Fee also applies to each international ATM withdrawal)	$3.00
Visa Teller-based Cash Withdrawals	$5.00

Customer Service and Miscellaneous Fees

Customer Service – Unlimited FREE Web-Based Service	$0.00
– VRU Calls and Live Representative Calls	$0.00
ATM Balance Inquires - Domestic and International	$0.50
Paper Statement	N/A
Standard Card Replacement	$5.00
3% Foreign Transaction Fee also applies to each international transaction	

SCHEDULE N – EXHIBIT C
CARD SECURITY REQUIREMENTS

These Card Security Requirements are based on policies and guidelines development by the National Associations and industry best practices. These requirements are to be implemented by State at all locations that store and distribute Cards whenever State has Card stock on hand at its locations or under its control.

Card Stock Ordering

Card stock orders will be placed as bulk orders to the card manufacturer by Contractor. The fulfilled Card stock orders will be shipped to the designated State locations by the card manufacturer by an approved carrier. Shipments will be traceable. Card stock orders must be signed for upon arrival. If intermediate stops are made during the shipment, the shipment must remain secure and inaccessible to unauthorized personnel.

Card Stock Inventory

All Card stock must be placed at the time of receipt into inventory in a secured storage area. A State Representative designated by State management should be appointed to ensure that physical and procedural security policies are implemented. Physical security of the Card stock inventory must be maintained at all times. State shall use commercially reasonable controls to ensure the protection of the Card stock. At minimum, Card stock must be stored in a locked area such as a back office with limited access when not actively being distributed to Cardholders. Card stock, which will be in tamper-evident sealed envelopes, is not to be opened by anyone other than applicable Cardholders.

An inventory log must account for the number of Card stock received, Card stock used, Card stock spoiled (Card stock that cannot be used due to damage, tampering or expiration) and remaining Card stock that should balance to the number of Card stock on hand at any time. Contractor's Card Stock Inventory Management System will maintain an inventory log automatically for normal course of business. However, State shall be responsible for reporting, through a channel acceptable to Contractor, any Card stock spoilage or theft to Contractor as soon as detected. State shall utilize Contractor's Prepaid Web Portal to log such exceptions and provide an explanation of spoilage. State shall conduct monthly self-audit Card stock inventory true-ups.

Card Stock Destruction

Contractor may request return of unused Card stock in inventory for destruction for any of the reasons listed below:

- Card stock compromised or tampered with
- Card stock expired
- Card stock damaged or defective
- Program is terminated

Any Card stock returned to Contractor must be securely packaged.