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 **14**
to
Contract Number **MA071B4300065C**

CONTRACTOR	
	ACCUITY
	1007 Church Street
	Evanston IL 60201
	Jason Balaban
	847-933-5126
	Jason.Balaban@accuitysolutions.com
	CV0050631

STATE			
	Program Manager	Various	Various
	Contract Administrator	Robin Lampert	DTMB
		(517) 582-2746	
		LampertR1@michigan.gov	

CONTRACT SUMMARY			
Asset Verification System (AVS)			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
April 8, 2014	April 7, 2016	9 - 1 Year	September 30, 2026
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		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**
☒	1 Year	☐		September 30, 2027
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$7,880,000.00	$0.00		$7,880,000.00	

DESCRIPTION
Please note the Program Manager or Contract Administrator may have changed, and are reflected on this Change Notice. Effective September 25, 2026, the State is exercising the 8th option year of the 10 available option years approved with Change Notice 6. The revised contract expiration date is September 30, 2027. All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement Services approval

Program Managers

for

Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Sanjay Srivastava	517-373-8836	SrivastavaS1@michigan.gov
MDHHS	Logan Dreasky	517-284-1205	dreaskyl@michigan.gov

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

DTMB
320 S Walnut Street Lansing, MI 48933
P.O. Box 30026, Lansing, MI 48909

CONTRACT CHANGE NOTICE

Change Notice Number **13**
to
Contract Number **MA071B4300065C**

CONTRACTOR	
	ACCUITY
	1007 Church Street
	Evanston IL 60201
	Jason Balaban
	847-933-5126
	Jason.Balaban@accuitysolutions.com
	CV0050631

STATE			
	Program Manager	Various	Various
	Contract Administrator	Tony Edgecomb	DTMB
		517-241-7000	
		edgecombt@michigan.gov	

CONTRACT SUMMARY			
Asset Verification System (AVS)			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
April 8, 2014	April 7, 2016	9 - 1 Year	September 30, 2025
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		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**
☒	1 Year	☐		September 30, 2026
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$7,880,000.00	$0.00	$7,880,000.00		

DESCRIPTION

Effective 09/02/2025, this Contract is exercising the 7th option year. The revised contract expiration date is 9/30/2026. The value of this change is $1,176,000.00. Funding on the contract is sufficient to cover this change; no additional funding is required at this time. The following Statement of Work is added to this contract.

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

Program Managers

for

Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Sanjay Srivastava	517-373-8836	SrivastavaS1@michigan.gov
MDHHS	Logan Dreasky	517-284-1205	dreaskyl@michigan.gov

MICHIGAN DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK

Project Title: Asset Verification Program (AVP) solution for Medicaid Eligibility – Transaction/Operation	**Period of Coverage:** 10/01/25 - 09/30/26
Requesting Department: Michigan Department of Health & Human Services (MDHHS)	**Date:** 07/29/25
MDHHS Agency Project Manager: Logan Dreasky	**Phone:** 517-284-1205
DTMB Agency Project Manager: Sanjay Srivastava	**Phone:** 517-373-8836
Contract Information: Accuity Asset Verification Services Inc (071B4300065)	**Change Requests:**

Brief Description of Project Request

This Statement of Work ("SOW") exercises Option year 7 for October 1, 2025-September 30,2026.

PAYMENT SCHEDULE:

The Total value for the 12-month term of this SOW is $1,176,000.00.
Rate Structure & Payment Schedule:

YEAR	BEGINNING DATE	END DATE	COST PER REFERRAL	INITIAL ANNUAL INSTALLMENT
Option Year 7	10/01/25	09/30/26	$2.80	$823,200.00

Payment will be made in two installments each year as follows:

1. Contractor shall invoice the Initial Annual Installment amount shown in the table above.
2. Upon satisfactory acceptance of the monthly request reports submitted throughout each term of October 1st through September 30th, Contractor shall invoice an amount equal to:

   (Total Referrals for period October 1st through September 30th) x (Cost Per Referral applicable to the period) less (Initial Annual Installment payment made on the prior October 1st).

DTMB will pay the Contractor upon receipt of properly completed invoice(s) which shall include information, and be submitted to the billing address, as described in the Contract section 1.601 not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices must reflect actual work completed by payment date and must be approved by the DTMB Agency Project Manager prior to payment.

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

PROJECT CONTACTS:
The designated MDHHS Agency Project Manager is:

Logan Dreasky
MDHHS State Division Administrator
Elliott-Larson Bldg
320 S Walnut St.
Lansing, MI 48933
517-284-1205
Email: DreaskyL@michigan.gov

The designated DTMB Agency Project Manager is:

Sanjay Srivastava
DTMB Eligibility Division Business Relationship Manager/Director
Agency Services Supporting Michigan Department of Health and Human Services
235 S. Grand Ave., Ste. 3
Lansing, MI 48933
(517) 373-8836
Email: SrivastavaS1@michigan.gov

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
320 S. Walnut Street 2nd Floor Lansing, MI 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **12**
to
Contract Number **MA071B4300065C**

CONTRACTOR	
	Accuity Assest Verification Services Inc
	1007 Church Street
	Evanston IL 60201
	Jason Balaban
	847-933-5126
	Jason.Balaban@accuitysolutions.com
	VS0043915

STATE			
	Program Manager		
	Contract Administrator	Jeremy Lyon	DTMB
		(517) 230-2858	
		lyonj5@michigan.gov	

CONTRACT SUMMARY			
Asset Verfication System (AVS)			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
April 8, 2014	April 7, 2016	9 - 1 year	September 30, 2024
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		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**
☒	12 Months	☐		September 30, 2025
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$6,704,000.00	$1,176,000.00	$7,880,000.00		

DESCRIPTION

Effective 9/5/2024, this change is to utilize a 1 year option. $1,176,000.00 being added to cover the option year.

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

MICHIGAN DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK

Project Title: Asset Verification Program (AVP) solution for Medicaid Eligibility – Transaction/Operation	**Period of Coverage:** 10/01/24 - 09/30/25
Requesting Department: Michigan Department of Health & Human Services (MDHHS)	**Date:** 06/14/24
MDHHS Agency Project Manager: Logan Dreasky	**Phone:** 517-284-1205
DTMB Agency Project Manager: Sanjay Srivastava	**Phone:** 517-373-8836
Contract Information: Accuity Asset Verification Services Inc (071B4300065)	**Change Requests:**

Brief Description of Project Request

This Statement of Work ("SOW") exercises Option year 6 for October 1, 2024-September 30,2025.

PAYMENT SCHEDULE:

The Total value for the 12-month term of this SOW is $1,176,000.00.
Rate Structure & Payment Schedule:

YEAR	BEGINNING DATE	END DATE	COST PER REFERRAL	INITIAL ANNUAL INSTALLMENT
Option Year 6	10/01/24	09/30/25	$2.80	$823,200.00

Payment will be made in two installments each year as follows:

1. Contractor shall invoice the Initial Annual Installment amount shown in the table above.
2. Upon satisfactory acceptance of the monthly request reports submitted throughout each term of October 1st through September 30th, Contractor shall invoice an amount equal to:

   (Total Referrals for period October 1st through September 30th) x (Cost Per Referral applicable to the period) less (Initial Annual Installment payment made on the prior October 1st).

DTMB will pay the Contractor upon receipt of properly completed invoice(s) which shall include information, and be submitted to the billing address, as described in the Contract section 1.601 not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices must reflect actual work completed by payment date and must be approved by the DTMB Agency Project Manager prior to payment.

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

PROJECT CONTACTS:
The designated MDHHS Agency Project Manager is:

Logan Dreasky
MDHHS State Division Administrator
Elliott-Larson Bldg
320 S Walnut St.
Lansing, MI 48933
517-284-1205
Email: DreaskyL@michigan.gov

The designated DTMB Agency Project Manager is:

Sanjay Srivastava
DTMB Eligibility Division Business Relationship Manager/Director
Agency Services Supporting Michigan Department of Health and Human Services
235 S. Grand Ave., Ste. 3
Lansing, MI 48933
(517) 373-8836
Email: SrivastavaS1@michigan.gov

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

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 **11**
to
Contract Number **MA071B4300065C**

CURRENT CONTRACTOR	NEW CONTRACTOR
ACCUITY	ACCUITY Asset Verifications Services inc.
1007 Church Street	1007 Church Street
Evanston IL 60201	Evanston IL 60201
Jason Balaban	Jason Balaban
847-933-5126	847-933-5126
Jason.Balaban@accuitysolutions.com	Jason.Balaban@accuitysolutions.com
CV0050631	CV0050631

STATE CONTACTS

Program Manager	Various	Various	Contract Administrator	Jeremy Lyon	

CONTRACT SUMMARY

Asset Verfication System (AVS)

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 8, 2014	April 7, 2016	9 - 12 Months	September 30, 2024

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS	EXTENDED PURCHASING
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other	☐ Yes ☒ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐	12 Months	☐		

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$6,704,000.00	$0.00	$6,704,000.00

DESCRIPTION

Effective 5/20/2024, this change is to execute a vendor name change from Accuity to Accuity Asset Verification Services update the Federal Tax ID from 41-2189625.to 46-1851339. This change is at no additional cost and is strictly an administrative change.

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

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Sanjay Srivastava	517-373-8836	SrivastavaS1@michigan.gov
MDHHS	Logan Dreasky	517-284-1205	dreaskyl@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 **10**

to

Contract Number **071B4300065**

CONTRACTOR	
	ACCUITY
	1007 Church Street
	Evanston, IL 60201
	Jason Balaban
	847-933-5126
	jason.balaban@accuitysolutions.com
	CV0050631

STATE			
	Program Manager	Various	MDHHS
	Contract Administrator	Mecca Martin	DTMB
		(517) 230-5694	
		martinm42@michigan.gov	

CONTRACT SUMMARY

ASSET VERFICATION SYSTEM (AVS)

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 8, 2014	April 7, 2016	9 - 1 Year	September 30, 2023

PAYMENT TERMS	DELIVERY TIMEFRAME
1%	

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☒	1 Year	☐		September 30, 2024

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$5,528,000.00	$1,176,000.00	$6,704,000.00

DESCRIPTION

Effective 10/1/2023 this Contract is exercising the 5th option year and is increased by $1,176,000.00. The revised contract expiration date is 9/30/2024.

The following amendment is incorporated into this Contract per attached the attached Statement of Work (SOW) for AVS services used for recipients of Medicaid.

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

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Sanjay Srivastava	517-373-8836	SrivastavaS1@michigan.gov
MDHHS	Logan Dreasky	517-284-1205	dreaskyl@michigan.gov

MICHIGAN DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK

Project Title: Asset Verification Program (AVP) solution for Medicaid Eligibility – Transaction/Operation	**Period of Coverage:** 10/01/23 - 09/30/24
Requesting Department: Michigan Department of Health & Human Services (MDHHS)	**Date:** 09/13/22
MDHHS Agency Project Manager: Logan Dreasky	**Phone:** 517-284-1205
DTMB Agency Project Manager: Sanjay Srivastava	**Phone:** 517-373-8836
Contract Information: Accuity (071B4300065)	**Change Requests:**

Brief Description of Project Request

This Statement of Work ("SOW") exercises Option year 5 for October 1, 2023-September 30,2024.

Due to COVID-19 pandemic, a Public Health Emergency (PHE), Asset Verification for the aged, blind, or disabled Medicaid applicants were waived for those renewing coverage, and estimated referrals were not fully utilized from CCN 8 and 9 (Option Year 3 and 4). Prior to the PHE, the State estimated 35,000 monthly referrals. However, during the FY22 and FY23 term under CCN 8 and 9, an average of 8,900 monthly referrals were processed, leaving remaining referrals available from CCN 9 that will be drawn down prior to payment of the Initial Annual Installment for Option Year 5.

PAYMENT SCHEDULE:

PHE ended in late May 2023, and referral counts are anticipated to revert to pre-pandemic levels. The CCN 8 and 9 remaining 179,275 referrals will continue to be drawn down. The Option Year 5 Initial Annual Installation payment per Rate Structure & Payment Schedule will be made once the remaining referrals are drawn down to 30,000. If the referral count added with the Annual Installation payment are exceeded during this Period of Coverage, the Option Year 5 second payment will be made as outlined under #2.

The Total value for the 12-month term of this SOW is $1,176,000.00.

Rate Structure & Payment Schedule:

YEAR	BEGINNING DATE	END DATE	COST PER REFERRAL	INITIAL ANNUAL INSTALLMENT
Existing Contract plus Extension	10/01/18	09/30/19	$2.80	$823,200.00
Option Year 1	10/01/19	09/30/20	$2.80	$823,200.00
Option Year 2	10/01/20	09/30/21	$2.80	$823,200.00
Option Year 3	10/01/21	09/30/22	$2.80	$0.00
Option Year 4	10/01/22	09/30/23	$2.80	$823,200.00

Option Year 5	10/01/23	09/30/24	$2.80	$823,200.00
Option Year 6	10/01/24	09/30/25	$2.80	$823,200.00

Payment will be made in two installments each year as follows:

1. Contractor shall invoice the Initial Annual Installment amount shown in the table above once the current remaining referrals are drawn down to 30,000.
2. Upon satisfactory acceptance of the monthly request reports submitted throughout each term of October 1st through September 30th, Contractor shall invoice an amount equal to:

   (Total Referrals for period October 1st through September 30th) x (Cost Per Referral applicable to the period) less (Initial Annual Installment payment made on the prior October 1st).

DTMB will pay the Contractor upon receipt of properly completed invoice(s) which shall include information, and be submitted to the billing address, as described in the Contract section 1.601 not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices must reflect actual work completed by payment date and must be approved by the DTMB Agency Project Manager prior to payment.

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

PROJECT CONTACTS:
The designated MDHHS Agency Project Manager is:

Logan Dreasky
MDHHS State Division Administrator
Elliott-Larson Bldg
320 S Walnut St.
Lansing, MI 48933
517-284-1205
Email: DreaskyL@michigan.gov

The designated DTMB Agency Project Manager is:
Sanjay Srivastava
DTMB Eligibility Division Business Relationship Manager/Director
Agency Services Supporting Michigan Department of Health and Human Services
235 S. Grand Ave., Ste. 3
Lansing, MI 48933
(517) 373-8836
Email: SrivastavaS1@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 **9**

to

Contract Number **071B4300065**

CONTRACTOR	
	ACCUITY
	1007 Church Street
	Evanston, IL 60201
	Jason Balaban
	847-933-5126
	jason.balaban@accuitysolutions.com
	CV0050631

STATE			
	Program Manager	Various	MDHHS
	Contract Administrator	Mecca Martin	DTMB
		(517) 230-5694	
		martinm42@michigan.gov	

CONTRACT SUMMARY			
ASSET VERFICATION SYSTEM (AVS)			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
April 8, 2014	April 7, 2016	9 - 1 Year	September 30, 2022
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
1%			
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card	☐ PRC ☐ Other		☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☒	1 year	☐		September 30, 2023
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$5,528,000.00	$0.00		$5,528,000.00	

DESCRIPTION

Effective 9/12/2022, this contract hereby exercises option year 4 and incorporates the attached Statement of Work for the use of $1,176,000.00 in existing funds for AVS services used for recipients of Medicaid. The new expiration date is 9/30/2023.

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

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Sanjay Srivastava	517-373-8836	SrivastavaS1@michigan.gov
MDHHS	Jackie Prokop	517-284-1219	prokopj@michigan.gov

MICHIGAN DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK

Project Title: Asset Verification Program (AVP) solution for Medicaid Eligibility – Transaction/Operation	**Period of Coverage:** 10/01/22 - 09/30/23
Requesting Department: Michigan Department of Health & Human Services (MDHHS)	**Date:** 08/23/22
MDHHS Agency Project Manager: Logan Dreasky	**Phone:** 517-284-1205
DTMB Agency Project Manager: Sanjay Srivastava	**Phone:** 517-373-8836
Contract Information: Accuity (071B4300065)	**Change Requests:**

Brief Description of Project Request

This Statement of Work ("SOW") exercises Option year 4 for October 1, 2022-September 30,2023.

Due to COVID-19 pandemic, a Public Health Emergency (PHE), Asset Verification for the aged, blind, or disabled Medicaid applicants were waived for those renewing coverage, and estimated referrals were not fully utilized from CCN 7 (Option Year 2) and CCN 8 (Option Year 3). Prior to the PHE, the State estimated 35,000 monthly referrals. However, during the FY22 term under CCN 8, an average of 8,900 monthly referrals have been processed. There remain approximately 81,660 referrals available from CCN 8 that will be drawn down prior to issuing payment for Option Year 4.

PAYMENT SCHEDULE:

PHE is anticipated to extend through the 2022 calendar year and its then projected that the referral count will revert to pre-pandemic levels. The CCN 8 remaining referrals will continued to be drawn down. The Option Year 4 Initial Annual Installation payment per CCN 6 Rate Structure & Payment Schedule will be made once the remaining referrals are drawn down to 30,000. If the referral count added with the Annual Installation payment are exceeded, the Option Year 4 second payment will be made as outlined under #2.

The Total value for the 12 month term of this SOW is $1,176,000.00.

Option Year 3 AVS was provided utilizing the CCN 7 (Option Year 2) referal count and there was no assoicted cost for CCN 8 Option Year 3. The CCN 6 Rate Structure & Payment Schedule is hereby modified:

YEAR	BEGINNING DATE	END DATE	COST PER REFERRAL	INITIAL ANNUAL INSTALLMENT
Existing Contract plus Extension	10/01/18	09/30/19	$2.80	$823,200.00
Option Year 1	10/01/19	09/30/20	$2.80	$823,200.00
Option Year 2	10/01/20	09/30/21	$2.80	$823,200.00

Option Year 3	10/01/21	09/30/22	$2.80	$0.00
Option Year 4	10/01/22	09/30/23	$2.80	$823,200.00
Option Year 5	10/01/23	09/30/24	$2.80	$823,200.00
Option Year 6	10/01/24	09/30/25	$2.80	$823,200.00

Payment will be made in two installments each year as follows:

1. Contractor shall invoice the Initial Annual Installment amount shown in the table above once the current remaining referrals are drawn down to 30,000.
2. Upon satisfactory acceptance of the monthly request reports submitted throughout each term of October 1st through September 30th, Contractor shall invoice an amount equal to:

   (Total Referrals for period October 1st through September 30th) x (Cost Per Referral applicable to the period) less (Initial Annual Installment payment made on the prior October 1st).

DTMB will pay the Contractor upon receipt of properly completed invoice(s) which shall include information, and be submitted to the billing address, as described in the Contract section 1.601 not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices must reflect actual work completed by payment date, and must be approved by the DTMB Agency Project Manager prior to payment.

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

PROJECT CONTACTS:
The designated MDHHS Agency Project Manager is:

Logan Dreasky
MDHHS State Division Administrator
Elliott-Larson Bldg
320 S Walnut St.
Lansing, MI 48933
517-284-1205
Email: DreaskyL@michigan.gov

The designated DTMB Agency Project Manager is:

Sanjay Srivastava
DTMB Eligibility Division Business Relationship Manager/Director
Agency Services Supporting Michigan Department of Health and Human Services
235 S. Grand Ave., Ste. 3
Lansing, MI 48933
(517) 373-8836
Email: SrivastavaS1@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 **8**

to

Contract Number **071B4300065**

CONTRACTOR	
	ACCUITY
	1007 Church Street
	Evanston, IL 60201
	Jason Balaban
	847-933-5126
	jason.balaban@accuitysolutions.com
	CV0050631

STATE			
	Program Manager	Various	MDHHS
	Contract Administrator	Mecca Martin	DTMB
		(517) 230-5694	
		martinm42@michigan.gov	

CONTRACT SUMMARY

ASSET VERFICATION SERVICE

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 8, 2014	April 7, 2016	9 - 1 Year	September 30, 2021

PAYMENT TERMS	DELIVERY TIMEFRAME
1%	

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☒	1 Year	☐		September 30, 2022

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$5,528,000.00	$0.00	$5,528,000.00

DESCRIPTION

Effective 10/1/2021 this contract is exercising the 3rd option year. The revised expiration date is 9/30/2022. The referral structure has been amended per the attached SOW. All other terms, conditions, specifications, and pricing remain the same. Per Contractor and Agency agreement, and Central Procurement approval.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Sanjay Srivastava	517-373-8836	SrivastavaS1@michigan.gov
MDHHS	Jackie Prokop	517-284-1219	prokopj@michigan.gov

MICHIGAN DEPARTMENT OF TECHNOLOGY,
MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK

Project Title: Asset Verification Program (AVP) solution for Medicaid Eligibility – Transaction/Operation	**Period of Coverage:** 10/01/21 - 09/30/22
Requesting Department: Michigan Department of Health & Human Services (MDHHS)	**Date:** 09/22/21
MDHHS Agency Project Manager: Jackie Prokop	**Phone:** 517-335-5184
DTMB Agency Project Manager: Sanjay Srivastava	**Phone:** 517-373-8836
Contract Information: Accuity (071B4300065)	**Change Requests:**

This Statement of Work ("SOW") exercises Option year 3 for October 1, 2021-September 30,2022.

Due to COVID-19 pandemic, Asset Verification for the aged, blind, or disabled Medicaid applicants were waived, and estimated referrals were not fully utilized from CCN 7. Prior to the COVID-19 pandemic, the State estimated 35,000 monthly referrals. However, during the last term under CCN 7 an average of 10,340 monthly referrals were processed. There remain approximately 170,000 referrals available from CCN 7 that will be drawn down prior to issuing payment for Option Year 3.

PAYMENT SCHEDULE:
Payment as described within Contract Change Notice (CCN) 6 Rate Structure & Payment Schedule is postponed for Option Year 3.

PROJECT CONTACTS:
The designated MDHHS Agency Project Manager is:

Jackie Prokop
MDHHS State Division Administrator
Capitol Commons Center
400 S. Pine St.
Lansing, MI 48933
517-335-5184
Email: prokopj@michigan.gov

The designated DTMB Agency Project Manager is:

Sanjay Srivastava
DTMB Eligibility Division Business Relationship Manager/Director
Agency Services Supporting Michigan Department of Health and Human Services
235 S. Grand Ave., Ste. 3
Lansing, MI 48933
(517) 373-8836
Email: SrivastavaS1@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 **7**

to

Contract Number **071B4300065**

CONTRACTOR	
	ACCUITY
	1007 Church Street
	Evanston, IL 60201
	Jason Balaban
	847-933-5126
	jason.balaban@accuitysolutions.com
	CV0050631

STATE			
	Program Manager	Various	MDHHS
	Contract Administrator	Mecca Martin	DTMB
		517-230-5694	
		martinm42@michigan.gov	

CONTRACT SUMMARY

ASSET VERFICATION SERVICE

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 8, 2014	April 7, 2016	9 - 1 Year	September 30, 2020

PAYMENT TERMS	DELIVERY TIMEFRAME
1%	

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☒	12 Months	☐		September 30, 2021

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$4,352,000.00	$1,176,000.00	$5,528,000.00

DESCRIPTION

Effective 10/1/2020 this contract is exercising the 2nd option year and is increased by $1,176,000.00. This reflects a $63,000.00 savings as referral rates were reduced from $2.95 to $2.80 each w/CN6. The revised expiration date is 9/30/2021. All other terms, conditions, specifications, and pricing remain the same. Per Contractor and Agency agreement, and Central Procurement approval.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Sanjay Srivastava	517-373-8836	SrivastavaS1@michigan.gov
MDHHS	Jackie Prokop	517-284-1219	prokopj@michigan.gov

MICHIGAN DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK

Project Title: Asset Verification Program (AVP) solution for Medicaid Eligibility – Transaction/Operation	**Period of Coverage:** 10/01/20 - 09/30/21
Requesting Department: Michigan Department of Health & Human Services (MDHHS)	**Date:** 06/04/20
MDHHS Agency Project Manager: Jackie Prokop	**Phone:** 517-335-5184
DTMB Agency Project Manager: Sanjay Srivastava	**Phone:** 517-373-8836
Contract Information: Accuity (071B4300065)	**Change Requests:**

Brief Description of Project Request

This Statement of Work ("SOW") exercises Option year 2 for October 1, 2020-September 30,2021 .

PAYMENT SCHEDULE:

Payment will be made in two payments per Contract Change Noice (CCN) 6 Rate Structure & Payment Schedule. The first invoice will be due in October 2020 and the second due in October 2021 once referral counts have been reconciled.

Referrals are estimated at 35,000 per month, that amount will be notated the first invoice. An aggregate amount of referrals will be documented on and invoiced after the final month of service at the cost of $2.80 for each referral.

The Total value for the 12 month term of this SOW is $1,176,000.00.

DTMB will pay the Contractor upon receipt of properly completed invoice(s) which shall include information, and be submitted to the billing address, as described in the Contract section 1.601 not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices must reflect actual work completed by payment date, and must be approved by the DTMB Agency Project Manager prior to payment.

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

PROJECT CONTACTS:

The designated MDHHS Agency Project Manager is:

Jackie Prokop
MDHHS State Division Administrator

Capitol Commons Center
400 S. Pine St.
Lansing, MI 48933
517-335-5184
Email: prokopj@michigan.gov

The designated DTMB Agency Project Manager is:

Sanjay Srivastava
DTMB Eligibility Division Business Relationship Manager/Director
Agency Services Supporting Michigan Department of Health and Human Services
235 S. Grand Ave., Ste. 3
Lansing, MI 48933
(517) 373-8836
Email: SrivastavaS1@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 **6**

to

Contract Number **071B4300065**

CONTRACTOR	
	Accuity
	1007 Church Street
	Evanston, IL 60201
	Jason Balaban
	847-933-5126
	jason.balaban@accuitysolutions.com
	CV0050631

STATE			
	Program Manager	Sanjay Srivastava	DTMB
		517-373-8836	
		SrivastavaS1@michigan.gov	
	Contract Administrator	Jarrod Barron	DTMB
		(517) 249-0406	
		barronj1@michigan.gov	

CONTRACT SUMMARY

ASSET VERFICATION SERVICE

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 8, 2014	April 7, 2016	3 - 1 Year	April 7, 2019

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ Direct Voucher (DV)	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☒	18 months	September 30, 2020

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$2,000,000.00	$2,352,000.00	$4,352,000.00

DESCRIPTION

Effective 9/25/2018, the parties revise the contract expiration date to 9/30/2020 and add option years through 9/30/2025. The parties adopt to the pricing structure in the attached documentation. All other terms, conditions, specifications and pricing remain the same. Per approval by Contractor, agency, DTMB Procurement and State Administrative Board.

MICHIGAN DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK

Project Title: DHS ASSET VERIFICATION SERVICE Asset Verification Program (AVP) solution for Medicaid Eligibility – Transaction/Operation	**Period of Coverage:** 10/01/18-9/30/20
Requesting Department: Michigan Department of Health & Human Services (MDHHS)	**Date:** 9/25/18
MDHHS Agency Project Manager: Jackie Prokop	**Phone:** 517-335-5184
DTMB Agency Project Manager: Sanjay Srivastava	**Phone:** 517-373-8836

Brief Description of Project Request

This Statement of Work ("SOW"):

- Extends the contract expiration date to 9/30/2019 and adds options years thereafter through 9/30/2025, which may be exercised at the State's request.
- The State exercises Option Year 1 (10/1/2019 – 9/30/2020).
- The State will issue a separate delivery order for each fiscal year.

BACKGROUND:

The Centers for Medicare and Medicaid Services ("CMS") oversees the Medicaid Asset Verification Program ("AVP") requirements enacted under the Supplemental Appropriations Act of 2008 (P.L. 110-252). Section 7001(d) of that Act created a new section 1940 of the Social Security Act (the Act), which requires states to implement an AVP to verify the assets of aged, blind or disabled applicants for and recipients of Medicaid.

The State of Michigan ("State") implemented an AVP on December 29, 2017 began utilizing the Contractor's AVS on January 2, 2018 as documented in Contract Change Notice ("CCN") 4 and 5. All terms, conditions, and specifications contained in the existing Contract 071B4300065 must remain in full force and effect.

All services as described within CCN 4 and 5 are hereby extended for the term of this SOW. The only sections that are affected by this amendment is the following Payment Schedule.

RATE STRUCTURE & PAYMENT SCHEDULE:
Effective 10/1/2018, the parties agree to the following rate structure:

YEAR	BEGINNING DATE	END DATE	COST PER REFERRAL	INITIAL ANNUAL INSTALLMENT
Existing Contract plus Extension	10/01/18	09/30/19	$2.80	$823,200.00
Option Year 1	10/01/20	09/30/20	$2.80	$823,200.00
Option Year 2	10/01/21	09/30/21	$2.80	$823,200.00
Option Year 3	10/01/22	09/30/22	$2.80	$823,200.00
Option Year 4	10/01/23	09/20/23	$2.80	$823,200.00
Option Year 5	10/01/24	09/30/24	$2.80	$823,200.00
Option Year 6	10/01/25	09/30/25	$2.80	$823,200.00

Payment will be made in two installments each year as follows:

1. Contractor shall invoice the Initial Annual Installment amount shown in the table above on 10/1/2018 and on each October 1st thereafter for each option year the State exercises.
2. Upon satisfactory acceptance of the monthly request reports submitted throughout each term of October 1st through September 30th, Contractor shall invoice an amount equal to:

   (Total Referrals for period October 1st through September 30th) x (Cost Per Referral applicable to the period) less (Initial Annual Installment payment made on the prior October 1st).

DTMB will pay the Contractor upon receipt of properly completed invoice(s) which shall include information, and be submitted to the billing address, as described in the Contract section 1.601. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices must reflect actual work completed by payment date and must be approved by the DTMB Agency Project Manager prior to payment.

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

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 **5**

to

Contract Number **071B4300065**

CONTRACTOR	
	Accuity
	1007 Church Street
	Evanston, IL 60201
	Jason Balaban
	847-933-5126
	jason.balaban@accuitysolutions.com
	VS0043915

STATE			
	Program Manager	Sanjay Srivastava	MDHHS
		517-373-8836	
		SrivastavaS1@michigan.gov	
	Contract Administrator	Jarrod Barron	DTMB
		(517) 249-0406	
		barronj1@michigan.gov	

CONTRACT SUMMARY

DHS ASSET VERFICATION SERVICE

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 8, 2014	April 7, 2016	3 - 1 Year	April 7, 2019

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ Direct Voucher (DV)	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		April 7, 2019

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$2,000,000.00	$0.00	$2,000,000.00

DESCRIPTION

Effective 7/24/2018, the State changes the DTMB Project Manager to Sanjay Srivastav, and the parties amend the Contract Change Notice 4 asset verification service statement of work to correct the count of total referrals from 154,000 to 154,800; increase the estimated count of referrals and associated cost; and include Fair Credit Reporting Act (FCRA) language as Accuity is becoming a Consumer Reporting Agency (CRA) on July 1, 2018 and will be providing CRA data. See attached statement of work for further detail. All other terms, conditions, specifications and pricing remain the same.

MICHIGAN DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK

Project Title: Asset Verification Program (AVP) solution for Medicaid Eligibility – Transaction/Operation	**Period of Coverage:** 01/02/18 - 09/30/18
Requesting Department: Michigan Department of Health & Human Services (MDHHS)	**Date:** 06/15/18
MDHHS Agency Project Manager: Jackie Prokop	**Phone:** 517-335-5184
DTMB Project Manager: Sanjay Srivastava	**Phone:** 517-373-8836
Contract Information: Accuity (071B4300065)	**Change Requests:**

Brief Description of Request

1. Change the DTMB Project Manager to Sanjay Srivastava.
2. Amend Contract 071B4300065 Asset Verification Service ("AVS") Statement of Work ("SOW") as incorporated under Contract Change Notice ("CCN") #4 to:
   - correct the count of total referrals from 154,000 to 154,800.
   - increase the estimated count of referrals and associated cost.
   - include Fair Credit Reporting Act (FCRA) language as Accuity is becoming a Consumer Reporting Agency (CRA) on July 1st, 2018 and will be providing CRA data.

BACKGROUND:

The Asset Verification Program ("AVP") was implemented as part of the 17.12 Bridges Integrated Release on December 29, 2017. The Michigan Department of Health and Human Services (MDHHS) currently pays a monthly AVP referral cost to which is covered under CCN#4 to accommodate a total of 154,800 referrals (or 17,200 per month) thru September 30, 2018. Although the State of Michigan ("SOM") budgeted for a higher number of referrals in FY 2018, the SOW put in place reflected a smaller number due to an anticipated slow ramp up. However, the ramp up has been much faster than anticipated and an average of 30,000 transactions have been processed monthly during the first three months.

Based on the current number of monthly referrals, the total number of referrals allocated by the SOW will be exhausted in June 2018. As such, this change request seeks to modify the SOW to accommodate an increase of 106,992 referrals at $2.95 each for a total of $315,626.40 in additional funding thru September 30, 2018.

Accuity Inc. parent company RELX has determined that Accuity's asset verification business falls under the FCRA guidelines. The Michigan department of Health and Human Services (MDHHS) to accepts the below language insertion into the contract.

All terms, conditions, and specifications contained in the existing Contract must remain in full force and effect. The only Contract sections affected by this amendment are specifically referenced in CCN#4, and amends only the following sections:

PAYMENT SCHEDULE:
As agreed under CCN#4, the State will pay $50,740.00 monthly for the 154,800 total referrals that are sent to the AVS over the term of this SOW.

The available referrals are increased by 106,992 to total 261,792 for use over the term of this SOW. The monthly costs are increased for the remaining four months for a total SOW value of $722,286.40 as shown below:

					COST PER TRANSACTION					$2.95
BEGINNING REFERRAL BALANCE									154,800	TOTAL
Month:	January	February	March	April	May	June	July	August	Septemnber	
Referrals used:	21,207	30,586	35,802	32,222	34,625	358				154,800
Additional referrals:						29,642	30,000	30,000	17,350	106,992
TOTAL REFERRALS:										261,792
REMAINING REFERRAL BALANCE										
	133,593	103,007	67,205	34,983	358					
INVOICE CHARGES										
Payment#	1	2	3	4	5	6	7	8	9	
	$50,740.00	$50,740.00	$50,740.00	$50,740.00	$50,740.00	$50,740.00	$50,740.00	$50,740.00	$50,740.00	$456,660.00
Overage/Additional referrals Costs						$87,443.90	$88,500.00	$88,500.00	$51,182.50	$315,626.40
TOTAL TRANSACTION COST (Jan 1, 2018 - Sept 30, 2018)										$772,286.40

These costs are consistent with the Contract, Attachment A.

ADDITIONAL FCRA LANGUAGE:

Michigan Department of Health and Human Services certifies that when using Accuity Inc. services that constitute a Consumer Report as defined by Fair Credit Reporting Act, 15 U.S.C. § 1681 ("FCRA") (the "Services"), it will comply with all applicable provisions of the FCRA and all other applicable federal, state and local legislation, regulations and rules. In addition, Michigan Department of Health and Human Services certifies it has a permissible purpose under the FCRA for obtaining the Services, defined as a legitimate fraud prevention interest, or has a legitimate business purpose pursuant to a law, governmental rule, regulation, or fiduciary duty, certifies it will use the Services only for such purpose(s), and will re-certify such permissible purpose to Accuity Inc. upon request. Michigan Department of Health and Human Services acknowledges that Accuity Inc. has provided it a copy of the "Notice to Users of Consumer Reports", which informs users of consumer reports of their legal obligations under the FCRA.

PROJECT CONTACTS:
The designated DTMB Project Manager changes to:

Sanjay Srivastava
DTMB Eligibility Division Business Relationship Manager/Director
Agency Services Supporting Michigan Department of Health and Human Services
235 S. Grand Ave., Ste. 3
Lansing, MI 48933
(517) 373-8836
Email: SrivastavaS1@michigan.gov

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT
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 **4**

to

Contract Number **071B4300065**

CONTRACTOR	
	Accuity
	1007 Church Street
	Evanston, IL 60201
	Jason Balaban
	847-933-5126
	jason.balaban@accuitysolutions.com
	*******9625

STATE			
	Program Manager	Kemal Tekinel	MDHHS
		517-241-5779	
		TekinelK@michigan.gov	
	Contract Administrator	Jarrod Barron	DTMB
		(517) 284-7045	
		barronj1@michigan.gov	

CONTRACT SUMMARY

DHS ASSET VERFICATION SERVICE

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 8, 2014	April 7, 2016	3 - 1 Year	April 7, 2018

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ Direct Voucher (DV)	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐	1 Year	☐		April 7, 2019

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$2,000,000.00	$0.00	$2,000,000.00

DESCRIPTION

Effective 3/12/2018, the State exercises the final available option year. The State Contract Administrator is changed from Simon Baldwin to Jarrod Barron. All other terms, conditions, specifications and pricing remain the same.

MICHIGAN DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK

Project Title: Asset Verification Program (AVP) solution for Medicaid Eligibility – Transaction/Operation	**Period of Coverage:** 01/02/18 - 09/30/18
Requesting Department: Michigan Department of Health & Human Services (MDHHS)	**Date:** 12/18/17
MDHHS Agency Project Manager: Jackie Prokop	**Phone:** 517-335-5184
DTMB Agency Project Manager: Kemal Tekinel	**Phone:** 517-241-5779
Contract Information: Accuity (071B4300065)	**Change Requests:**

Brief Description of Project Request

Exercise Option year 3, extending the term of the Contract to April 7, 2019

This Statement of Work (SOW) documents the estimated count of referrals and associated cost for Accuity (Contractor) to provide an Asset Verification Service.

BACKGROUND:

The Centers for Medicare and Medicaid Services (CMS) oversees the Medicaid Asset Verification Program (AVP) requirements enacted under the Supplemental Appropriations Act of 2008 (P.L. 110-252). Section 7001(d) of that Act created a new section 1940 of the Social Security Act (the Act), which requires states to implement an AVP to verify the assets of aged, blind or disabled applicants for and recipients of Medicaid. The State of Michigan ("State") plans to implement AVP December 29, 2017 and begin to send the Contractor Asset Verification Requests on January 2, 2018.

All terms, conditions, and specifications contained in the existing Contract 071B4300065 must remain in full force and effect.

PROJECT OBJECTIVE:

Receive electronic data on assets held in Financial Institutions that affect the eligibility of individuals applying for Medicaid assistance through the Michigan Department of Health and Human Services (MDHHS).

SCOPE OF WORK:

The Contractor's Asset Verification system (AVS) must receive a nightly batch secure HTPPS file generated by the State eligibility system Bridges. The AVS must process each request contained within the file, and return to the State a secure file that includes asset verification data for multiple individuals applying to Medicaid.

The file must have sufficient diagnostic information for the Bridges system to identify if the Contractor system is able to provide a valid response for all records transmitted. The Contractor must maintain Data Security standards as described herein and in the Contract.

WORK AND DELIVERABLE:

The Asset Verification System (AVS) system for Medicaid eligibility must the minimum qualifications and conditions per Contract section 1.104 and will utilize "Detection Request", which is a search of financial institutions for asset information, for the term of this SOW.

The Contractor shall perform the Asset Verification as defined within the Contract, Section 1.104 Tasks. In addition, the Contractor must comply with documentation generated and approved during the AVP solution for Medicaid eligibility Implementation as described within CCN3.

DTMB will send daily batch files to Accuity AVS prior to 7:00 PM Eastern Standard Time (EST) Monday thru Friday. Accuity AVS will return response files to DTMB at a mutually agreed upon time between 6:00 AM and 2:00 AM EST Monday through Friday only. No files will be sent or returned on weekends or State holidays. AVS is unavailable from 2:00 AM to 6:00 AM EST Monday through Friday, and from 11:00 PM to 6:00 AM EST on Saturday and Sunday to allow the Contractor to perform maintenance support.

The AVS batch interfaces that allow DTMB to submit requests and receive responses include the following types of transferred files:

- Asset Verification Request – Allows DTMB to send requests to Accuity AVS.
- Asset Verification Request Acknowledgment – Allows Accuity AVS to communicate success/failure status.
- Asset Verification Response – Allows Accuity AVS to send responses to DTMB.
- Asset Verification Response Acknowledgement – Allows DTMB to communicate success/failure status.

The Request file is structured as a sequence of "bundles." Each bundle consists of one (or more) requests that are all associated with the same person (who is called the "subject"). Within a bundle, there are two types of requests:

- Verification Request
- Detection Request

A Verification Request is used to target a specific financial institution, whereas a Detection Request is used to search for accounts across multiple financial institutions. DTMB will only be utilizing Detection Requests.

DTBM will provide Accuity AVS with the following fields in the Asset Verification Request batch file:

Element Name	Element Type	Notes/Requirements
assetVerificationRequest	AssetVerificationRequestType	One per file. Encloses an unbounded list of request bundles.
agencySystemId	string	One per file. Identifies the Agency. Constant value assigned by Accuity AVS to each Agency.
transmittalId	string	One per file. Should be the next number in a sequence. Each file sent by the Agency shall have a unique transmittal ID.
transmittalTimestamp	dateTime	Date/time when the XML file was created and transferred to Accuity AVS.
requestBundle	RequestBundleType	Repeated for each Subject and Case ID. Encloses several Verification Requests, and optionally a Detection Request. There must be at least one request (of either type) per bundle.
bundleId	string	Unique ID of the "requestBundle" element. Should be the next number in a sequence, unique across all transmissions. Used for correlation of errors if there are validation problems above the level of an individual request.
requestDate	dateTime	Timestamp when the request was created.
fieldOfficeCode	string	Identifies the field office. Required to be a value that has been configured in the Accuity AVS system.

caseId	string	Identifies the Case that is associated with all requests in the enclosing “requestBundle” element.
Requestor	RequestorType	Name of the person who created the requests.
Subject	PersonType	Name, Address, SSN of the person under investigation. Optionally includes up to 5 alternate names, which are required if the person’s name has been changed or if the person uses more than one name.
verificationRequest	VerificationRequestType	Zero or more may be contained in each bundle. Identifies a specific institution and date range(s).
detectionRequest	DetectionRequestType	Enables a search for institutions not listed using a “verificationRequest.” Zero or one of these per bundle. May include geographic radial search.
guardAddress	AddressType	Address included in the detectionRequest, used for performing geographic radial account detection (GUARD). For best results, address cleansing should be performed by the Agency in advance of submitting the request.
clientRequestId	string	A unique identifier for either a Verification or Account Detection Request. Should be the next number in a sequence, generated by the Agency. Must be unique across all requests. Used for correlation of requests to responses, and for correlation of requests to errors.

financialInstitution	FinancialInstitutionType	One per "verificationRequest" element. Identifies an institution using either an ABA number (routing number) or a location/institution identifier.
Account	AccountDetailsType	Zero or more per "verificationRequest." This element provides the account number and joint-account indicator (a true/false value) for each alleged account.
interestInfoRequested	boolean	True or false, depending on whether or not the FI should provide interest amounts in the response.
dateRange	DateRangeType	A beginning month and year, and an end month and year. Defines the range for which balance/interest values may be provided in the response. The request may include multiple date ranges, but they must not overlap and the start date must be earlier (or the same) as the end date. The range is inclusive—for example: 2012-01 to 2012-03 is a request for January, February, and March.
Remarks	string	Optional text, associated with either the verificationRequest or detectionRequest, that is presented to the financial institution.

The table above summarizes the structure of the request file. For brevity, not all elements are listed. Refer to the System Design (SEM-0604) for a complete reference.

Accuity AVS returns the following data in the batch file for each request:

- Name of the FI
- Account Number
- Names (Owners) of the account
- Account Type
- Joint Account (Yes or No)
- Account balances for the months requested

Accuity AVS will include the following elements in each Asset Verification Response batch file:

Element Name	Element Type	Notes/Requirements
assetVerificationResponse	AssetVerificationResponseType	One per file. Encloses an unbounded list of "response" elements.
agencySystemId	string	The same value that was provided in the corresponding request.
transmittalId	string	One per file. Should be the next number in a sequence. Each file sent by Accuity AVS shall have a unique transmittal ID.
transmittalTimestamp	dateTime	Date/time when the XML file was created and transferred to the Agency.
Response	ResponseType	One or more per file. Each response corresponds to either a Verification Request or a Detection Request. Each Detection Request can result in zero or more responses. Responses to any particular Detection Request are typically scattered across different transmittals, because different FIs respond at different times.

clientRequestId	string	The value of the correlation ID that was originally provided in the request.
requested	string	The ID of the Request in the Accuity AVS system. Unique for each response.
responseIndicator	boolean	True unless the FI has indicated “Will Not Respond.”
nonResponseReasonCode	enumeration	Reason why the FI used “Will Not Respond”
Accounts	AccountType	Zero or more accounts, each with: an account number, account title, account type, and list of balance/interest values.
financialInstitution	FinancialInstitutionType	Identifies the institution’s central processor that provided the response.
Remarks	string	The remarks from the FI. Can include open/close dates, details if OTHER is used as the “Will Not Respond” reason, or other information.
jointAccount	boolean	One per AccountType. True if the FI reported that the account was a joint account.
accountNumber	string	One per AccountType. The Account Number, as reported by the FI.
accountTypeCode	enumeration	The type of account (or “OTHER” if no types in the list are applicable) as reported by the FI.

accountTypeDesc	string	Zero or One per AccountType. Description, provided by the FI, of the account type. Required if the accountTypeCode is OTHER.
Title	string	One per AccountType. The title of the account, as provided by the FI.
Balance	AccountBalanceType	One or more per AccountType. Each contains a month/year and a balance dollar amount. A dollar amount for interest may be provided if the response is for a Verification Request where interest was requested.
locationId	string	The Accuity (TFPSYS) identifier of the Central Processor that responded to the request.
institutionId	string	The Accuity (TFPSYS) identifier of the institution.
institutionName	string	The name of the responding institution.
headOfficeAddress	AddressType	The address of the responding institution's head office.

The table above summarizes the structure of the request file. For brevity, not all elements are listed. Refer to the System Design (SEM-0604) for a complete reference.

DATA SECURITY

Several layers of security to protect MDHHS data is documented in a Data Use Agreement (State Form DCH-1294, referred to as a "DUA") mutually agreed to and executed between the Contractor and MDHHS on December 27, 2017. The below excerpts describe the high level details.

Batch process between the Contractor and the State:

Accuity AVS will be sent an Advanced Encryption Standard (AES) encrypted batch file through a Secure File Transfer Protocol, (SFTP) using Secure Shell (SSH) key exchange instead of passwords. The AES package used will be an AES Crypt. AES Crypt is an advanced file encryption utility that integrates with to encrypt files using the Advanced Encryption Standard (AES). A shared key will be used for all batch files transferred.

Files are then processed and stored on the server database in their original encrypted format. The data base is Oracle running a Oracle Advance Security package meaning it is encrypted as well. AVS returns files back to the State through the same methodology.

Contractor staff have access to the requests through the Accuity Administration Web Application but most staff members do not have access to the original files sent. Data that was processed into the database can be viewed by the Contractor business analysts working on fulfilling the requests or working on the exception processing. Staff will not print files, but may download the file for consumption into the AVS to generate requests out to the financial institutions.

Datacenter

All Contractor servers reside in a Alpharetta Georgia datacenter which is not a cloud environment. This is a private data center with multiple levels of physical and network security controls owned and mangaged by Accuity's parent company, LexisNexis Risk Solutions. Servers are protect by way of firewalls (Checkpoint) and go through a monthly patch cycle for security issues. The Checkpoint series firewalls are updated regularly and allow for tight integration of Internet Provider Security (IPS), Integrated Data Store (IDS), and other filtering technology.

Primary Facility	**Disaster Recovery Facility**
LexisNexis Risk 1000 Alderman Drive Alpharetta, GA 30005	LexisNexis Risk 6601 Park of Commerce Blvd. Boca Raton, FL 33487

Data Destruction

The Contractor agrees to follow the data destruction guidelines provided in the DUA. The guidelines are provided below for reference:

Return or destroy all originals and copies of any potentially identifiable information upon completion of project, or upon request, unless otherwise approved in this agreement. This includes, but is not limited to: magnetic tape, micro disk files, paper records, etc.

Date Retention

AVS will hold data a maximum of seven years. This is consistent with a future business model in which Accuity AVS will become a Consumer Reporting Agency (CRA). The plans for this transition are scheduled for July 2018.

PROCESS FOR APPROVAL AND FINAL ACCEPTANCE OF DELIVERABLES:
The Contractor must provide a monthly request report that provides detail of the following:

Transaction Report
AVS Performance Report
AVS Availability Report
FI Network Report
AVS Customer Service Metrics
High Balance Report
MI Inquiry List

The dates on the request report must align with the invoice date. The request report must include the actual number of referrals sent during the months invoice dates, an aggregate total number of referrals since the beginning of the term of this SOW, and a remaining balance of available referrals thruough the remainder of the SOW term. The DTMB Agency Project Manager will validate monthly the number of referrals documented on the MI Inquiry list against an internal report generated by Bridges prior to authorizing payment. The Contractor must collaborate with DTMB to correct discrepancies and reconcile the request report with the DTMB internal report.

PAYMENT SCHEDULE:
Payment will be made upon satisfactory acceptance of each monthly request report submitted with the invoice.

The State will pay $50,740.00 monthly for 154,000 total referrals that are sent in the Asset Verification Request over the term of this SOW. These costs are consistent with the Contract, Attachment A.

One single referral is represented by each individual applicant Social Security Number (SSN) sent within the Asset Verification Request. The total referrals may be increased by minimally 17,200 referrals a month within the term of this SOW by request of the DTMB Agency Project Manager.

DTMB will pay the Contractor upon receipt of properly completed invoice(s) which shall include information, and be submitted to the billing address, as described in the Contract section 1.601 not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices must reflect actual work completed by payment date, and must be approved by the DTMB Agency Project Manager prior to payment.

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

EXPENSES:
The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:
Consultants will work onsite for this SOW Work and Deliverables as directed by the DTMB Project Manager unless written approval by the DTMB Project Manager to work remote

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:
Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

PROJECT CONTACTS:
The designated MDHHS Agency Project Manager is:

Jackie Prokop
MDHHS State Division Administrator
Capitol Commons Center
400 S. Pine St.
Lansing, MI 48933
517-335-5184
Email: prokopj@michigan.gov

The designated DTMB Agency Project Manager is:
Kemal Tekinel
DTMB Director – Eligibility Division
DTMB Agency Services – MDHHS
Grand Tower – 3rd floor
235 S. Grand Ave
Lansing, MI 48933
517-241-5779
Email: TekinelK@michigan.gov

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT
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 **3**

to

Contract Number **071B4300065**

CONTRACTOR	
	Accuity
	1007 Church Street
	Evanston, IL 60201
	Jason Balaban
	847-933-5126
	jason.balaban@accuitysolutions.com
	*******9625

STATE			
Program Manager	Kemal Tekinel	DTMB-IT
	517-241-5779	
	TekinelK@michigan.gov	
Contract Administrator	Simon Baldwin	DTMB
	(517) 284-6997	
	baldwins@michigan.gov	

CONTRACT SUMMARY

DHS ASSET TEST SERVICE

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 8, 2014	April 7, 2016	3 - 1 Year	April 7, 2017

PAYMENT TERMS	DELIVERY TIMEFRAME
	N/A

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ Direct Voucher (DV)	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☒	1 Year	☐		April 7, 2018

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$2,000,000.00	$0.00	$2,000,000.00

DESCRIPTION

Effective 3/2/2017:

1- The State exercises the second option year.
2- Implement an Asset Verification Program (AVP) solution using the Contractor's Asset Verification Solution (AVS) that delivers electronic data on assets held in Financial Institutions that affect the eligibility of individuals applying for Medicaid eligibility coverage.The AVS must work in conjunction with the Medicaid integrated eligibilitysystems, specifically Bridges.)

No additional money will be added to the contract for the AVP implementation, the State will utilize $51,673.00 from the exsisting funds in the contract for the AVP implementation.

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

ACCUITY

1007 Church Street
Floor 6
Evanston, Illinois 60201

December 22, 2016

Simon Baldwin
Buyer
Department of Technology, Management and Budget
Procurement
P.O. Box 30026
530 West Allegan
Lansing, Michigan 48933
Re: Contract Number 071B4300065

Dear Simon:

This correspondence is to confirm Accuity's intent and agreement to accept the terms and conditions contained in Contract Number 071B43000065 between the State of Michigan and Accuity Inc. for DHS Asset Test Service for an extension through April 7, 2018. This confirmation includes acceptance to continue the pricing described in the cost table as Attachment A dated 1/29/2014.

Please Note that our contact has changed:

Jason Balaban
Associate Director, Government Services
847-933-5076
Jason.Balaban@accuity.com

We look forward to resuming this contract and its services with the Department of Technology, Management and Budget and the Department of Health & Human Services.

Best regards,

Brent Newman
President Accuity Asset Verification Services

ATTACHMENT A

COST TABLE
Accuity Asset Verification Services Inc.
1/29/2014

QUANTITY	PRICE
5,200 referrals per week	$15,340.00 per week
Incremental Cost for additional 1000 referrals per week above 5,200 per week (cost per thousand)	$2,950.00 per thousand
4,300 referrals per week	$12,685.00 per week
Incremental Cost for additional 1000 referrals per week above 4,300 per week (cost per thousand)	$2,950.00 per thousand
1,000 referrals per week	$2,950.00 per thousand
Incremental Cost for additional 100 referrals per week above 1,000 per week (cost per hundred)	$295.00 per hundred

MICHIGAN DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK

Project Title: Asset Verification Program (AVP) solution for Medicaid Eligibility - Implementation	**Period of Coverage:** 02/13/2017 - 12/31/2017
Requesting Department: Michigan Department of Health & Human Services (MDHHS)	**Date:** 01/12/17
MDHHS Agency Project Manager: Jackie Prokop	**Phone:** 517-335-5184
DTMB Agency Project Manager: Kemal Tekinel	**Phone:** 517-241-5779
Contract Information: Accuity (071B4300065)	**Change Requests:**
Attachments: Accuity Asset Verification Service Security and Privacy Plan v2.0 dated January 6, 2016	

Brief Description of Project Request

Implement the financial asset verification of aged, blind or disabled applicants and recipients of title XIX medical assistance as part of Medicaid eligibility requirements. This SOW describes the services necessary to access the Accuity (or "Contractor") Asset Verification System (AVS) and meet requirements of the AVP solution for Medicaid Eligibility.

This statement of work (SOW) is relevant to the DHS Asset Test Service Contract 071B4300065 to support the State of Michigan Department of Health and Human Services (MDHHS) Medicaid Eligibility programs. All terms, conditions, and specifications contained in the existing Contract must remain in full force and effect. Contract sections affected by this amendment are referenced specifically in this SOW.

BACKGROUND:

The Centers for Medicare and Medicaid Services (CMS) oversees the Medicaid Asset Verification Program (AVP) requirements enacted under the Supplemental Appropriations Act of 2008 (P.L. 110-252). Section 7001(d) of that Act created a new section 1940 of the Social Security Act (the Act), which requires states to implement an AVP to verify the assets of aged, blind or disabled applicants for and recipients of Medicaid. The State of Michigan ("State") has an approved plan which includes authority to implement an AVP. The State continues to work toward full implementation of a functioning AVP.

Specifically, the State initiated a pilot process to electronically identify and validate assets. This pilot was targeted for an August 2014 implementation date and would have included nearly all State programs with an asset test. Technical support (including the development of an interface with financial information network) was completed but due to internal systems issues related to integrated eligibility execution, the pilot was never realized. A major concern identified for the State is the varying rules amongst programs. Different programs administered by the State count assets

differently. While Medicaid utilizes a process that uses the lowest asset balance on any given day of the month, other programs use the balance on the first day of the month.

PROJECT OBJECTIVE:

- Implement an Asset Verification Program (AVP) solution using the Contractor's Asset Verification Solution (AVS) that delivers electronic data on assets held in Financial Institutions that affect the eligibility of individuals applying for Medicaid eligibility coverage.
- The AVS must work in conjunction with the Medicaid integrated eligibility system(s), specifically Bridges.

SCOPE OF WORK:

The AVP solution as described within this SOW is targeted to Medicaid systems and applicants as supported by MDHHS/DTMB. As described within the Contract under Work and Deliverable, section 1.104, the Contractor's AVS will receive electronic detection requests from the State, process each request, and return a response, including the associated asset verification data, to the State electronically.

AVS integration is supported by two services:

Request Service: hosted by the Contractor's AVS*, this service allows the transmission of information about an applicant so that AVS is able to conduct a search of participating financial institutions for that applicant's assets. An acknowledgement will be returned to the State- DTMB when this service is called. The request service supports two types of searches "Detection Request" and "Verification Request"

> Detection Request is a search of an algorithmically selected group of financial institutions for asset information.
>
> Verification Request is a search of assets at a financial institution specifically selected by the government agency. MDHHS is the government agency performing the eligibility investigation.

The AVP for Medicaid Eligibility project as sponsored by MDHHS/DTMB will utilize the "Detection Request"search for initial Implementation, or "release". References herein to asset verification services are limited to Detection Requests searches only.

*Details of the hosted AVS are defined within the attached "Accuity Asset Verification Service Security and Privacy Plan v2.0 dated January 6, 2016".

Response Service: hosted by MDHHS/DTMB, this service allows the response data from financial institutions to be delivered by the Contractor's AVS back to the MDHHS/DTMB interface. Request Identifiers embedded within the response data allows correlation of the response data to align back to the original applicant request. Responses may contain: account and balance information, an indication that no accounts were found, or a "will not respond" message with an accompanying explanation. There may be multiple responses for each Detection Request. An acknowledgement will be returned synchronously when this service is called.

Assets by definition include but are not limited to annuities, time/CDs, checking accounts, custodial accounts, burial or funeral accounts, IRAs, money market accounts, savings accounts, Keough retirement plan, rent securities, trusts, Christmas clubs, and any other assets that may be held or managed by any Financial Institution.

Accuity will actively engage with the State to meet the Project Objectives set forth above. The State Unified Information Technology Environment (SUITE) Project Management Methodologies (PMM)

and Systems Engineering Methodology (SEM) processes as referenced in the Contract will be followed for the project. SUITE information is available on http://www.michigan.gov/suite/

The term of this SOW is 02/13/2017 through 12/31/17.

- The high level Milestone schedule shown below is dependent upon the State system (Bridges) schedule meeting milestones and approved to implement asset verification.
- This project is estimated to begin on TBD, 2017. Changes to the below schedule will be managed by the established Project Change Request approval process.

Milestone	Date	Estimated Effort in hours
Requirements, Design, Construction	March 2017 to August 2017	60
Testing	August 2017 to September 2017	85
Implementation	September 2017	76

Further details and specifications are listed in the section titled "Work and Deliverables".

WORK AND DELIVERABLES

The Contractor will meet the Business Requirements and execute the Task List described within the Contract under Work and Deliverable, section 1.104. In addition, the Contractor will provide support to the State for development as described below:

I. System Development Lifecycle (SDLC) Consulting:

- The State's interface to the Contractor's AVS will be developed, implemented, and hosted by the State. To aid and assist the State in the development and implementation of the new interface, the Contractor must provide the following consulting services during these SDLC phases:
    - **Requirements:** Participate in Business and Technical Joint Application Design (JAD) sessions for completion of business and technical requirements as directed by the DTMB Project Manager.
    - **Design:** Contribute to the creation, editing and final Functional and System Design documents and artifacts of the AVP for Medicaid Eligibility interface.
    - **Construction**: Provide guidance and expertise to the State in the development effort.
    - **Test:** Support and engage MDHHS and DTMB resources in Integration Systems Testing (INT), Quality Analysis Testing (QAT), User Acceptance testing (UAT) of the Response Service interface.
        - **Testing Environments:** Support interface testing between the Contractor's AVS and the State systems in the following test environments: Integration Systems Testing (INT), Quality Analysis Testing (QAT), User Acceptance Testing (UAT), and Production (PRD). Testing will include functionality and bug fixes, or defect resolution.
        - Contractor must acknowledge the States reported defect or bug within 24 hours to aid and assist resolution during Integration Testing (INT) and User

Acceptance testing (UAT) stages.

- Defect resolution work must not affect cost, schedule, or resources assigned and must be performed at no additional cost to the State.

- **Implementation**: Defined as moving the State's interface into the production environment once testing and subsequent changes have been made and accepted to meet business and technical requirements set forth as approved by the State. The Contractor will support the State during deployment to the Production environment (Go Live) and Production defect resolution.

    - The AVP solution must function and be fully operable (meet all applicable specifications, and function in all respects, in conformity with this Contract and the project documentation). The Contractor will provide continued SDLC consulting as described above until all requirements are achieved and Implementation is accepted by the State as fully functional and operable.

II. Asset Verification Program (AVP) for Medicaid Eligibility

An asset request service will be sent electronically from the State to the Contractor's AVS.. The approach to interfacing with the Contractor's AVS has yet to be determined by the State, but will either be automated through Batch or Web service. The Batch interface approach will be routed through SFTP and the files are expected to be encrypted while at rest. A Web Services interface approach will be routed through two way SSL encryption. The Contractor must support whichever interface approach is chosen by the State with the same level of security, efficiency, and cost. Either approach must interface with the MDHHS system called Bridges.

The Contractor's AVS must have the capability to accept asset request services electronically whether web-service or batch interface. The system must be secure, based on a recognized industry standard of security (e.g., as defined by the U.S. Commerce Department's National Institute of Standards and Technology, or NIST) and comply with the State Department of Technology Security standards as described within the Contract.

- Requests service utilizing the Detection Service must be sent to financial institutions based on some logic such as geographic proximity to the applicant's home address, or other reasonable factors whenever the State determines that such requests are needed to determine or re-determine the individual's Medicaid eligibility.
- Requests service utilizing the Detection Service must include a request for information on both open and closed accounts, with an option of going back for a period of up to 5 years, as requested by the State.
- The Contractor's AVS facilitates the transfer of MDHHS/DTMB requests to financial institution(s) and returns subsequent financial institution(s) responses back to MDHHS/DTMB. One or more financial institutions may respond to a verification request and all responses will be transmitted to the State within 10 days for 98% of the verification requests.
- Response data will return an asset's balance based on the first day of the month.
- Response data must be dated within the past 30 days to be considered a valid verification of the applicant's current resources.
- Response data is returned with the applicants social security number (SSN), case id (as provided by the State), and an assigned Contractor's Request ID.
- The Contractor AVS will send responses from Financial Institutions to the State as the Contractor receives them. The Contractor AVS may return responses in less than 10 days for national searches with large financial institutions.

- The Contractor AVS must send one of the following message types "account found', 'no account found', or 'will not respond' based upon financial institutions responses back to the State's electronic asset request.
- The Contractor's AVS will send the State an acknowledgement stating all outstanding responses have been received for any specific applicant request service.
- A transaction comprises of a new asset detection request to the Contractor AVS system. If a resend occurs from the State to Contractor's AVS, then no transaction cost will be applied. If an acknowledgement status request is made to the Contractor's AVS, then no transaction cost will be applied.
- As requested by the Agency Project Managers, and minimally monthly, an Activity Report must be generated by the Contractor and submitted to the Agency Project Managers. The Activity Report must include, and is not limited to, information such as: the total number of requests, the total number of responses, and the total amount of undisclosed assets found within a specified time.
- If the Contractor's AVS system is down or unavailable, then a notification is sent to State of MI - DTMB Director- Eligibility Division, Kemal Tekinel and DTMB Bridges Manager, Sanjay Srivastava.
- The Contractor's AVS system must be able to handle the State's yearly volume of 300,000 to 400,000 asset detection requests for Medicaid eligibility.

Data Sharing agreement:

The State and Contractors AVP system will establish a data sharing agreement related to the exchange of asset information. Asset information maybe treated as private confidential information adhering to Privacy laws and federal / state regulations. A separate Data Sharing Agreement will be written between the State of Michigan – Bridges system and the Contractor's AVS system.

State of Michigan – DHHS requires contractors to complete an annual training session on data security in order to access and utilize State of Michigan data.

Warranty:

The warranty period is a fixed ninety (90) calendar-day period commencing on the implementation, or Go live, date as accepted by the State. Contractor warrants that continued consulting support will be provided at no additional cost during the Warranty Period for bugs, or defects, affecting the production environment functionality.

Defects which may put the State at risk of losing the authority to connect (ATC) with the federal government's systems will be fixed at no additional cost to the State in an expedited time frame.

ASSUMPTIONS:

- All security patches and system and software configuration changes must be tested before deployment.
- There must be separate development, test and production environments. "Environment" means the combination of server hardware and software to support a functional technical solution.
- If the scope of work requested of the Contractor by the DTMB Project Manager necessitates an increase in staff to accommodate, the Contractor must recommend staffing changes, including associated pricing adjustments, and initiate the established Project Change Request approval process.

- DTMB will be responsible for creating, documenting and executing test plans that include test scenarios, scripts, and results for system Quality Assurance Testing (QAT), User Acceptance Testing (UAT) and performance testing. The Contractor consultants will support DTMB technical staff as necessary to recommend performance testing, complete testing activities and achieve functional use of AVS.
- Any scope change requests that occur during the life of the project will follow the established project change control process. The Accuity Project Manager will provide a Project Change Request (PMM-014) that minimally documents requirements and the corresponding estimate of effort.

AGENCY STANDARDS:

Accuity must comply with all State of Michigan Information Technology Security Policies, including but not limited to those listed within the Contract, herein, and on the DTMB "IT Policies, Standards, and Procedures (PSP)" webpage, currently found at http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html.

DELIVERABLES:

Deliverables will be submitted in a format as determined by the State and will not be considered complete until the Agency Project Managers have formally accepted them.

- AVS Batch or Web service Integration Specifications (as directed by the State) to be delivered at start of Requirements/Design sessions. Acceptance be documented within the (SEM-0189) Requirements/Design Stage Exit Approvals.
- Testing documentation that supports testing of the State's interface with the Contractor's AVS in INT, QAT, and UAT environments.
- Written confirmation that all interfaces are working to specifications at completion of UAT within the testing environment (SEM-0189, Testing Stage Exit Approval).
- Written confirmation by the State that Implementation has been achieved as fully functional and operable for a period of ninety (90) calendar days (SEM-0189, Implementation Stage Exit Approval).

PROCESS FOR APPROVAL WRITTEN DELIVERABLES:

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work/Purchase Order following delivery of the final version of the Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days for Written Deliverables of more than one hundred (100) pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Deliverable (or at the State's election, subsequent to approval of the Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within five (5) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

FINAL Acceptance

Payment will be made upon the Contractor providing all Deliverables identified in Section 1.104 Work and Deliverables and acceptance has been granted by the State as per Section 1.500 Acceptance.

PROJECT CONTROL AND REPORTS:
A bi-weekly progress report must be submitted to the Agency MDHHS and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each bi-weekly progress report must contain the following:

- **Hours**: Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.
- **Accomplishments**: Indicate what was worked on and what was completed during the current reporting period.
- **Funds**: Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

PAYMENT SCHEDULE:
Payment will be made on a fixed billing, milestone basis. DTMB will pay CONTRACTOR upon receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date, and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State's satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

Payment #	Milestone Description	Amount
1	SEM-0189, Requirements/Design and Construction Stage Exit Approval	$16,830
2	SEM-0189, Testing Stage Exit Approval	$17,875
3	SEM-0189, Implementation Stage Exit Approval	$16,968
TOTAL		$51,673

EXPENSES:
The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:
Consultants will work onsite for this SOW Work and Deliverables as directed by the DTMB Project Manager unless written approval by the DTMB Project Manager to work remote

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:
Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

PROJECT CONTACTS:
The designated MDHHS Agency Project Manager is:

Jackie Prokop
MDHHS State Division Administrator
Capitol Commons Center
400 S. Pine St.
Lansing, MI 48933
517-335-5184
Email: prokopj@michigan.gov

The designated DTMB Agency Project Manager is:

Kemal Tekinel
DTMB Director – Eligibility Division
DTMB Agency Services – MDHHS
Grand Tower – 3rd floor
235 S. Grand Ave
Lansing, MI 48933
517-241-5779
Email: TekinelK@michigan.gov

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

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 **2**
to
Contract Number **071B4300065**

CONTRACTOR	
	Accuity
	1007 Church Street
	Evanston, IL 60201
	Jason Balaban
	847-933-5076
	Jason.Balaban@accuitysolutions.com
	*******9625

STATE			
	Program Manager	Kemal Tekinel	DTMB
		517-241-5779	
		TekinelK@michigan.gov	
	Contract Administrator	Simon Baldwin	DTMB
		(517) 284-6997	
		BaldwinS@michigan.gov	

CONTRACT SUMMARY

DESCRIPTION: DHS Asset Test Service

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 8, 2014	April 7, 2016	3 - 1 Year	April 7, 2017

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-card	☐ Direct Voucher (DV)	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐	N/A	☐	N/A	

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$2,000,000.00	$ 0.00	$2,000,000.00

DESCRIPTION: Effective July 18, 2016, the Program Manager is hereby changed to Kemal Tekinel, the Contract Administrator is changed to Simon Baldwin, and the Primary Contact for the Contractor has been changed to Jason Balaban. All other terms, conditions, specifications, and pricing remain the same. Per Contractor and Agency agreement, and DTMB Procurement approval.

Form No. DTMB-3521 (Rev. 10/2015)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

STATE OF MICHIGAN

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET

PROCUREMENT

525 W. ALLEGAN STREET
LANSING, MI 48933

P.O. BOX 30026
LANSING, MI 48909

CHANGE NOTICE NO. 1
to
CONTRACT NO. 071B4300065
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Accuity	Paul Soczynski	paul.soczynski@accuitysolutions.com
1007 Church Street Floor 6	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
Evanston, IL 60201	847-933-5126	*******9625

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Palmateer, Nancy	517-335-5775	PalmateerN@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jarrod Barron	(517) 284-7045	BarronJ1@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Dhs Asset Test Service			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 8, 2014	April 7, 2016	3 - 1 Year	April 7, 2016
PAYMENT TERMS		DELIVERY TIMEFRAME	
N/A		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
☐ P-card ☐ Direct Voucher (DV) ☐ Other			☒ Yes ☐No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		April 6, 2017
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
$2,000,000.00	$ 0.00	$2,000,000.00		
DESCRIPTION: Effective April 7, 2016, the state exercises the first option year. All other terms, conditions, specifications, and pricing remain the same. Per Contractor, Agency and DTMB Procurement agreement.				

Form No. DTMB-3522 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

NOTICE
OF
CONTRACT NO. 071B4300065
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Accuity, Inc. 4709 Golf Road Skokie, IL 60076	Paul F. Soczynski	Paul.soczynski@accuitysolutions.com
	TELEPHONE	**CONTRACTOR #, MAIL CODE**
	(847) 933-5126	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Nancy Palmateer	517-241-8509	palmateern@michigan.gov
BUYER:	DTMB	Mike Breen	517-284-7002	breenm@michigan.gov

CONTRACT SUMMARY:

DESCRIPTION: Descriptive Contract Title (Not always the same language as provided in MAIN)

DHS Asset Test Service

INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
2 years	April 8, 2014	April 7, 2016	3, one year
PAYMENT TERMS	**F.O.B**	**SHIPPED**	**SHIPPED FROM**
N/A	N/A	N/A	N/A

ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS	
☐ P-card	☐ Direct Voucher (DV)	☐ Other	☒ YES	☐ NO

MINIMUM DELIVERY REQUIREMENTS:

N/A

MISCELLANEOUS INFORMATION:

N/A

ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:	**$2,000,000.00**

Form No. DTMB-3522 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

CONTRACT NO. 071B4300065

between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Accuity, Inc. 4709 Golf Road Skokie, IL 60076	Paul F. Soczynski	Paul.soczynski@accuitysolutions.com
	TELEPHONE	**CONTRACTOR #, MAIL CODE**
	(847) 933-5126	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
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2 years	April 8, 2014	April 7, 2016	3, one year
PAYMENT TERMS	**F.O.B**	**SHIPPED**	**SHIPPED FROM**
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
☐ P-card ☐ Direct Voucher (DV) ☐ Other			☒ YES ☐ NO

MINIMUM DELIVERY REQUIREMENTS:

N/A

MISCELLANEOUS INFORMATION:

N/A

ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:	**$2,000,000.00**

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation #084R3200019**. Orders for delivery will be issued directly by the Department of Technology, Management & Budget through the issuance of a Purchase Order Form.**

Notice of Contract #: 071B4300065

FOR THE CONTRACTOR:	**FOR THE STATE:**
Accuity, Inc. Firm Name	Signature Jeff Brownlee, Chief Procurement Officer Name/Title
Authorized Agent Signature Brent Newman Authorized Agent (Print or Type)	DTMB Procurement Enter Name of Agency
3/19/2014 Date	Date

Table of Contents

Article 1 – Statement of Work (SOW) ***8***

1.000 Project Identification **8**
1.001 Project Request 8
1.002 Background 8

1.100 Scope of Work and Deliverables **8**
1.101 In Scope 8
1.102 Out Of Scope 8
1.103 Environment 8

1.200 Roles and Responsibilities **12**
1.201 Contractor Staff, Roles, And Responsibilities 12
1.202 State Staff, Roles, And Responsibilities 12
1.203 Other Roles And Responsibilities RESERVED 13

1.300 Project Plan **13**
1.301 Project Plan Management RESERVED 13
1.302 Reports RESERVED 13

1.400 Project Management **13**
1.401 Issue Management 13
1.402 Risk Management RESERVED 14
1.403 Change Management 14

1.500 Acceptance **14**
1.501 Criteria RESERVED 14
1.502 Final Acceptance RESERVED 14

1.600 Compensation and Payment **14**
1.601 Compensation And Payment 14
1.602 Holdback RESERVED 15

Article 2, Terms and Conditions ***16***

2.000 Contract Structure and Term **16**
2.001 Contract Term 16
2.002 Options to Renew 16
2.003 Legal Effect 16
2.004 Attachments & Exhibits 17
2.005 Ordering 17
2.006 Order of Precedence 17
2.007 Headings 17
2.008 Form, Function & Utility 17
2.009 Reformation and Severability 17

2.010 Consents and Approvals **17**
2.011 No Waiver of Default 17
2.012 Survival 17

2.020 Contract Administration **18**
2.021 Issuing Office 18
2.022 Contract Compliance Inspector 18
2.023 Project Manager 18
2.024 Change Requests 18
2.025 Notices 20
2.026 Binding Commitments 20
2.027 Relationship of the Parties 20
2.028 Covenant of Good Faith 20
2.029 Assignments 20

2.030 General Provisions **21**
2.031 Administrative Fee and Reporting 21
2.032 Media Releases 21
2.033 Contract Distribution 21
2.034 Permits 21
2.035 Website Incorporation 21
2.036 Future Bidding Preclusion 21

2.037 Freedom of Information 22
2.038 Disaster Recovery 22

2.040 Financial Provisions 22
2.041 Fixed Prices for Services/Deliverables RESERVED 22
2.042 Adjustments for Reductions in Scope of Services/Deliverables 22
2.043 Services/Deliverables Covered 22
2.044 Invoicing and Payment – In General 22
2.045 Pro-ration 23
2.046 Antitrust Assignment 23
2.047 Final Payment 23
2.048 Electronic Payment Requirement 23

2.050 Taxes 23
2.051 Employment Taxes 23
2.052 Sales and Use Taxes 23

2.060 Contract Management 23
2.061 Contractor Personnel Qualifications 23
2.062 Contractor Key Personnel RESERVED 23
2.063 Re-assignment of Personnel at the State's Request 24
2.064 Contractor Personnel Location RESERVED 24
2.065 Contractor Identification 24
2.066 Cooperation with Third Parties RESERVED 24
2.067 Contract Management Responsibilities 24
2.068 Contractor Return of State Equipment/Resources RESERVED 24

2.070 Subcontracting by Contractor 24
2.071 Contractor full Responsibility 24
2.072 State Consent to delegation 24
2.073 Subcontractor bound to Contract 25
2.074 Flow Down 25
2.075 Competitive Selection 25

2.080 State Responsibilities 25
2.081 Equipment RESERVED 25
2.082 Facilities RESERVED 25

2.090 Security 25
2.091 Background Checks 25
2.092 Security Breach Notification 25
2.093 PCI DATA Security Standard 26

2.100 Confidentiality 26
2.101 Confidentiality 26
2.102 Protection and Destruction of Confidential Information 26
2.103 Exclusions 27
2.104 No Implied Rights 27
2.105 Respective Obligations 27

2.110 Records and Inspections 27
2.111 Inspection of Work Performed 27
2.112 Retention of Records 27
2.113 Examination of Records 27
2.114 Audit Resolution 28
2.115 Errors 28

2.120 Warranties 28
2.121 Warranties and Representations RESERVED 28
2.122 Warranty of Merchantability RESERVED 29
2.123 Warranty of Fitness for a Particular Purpose RESERVED 29
2.124 Warranty of Title RESERVED 29
2.125 Equipment Warranty RESERVED 29
2.126 Equipment to be New RESERVED 29
2.127 Prohibited Products RSERVED 29
2.128 Consequences for Breach 29

2.130 Insurance 29
2.131 Liability Insurance 29
2.132 Subcontractor Insurance Coverage 32

	2.133 Certificates of Insurance	32
2.140	**Indemnification**	**33**
	2.141 General Indemnification	33
	2.142 Code Indemnification	33
	2.143 Employee Indemnification	33
	2.144 Patent/Copyright Infringement Indemnification	33
	2.145 Continuation of Indemnification Obligations	34
	2.146 Indemnification Procedures	34
2.150	**Termination/Cancellation**	**34**
	2.151 Notice and Right to Cure	34
	2.152 Termination for Cause	35
	2.153 Termination for Convenience	35
	2.154 Termination for Non-Appropriation	35
	2.155 Termination for Criminal Conviction	36
	2.156 Termination for Approvals Rescinded	36
	2.157 Rights and Obligations upon Termination	36
	2.158 Reservation of Rights	36
2.160	**Termination by Contractor**	**37**
	2.161 Termination by Contractor	37
2.170	**Transition Responsibilities**	**37**
	2.171 Contractor Transition Responsibilities RESERVED	37
	2.172 Contractor Personnel Transition RESERVED	37
	2.173 Contractor Information Transition RESERVED	37
	2.174 Contractor Software Transition RESERVED	37
	2.175 Transition Payments RESERVED	37
	2.176 State Transition Responsibilities RESERVED	37
2.180	**Stop Work**	**37**
	2.181 Stop Work Orders	37
	2.182 Cancellation or Expiration of Stop Work Order	37
	2.183 Allowance of Contractor Costs	37
2.190	**Dispute Resolution**	**38**
	2.191 In General	38
	2.192 Informal Dispute Resolution	38
	2.193 Injunctive Relief	38
	2.194 Continued Performance	38
2.200	**Federal and State Contract Requirements**	**39**
	2.201 Nondiscrimination	39
	2.202 Unfair Labor Practices	39
	2.203 Workplace Safety and Discriminatory Harassment	39
	2.204 Prevailing Wage	39
2.210	**Governing Law**	**40**
	2.211 Governing Law	40
	2.212 Compliance with Laws	40
	2.213 Jurisdiction	40
2.220	**Limitation of Liability**	**40**
	2.221 Limitation of Liability	40
2.230	**Disclosure Responsibilities**	**40**
	2.231 Disclosure of Litigation	40
	2.232 Call Center Disclosure	41
	2.233 Bankruptcy	41
2.240	**Performance**	**41**
	2.241 Time of Performance	41
	2.242 Service Level Agreement (SLA)	42
	2.243 Liquidated Damages	42
	2.244 Excusable Failure	43
2.250	**Approval of Deliverables**	**44**
	2.251 Delivery of Deliverables	44
	2.252 Contractor System Testing	44

2.253 Approval of Deliverables, In General 45
2.254 Process for Approval of Written Deliverables RESERVED 46
2.255 Process for Approval of Custom Software Deliverables RESERVED 46
2.256 Final Acceptance RESERVED 46

2.260 Ownership 46
2.261 Ownership of Work Product by State 46
2.262 Vesting of Rights 46
2.263 Rights in Data 46
2.264 Ownership of Materials 46

2.270 State Standards 47
2.271 Existing Technology Standards 47
2.272 Acceptable Use Policy 47
2.273 Systems Changes 47
2.274 Electronic Receipt Processing Standard 47

2.280 Extended Purchasing Program 47
2.281 Extended Purchasing Program 47

2.290 Environmental Provision 47
2.291 Environmental Provision RESERVED 47

2.300 Deliverables 47
2.301 Software RESERVED 47
2.302 Hardware RESERVED 47

2.310 Software Warranties 47
2.311 Performance Warranty RESERVED 47
2.312 No Surreptitious Code Warranty RESERVED 47
2.313 Calendar Warranty RESERVED 48
2.314 Third-party Software Warranty RESERVED 48
2.315 Physical Media Warranty RESERVED 48

2.320 Software Licensing 48
2.321 Cross-License, Deliverables Only, License to Contractor RESERVED 48
2.322 Cross-License, Deliverables and Derivative Work, License to Contractor RESERVED 48
2.323 License Back to the State RESERVED 48
2.324 License Retained by Contractor RESERVED 48
2.325 Pre-existing Materials for Custom Software Deliverables RESERVED 48

2.330 Source Code Escrow 48
2.331 Definition RESERVED 48
2.332 Delivery of Source Code into Escrow RESERVED 48
2.333 Delivery of New Source Code into Escrow RESERVED 48
2.334 Verification RESERVED 48
2.335 Escrow Fees RESERVED 48
2.336 Release Events RESERVED 48
2.337 Release Event Procedures RESERVED 48
2.338 License RESERVED 48
2.339 Derivative Works RESERVED 48

Glossary 49

Article 1 – Statement of Work (SOW)

1.000 Project Identification

1.001 PROJECT REQUEST

The State of Michigan (SOM) through the Department of Human Services (DHS) and the Department of Technology, Management and Budget (DTMB) has issued this Request for Proposal (RFP) for the purpose of obtaining Asset Verification System (AVS) services that will deliver electronic data on assets held in Financial Institutions that affect the eligibility of individuals applying for assistance through the Department of Human Services. Program eligibility will be confined to food assistance, Temporary Assistance to Needy Families (TANF) and energy assistance etc. The Contractor shall have an established network of Financial Institutions (FIs) and the ability to expand the network, the ability to operate an electronic AVS Program and the ability to track and report verification activity.

DHS receives approximately 15,000 new applications for cash, food and Medicaid on a daily basis as part of our integrated eligibility process.

1.002 BACKGROUND

The Michigan Bridges system is an integrated eligibility and case management system spanning income based assistance programs. Applications are completed and submitted via face-to-face intake at a Department of Human Services field office (110 locations) or via a web-based Internet application called MI Bridges (https://www.mibridges.michigan.gov/access/). Our Bridges rules engine provides initial eligibility determination based on information supplied by the client during intake via the DHS 1171 form or online. (http://www.michigan.gov/documents/dhs/DHS_Information_Booklet_and_Assistance_Application_242170_7.pdf).

1.100 Scope of Work and Deliverables

1.101 IN SCOPE

The Department of Human Services wishes to add another measure of verification to ensure that benefits are being paid only to those with a legitimate and verifiable need. Michigan is interested in a nightly batch service that can accept a file produced from our Bridges system with records for multiple individuals applying for assistance. The Contractor system will receive the file, process each request and return a file with asset verification data for multiple individuals. The file must have sufficient diagnostic information for the Bridges system to identify if the Contractor system is able to provide a valid response for all records transmitted.
A more detailed description of the software, services (work) and deliverables sought for this project is provided in Article 1,

1.102 OUT OF SCOPE

Asset test against state provided data sources.

Contractor to confirm any products and services, which they consider outside the scope of the RFP.

1.103 ENVIRONMENT

The links below provide information on the State's Enterprise information technology (IT) policies, standards and procedures which includes security policy and procedures, IT strategic plan, eMichigan web development and the State Unified Information Technology Environment (SUITE).

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.

Enterprise IT Policies, Standards and Procedures:
http://www.michigan.gov/dmb/0,1607,7-150-56355-107739--,00.html

All software and hardware items provided by the Contractor must run on and be compatible with the MDTMB Standard Information Technology Environment. Additionally, the State must be able to maintain software and other items produced as the result of the Contract. Therefore, non-standard development tools may not be used unless approved by MDTMB. The Contractor must request, in writing, approval to use non-standard software development tools, providing justification for the requested change and all costs associated with any change. The MDTMB Project Manager must approve any tools, in writing, before use on any information technology project.

It is recognized that technology changes rapidly. The Contractor may request, in writing, a change in the standard environment, providing justification for the requested change and all costs associated with any change. The State's Project Manager must approve any changes, in writing, and MDTMB, before work may proceed based on the changed environment.

Enterprise IT Security Policy and Procedures:
http://www.michigan.gov/documents/dmb/1310_183772_7.pdf
http://www.michigan.gov/documents/dmb/1310.02_183775_7.pdf
http://www.michigan.gov/documents/dmb/1325_193160_7.pdf
http://www.michigan.gov/documents/dmb/1335_193161_7.pdf
http://www.michigan.gov/documents/dmb/1340_193162_7.pdf
http://www.michigan.gov/documents/dmb/1350.10_184594_7.pdf

The State's security environment includes:

- MDTMB Single Login.
- MDTMB provided SQL security database.
- Secured Socket Layers.
- SecureID (State Security Standard for external network access and high risk Web systems)

MDTMB requires that its single - login security environment be used for all new client-server software development. Where software is being converted from an existing package, or a client-server application is being purchased, the security mechanism must be approved in writing by the State's Project Manager and MDTMB Office of Enterprise Security.

IT Strategic Plan:
http://www.michigan.gov/itstrategicplan

IT eMichigan Web Development Standard Tools:
http://www.michigan.gov/documents/som/Look_and_Feel_Standards_302051_7.pdf

The State Unified Information Technology Environment (SUITE):
Includes standards for project management, systems engineering, and associated forms and templates – must be followed: http://www.michigan.gov/suite

1.104 Work and Deliverable

A. Business Requirements
THESE ARE ABSOLUTE REQUIREMENTS.

The Contractor must meet these minimum qualifications and conditions:

1. The Contractor must be able to process an estimated average of 15,000 referrals each evening. This file will be available by 7:00 P.M. EST.
2. The Contractor must be able to exchange financial information with a minimum of 100 financial institutions. Our target states are Michigan, Wisconsin, Illinois, Indiana and Ohio,

3. The Contractor must generate a daily report that identifies applicants for assistance who have assets within a financial institution exceeding thresholds identified by the state. The Contractor is free to propose any report delivery mechanism (secure .PDF, web-based results log etc.).
4. The Contractor must have previous experience providing asset tests as per task list

B. Hardware RESERVED

C. Software RESERVED

D. Application Design RESERVED

E. Application Development RESERVED

G. Training RESERVED

H. Documentation RESERVED

I. Operation Services

Detail for Contractor Requirements:

Task List:

The Contractor shall perform the following minimum Asset Verification:

(1) Perform the verification inquiries electronically from the AVS to the Financial Institution (FI). The service cannot be based on mailing or faxing paper-based requests. The service must have the capability to provide for both electronic submission of requests to Financial Institutions (FIs), and electronic receipt of responses from FIs.
(2) Provide documentary evidence that the search was conducted even if no assets are found.
(3) Include, at a minimum, checking, savings, investment accounts, Individual Retirement Accounts (IRAs), treasury notes, certificates of deposit, annuities and any other assets that may be held or managed by any Financial Institution.
(4) Verification inquiries will be on active cases and will look at current month only. Contractor will provide balances for every month requested by the Agency. The balances provided are for open and closed accounts.
(5) A system that can locate individuals, using their SSN, for whom the asset information needs to be verified.
(6) Have an established network of FIs who will participate in the Asset Verification System. The network shall be geographically diverse with accounts in and outside Michigan. The Contractor will provide at least 85.7% coverage of the branch locations in the five state area and will also add 98.6% of the branch locations residing outside of the five state area.
(7) The Contractor shall have an established system for recruiting FIs.
(8) Support file exchange interface:
    (a) The Contractor system must be capable of receiving files from the SOM Data Exchange Gateway through a secure FTP connection.
    (b) The SOM will prepare and transmit files with request for asset verification for multiple individuals.
    (c) The Contractor system must be capable of responding to these requests through a file that contains asset verification data for multiple individuals.
(9) Maintain a system that is available and operational during agreed upon operational hours. There must be communication between the Contractor and the Department regarding the maintenance schedule and the unavailability of the systems.
(10) Provide the Department with the following electronic information:
    (a) Individual’s demographic information

(b) Financial Institution number (s)
(c) Financial Institution name and mailing address (es)
(d) Account number (s) and type (s)
(e) Names on the account
(f) Monthly balance(s)

(11) Pay for all charges associated with the transfer of data. This includes, but is not limited to, cartridges, data communications equipment, lines, messenger service, mail, etc.

(12) Pay for all charges associated with the storage and processing of any data or equipment necessary to fulfill this contract. The Contractor shall establish and maintain back-up and recovery procedures to meet industry standards.

(13) The Bridges system and Interface components will be designed and programmed by the SOM to support the following type of request/response mechanisms.

(a) Batch – The Department can prepare and transmit files with records of requests for multiple individuals for Asset Verification. It is expected that the Contractor system will receive the files, process each of the requests within the files and return files with Asset Verification data for multiple individuals. The files will also have sufficient diagnostic information for the Department's systems to identify if the Contractor system is able to provide a valid response for each of the requests.

J. Maintenance and Support RESERVED

K. Knowledge Transfer/Transition RESERVED

L. Other Services (Agency to add any additional services to be required) RESERVED

Acceptance Criteria
Determination by the State of the successful verification test scenarios and reporting functions of the COTS solution.

II. Responsibilities
State Responsibility:

- Creation of appropriate requirements and design specifications documents that clearly describe the interface specifications for exchanging data with the Contractor via our secure data exchange gateway.
- Batch interface file specifications
- File layout specifications
- Asset verification request parameters to be provided by the SOM to the Contractor system.
- Performance expectations and turn-around time.
- Provide timely feedback and information required by the Contractor
- Adhere to design and testing timelines established by the project management office.

Contractor Responsibility:

- Complete asset verification rules engine using data sources supplied by the state.
- Complete asset verification rules engine using data sources external to the state.
- Complete web-based tool for SOM employees to select assets to be checked and assign minimum value thresholds to those assets.
- Complete web-based report that "flags" clients who may have assets in excess of permissible values to qualify for state assistance.
- Solicit information from the State as needed
- Adhere to design and testing timelines established by the project management office.
- Asset verification response values to be provided by the vendor to the SOM.

1.200 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

A. Contractor Staff

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

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

B. On Site Work Requirements

1. Location of Work

Initial requirements gathering and project start-up work will be performed and managed at: 235 S. Grand Ave. Lansing Michigan. Subsequent on-site work requirements are negotiable. The SOM will work with the Contractor project manager to schedule necessary on-site visits.

2. Hours of Operation:

a. Normal State working hours are 8:00 a.m. to 5:00 p.m. EST, Monday through Friday, with work performed as necessary after those hours to meet project deadlines. No overtime will be authorized or paid.
b. The State is not obligated to provide State management of assigned work outside of normal State working hours. The State reserves the right to modify the work hours in the best interest of the project.
c. Contractor shall observe the same standard holidays as State employees. The State does not compensate for holiday pay.

3. Travel:

a. No travel or expenses will be reimbursed. This includes travel costs related to training provided to the State by Contractor.
b. Travel time will not be reimbursed.

4. Additional Security and Background Check Requirements:

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

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

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

State Project Manager- (MDTMB and Agency)

MDTMB will provide a Project Manager who will be responsible for the State's infrastructure and coordinate with the Contractor in determining the system configuration.

The State's Project Manager will provide the following services:

- Provide State facilities, if necessary
- Coordinate the State resources necessary for the project
- Facilitate coordination between various external contractors
- Facilitate communication between different State departments/divisions
- Provide acceptance and sign-off of deliverables
- Review and sign-off of invoices
- Resolve any issues
- Escalate outstanding/high priority issues
- Utilize change control procedures
- Conduct regular and ongoing review of the SOW to confirm that it meets original objectives and requirements
- Document all important project decisions
- Arrange, schedule and facilitate State staff attendance at any meetings.

Name	Agency/Division	Title
Nancy Palmateer	MDTMB	Project Manager

MDTMB shall provide a Contract Compliance Inspector whose duties shall include, but not be limited to, supporting the management of the Contract.

Name	Agency/Division	Title
Jessica Van Winkle	MDTMB	Contract Compliance Inspector

1.203 OTHER ROLES AND RESPONSIBILITIES RESERVED

1.300 Project Plan

1.301 PROJECT PLAN MANAGEMENT RESERVED

1.302 REPORTS RESERVED

1.400 Project Management

1.401 ISSUE MANAGEMENT

An issue is an identified event that if not addressed may affect schedule, scope, quality, or budget.

The Contractor shall maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State's Project Manager on an agreed upon schedule, with email notifications and updates. The issue log must be updated and must contain the following minimum elements:

- Description of issue
- Issue identification date
- Responsibility for resolving issue.
- Priority for issue resolution (to be mutually agreed upon by the State and the Contractor)
- Resources assigned responsibility for resolution
- Resolution date
- Resolution description

Issues shall be escalated for resolution from level 1 through level 3, as defined below:

Level 1 – Business Leads
Level 2 – Project Managers
Level 3 – Executive Subject Matter Experts (SME's)

1.402 RISK MANAGEMENT RESERVED

1.403 CHANGE MANAGEMENT

Change management is defined as the process to communicate, assess, monitor, and control all changes to system resources and processes. The State also employs change management in its administration of the Contract.

If a proposed contract change is approved by the Agency, the Contract Administrator will submit a request for change to the Department of Technology, Management and Budget, Procurement Buyer, who will make recommendations to the Director of DTMB-Procurement regarding ultimate approval/disapproval of change request. If the DTMB Procurement Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the DTMB-Procurement Buyer will issue an addendum to the Contract, via a Contract Change Notice. Contractors who provide products or services prior to the issuance of a Contract Change Notice by the DTMB-Procurement, risk non-payment for the out-of-scope/pricing products and/or services.

The Contractor will employ the change control methodologies to justify changes in the processing environment, and to ensure those changes will not adversely affect performance or availability.

1.500 Acceptance

1.501 CRITERIA RESERVED

1.502 FINAL ACCEPTANCE RESERVED

1.600 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

Method of Payment
The project will be paid firm fixed price based upon usage invoiced monthly. The Costs Table(s) attached must be used as the format for submitting pricing information.

The selected Contractor will be required to submit a 1% Administrative Fee (see Section 2.031) on all payments remitted under the Contract.

Travel
The State will not pay for any travel expenses, including hotel, mileage, meals, parking, etc. Travel time will not be reimbursed.

Invoicing
Contractor will submit properly itemized invoices to

DTMB – Financial Services
Accounts Payable
P.O. Box 30026
Lansing, MI 48909
or
DTMB-Accounts-Payable@michigan.gov

. Invoices must provide and itemize, as applicable:

- Contract number;
- Purchase Order number
- Contractor name, address, phone number, and Federal Tax Identification Number;
- Description of any commodities/hardware, including quantity ordered;
- Date(s) of delivery and/or date(s) of installation and set up;
- Price for each item, or Contractor's list price for each item and applicable discounts;
- Maintenance charges;
- Net invoice price for each item;
- Shipping costs;
- Other applicable charges;
- Total invoice price; and
- Payment terms, including any available prompt payment discount.

The State may pay maintenance and support charges on a monthly basis, in arrears. Payment of maintenance service/support of less than one (1) month's duration shall be prorated at 1/30th of the basic monthly maintenance charges for each calendar day.

Incorrect or incomplete invoices will be returned to Contractor for correction and reissue.

1.602 HOLDBACK RESERVED

Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 CONTRACT TERM

This Contract is for a period of 2 (two) years beginning 4/8/2013 through 4/7/2016. All outstanding Purchase Orders must also expire upon the termination for any of the reasons listed in **Section 2.150** of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, shall remain in effect for the balance of the fiscal year for which they were issued.

2.002 OPTIONS TO RENEW

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to 3 (three) additional 1 (one) year periods.

2.003 LEGAL EFFECT

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

Except as otherwise agreed in writing by the parties, the State shall not be liable for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract or Change Order has been approved by the State Administrative Board (if required), signed by all the parties and a Purchase Order against the Contract has been issued.

2.004 ATTACHMENTS & EXHIBITS

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

2.005 ORDERING

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

2.006 ORDER OF PRECEDENCE

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

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

2.007 HEADINGS

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

2.008 FORM, FUNCTION & UTILITY

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

2.009 REFORMATION AND SEVERABILITY

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

2.010 Consents and Approvals

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

2.011 NO WAIVER OF DEFAULT

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

2.012 SURVIVAL

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of

the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section

2.020 Contract Administration

2.021 ISSUING OFFICE

This Contract is issued by the Department of Technology, Management and Budget, Procurement and Michigan Department of State (collectively, including all other relevant State of Michigan departments and agencies, the "State"). DTMB-Procurement is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. The DTMB-Procurement Contract Administrator for this Contract is:

Michael Breen, Buyer
Procurement
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Email breenm@michigan.gov
Phone 517-241-7720

2.022 CONTRACT COMPLIANCE INSPECTOR

The Director of DTMB-Procurement directs the person named below, or his or her designee, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. **Monitoring Contract activities does not imply the authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract. DTMB-Procurement is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contract Compliance Inspector for this Contract is:

Jessica Van Winkle
Department of Technology, Management, and Budget
235 S. Grand Ave. Lansing, MI
Email VanWinkleJ@michigan.gov
Phone 517-373-8452

2.023 PROJECT MANAGER

The following individual will oversee the project:

Nancy Palmateer
Department of Technology, Management, and Budget
(235 S. Grand Ave., Lansing MI
Email PalmateerN@Michigan.gov
Phone 517-241-8509

2.024 CHANGE REQUESTS

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

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

If the State requests or directs the Contractor to perform any services or provide deliverables that are consistent with and similar to the Services/Deliverables being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the Statements of Work, then before performing such Services or providing such Deliverables, the Contractor shall notify the State in writing that it considers the Services or Deliverables to be an Additional Service/Deliverable for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing that Service or providing that Deliverable. If the Contractor does so notify the State, then such a Service or Deliverable shall be governed by the Change Request procedure in this Section.

In the event prices or service levels are not acceptable to the State, the Additional Services or New Work shall be subject to competitive bidding based upon the specifications.

(1) Change Request at State Request
If the State requires Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").

(2) Contractor Recommendation for Change Requests:
Contractor shall be entitled to propose a Change to the State, on its own initiative, should Contractor believe the proposed Change would benefit the Contract.

(3) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal shall include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.

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

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

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

2.025 NOTICES

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

State:
Michael Breen
State of Michigan
Procurement
Attention:
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor:
Name:
Address:

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

2.026 BINDING COMMITMENTS

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

2.027 RELATIONSHIP OF THE PARTIES

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

2.028 COVENANT OF GOOD FAITH

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

2.029 ASSIGNMENTS

Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

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

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

2.030 General Provisions

2.031 ADMINISTRATIVE FEE AND REPORTING

The Contractor must remit an administrative fee of **1%** on all payments remitted to Contractor under the Contract including transactions with the State (including its departments, divisions, agencies, offices, and commissions), MiDEAL members, and other states (including governmental subdivisions and authorized entities). Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales.

Itemized purchasing activity reports should be mailed to DTMB-Procurement and the administrative fee payments shall be made by check payable to the State of Michigan and mailed to:

The Department of Technology, Management and Budget
Financial Services – Cashier Unit
Lewis Cass Building
320 South Walnut St.
P.O. Box 30681
Lansing, MI 48909

The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each quarter.

2.032 MEDIA RELEASES

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

2.033 CONTRACT DISTRIBUTION

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

2.034 PERMITS

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

2.035 WEBSITE INCORPORATION

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

2.036 FUTURE BIDDING PRECLUSION

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP; it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any Contractor if the State determines that the Contractor has used its position (whether as

an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Contractor offering free assistance) to gain a competitive advantage on the RFP

2.037 FREEDOM OF INFORMATION

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

2.038 DISASTER RECOVERY

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

2.040 Financial Provisions

2.041 FIXED PRICES FOR SERVICES/DELIVERABLES RESERVED

2.042 ADJUSTMENTS FOR REDUCTIONS IN SCOPE OF SERVICES/DELIVERABLES

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

2.043 SERVICES/DELIVERABLES COVERED

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

2.044 INVOICING AND PAYMENT – IN GENERAL

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

(b) Each Contractor invoice shall show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis shall show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.600**.

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

(d1) All invoices should reflect actual work done. Specific details of invoices and payments shall be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Procurement, Department of Management & Budget. This activity shall occur only upon the specific written direction from DTMB-Procurement.

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

2.045 PRO-RATION

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

2.046 ANTITRUST ASSIGNMENT

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

2.047 FINAL PAYMENT

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

2.048 ELECTRONIC PAYMENT REQUIREMENT

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

2.050 Taxes

2.051 EMPLOYMENT TAXES

Contractor shall collect and pay all applicable federal, state, and local employment taxes, including the taxes.

2.052 SALES AND USE TAXES

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

2.060 Contract Management

2.061 CONTRACTOR PERSONNEL QUALIFICATIONS

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

2.062 CONTRACTOR KEY PERSONNEL RESERVED

2.063 RE-ASSIGNMENT OF PERSONNEL AT THE STATE'S REQUEST

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

2.064 CONTRACTOR PERSONNEL LOCATION RESERVED

2.065 CONTRACTOR IDENTIFICATION

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

2.066 COOPERATION WITH THIRD PARTIES RESERVED

2.067 CONTRACT MANAGEMENT RESPONSIBILITIES

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services. Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties shall include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with the Project Plan is likely to delay the timely achievement of any Contract tasks.

The Contractor shall provide the Services/Deliverables directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor shall act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

2.068 CONTRACTOR RETURN OF STATE EQUIPMENT/RESOURCES RESERVED

2.070 Subcontracting by Contractor

2.071 CONTRACTOR FULL RESPONSIBILITY

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

2.072 STATE CONSENT TO DELEGATION

Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Technology, Management and Budget, Procurement has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good faith reasons. Replacement Subcontractor(s) for the removed

Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State shall agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work shall not be counted for a time agreed upon by the parties.

2.073 SUBCONTRACTOR BOUND TO CONTRACT

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

2.074 FLOW DOWN

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

2.075 COMPETITIVE SELECTION

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

2.080 State Responsibilities

2.081 EQUIPMENT RESERVED

2.082 FACILITIES RESERVED

2.090 Security

2.091 BACKGROUND CHECKS

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

2.092 SECURITY BREACH NOTIFICATION

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State shall cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or

unauthorized use or disclosure. Contractor must report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 72 hours of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

2.093 PCI DATA SECURITY STANDARD

(a) Contractors that process, transmit or store credit/debit cardholder data, must adhere to the Payment Card Industry (PCI) Data Security Standards. 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.

(b) The Contractor must notify the CCI (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 Visa, MasterCard, Discover and state Acquirer representative(s), and/or a PCI approved third party to conduct a thorough security review. The Contractor must make the forensic report available within two weeks of completion. The review must validate compliance with the current PCI Data Security Standards for protecting cardholder data.

(c) The Contractor must properly dispose of cardholder data, in compliance with DTMB policy, when it is no longer needed. The Contractor must continue to treat cardholder data as confidential upon contract termination.

(d) The Contractor must provide the CCI with an annual Attestation of Compliance (AOC) or a Report on Compliance (ROC) showing the contractor is in compliance with the PCI Data Security Standards. The Contractor must notify the CCI of all failures to comply with the PCI Data Security Standard.

2.100 Confidentiality

2.101 CONFIDENTIALITY

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

2.102 PROTECTION AND DESTRUCTION OF CONFIDENTIAL INFORMATION

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

required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

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

2.103 EXCLUSIONS

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

2.104 NO IMPLIED RIGHTS

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

2.105 RESPECTIVE OBLIGATIONS

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

2.110 Records and Inspections

2.111 INSPECTION OF WORK PERFORMED

The State's authorized representatives, at reasonable times and with 10 days prior notice, have the right to enter the Contractor's premises or any other places where work is being performed in relation to this Contract. The representatives may inspect, monitor, or evaluate the work being performed, to the extent the access will not reasonably interfere with or jeopardize the safety or operation of Contractor's systems or facilities. The Contractor must provide reasonable assistance for the State's representatives during inspections.

2.112 RETENTION OF RECORDS

(a) The Contractor must retain all financial and accounting records related to this Contract for a period of 7 years after the Contractor performs any work under this Contract (Audit Period).

(b) If an audit, litigation, or other action involving the Contractor's records is initiated before the end of the Audit Period, the Contractor must retain the records until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

2.113 EXAMINATION OF RECORDS

(a) The State, upon 10 days notice to the Contractor, may examine and copy any of the Contractor's records that relate to this Contract any time during the Audit Period. The State does not have the right to review any information deemed confidential by the Contractor if access would require the information to become publicly available. This requirement also applies to the records of any parent, affiliate, or subsidiary organization of the Contractor, or any Subcontractor that performs services in connection with this Contract

(b) In addition to the rights conferred upon the State in paragraph (a) of this section and in accordance with MCL 18.1470, DTMB or its designee may audit the Contractor to verify compliance with the Contract. The financial and accounting records associated with the Contract shall be made available to DTMB or its designee and the auditor general, upon request, during the term of the Contract and any extension of the Contract and for 3 years after the later of the expiration date or final payment under the Contract.

2.114 AUDIT RESOLUTION

If necessary, the Contractor and the State will meet to review any audit report promptly after its issuance. The Contractor must respond to each report in writing within 30 days after receiving the report, unless the report specifies a shorter response time. The Contractor and the State must develop, agree upon, and monitor an action plan to promptly address and resolve any deficiencies, concerns, or recommendations in the report.

2.115 ERRORS

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

(b) In addition to other available remedies, if the difference between the State's actual payment and the correct invoice amount, as determined by an audit, is greater than 10%, the Contractor must pay all reasonable audit costs.

2.120 Warranties

2.121 WARRANTIES AND REPRESENTATIONS RESERVED

The Contractor represents and warrants:

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

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

(c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under neither this Contract, nor their use by the State shall infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

(d) RESERVED

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

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

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

(h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of

the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.

(i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.

(j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other Contractor for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other Contractor; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.

(k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor.

(l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.

(m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.

(n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Technology, Management and Budget, Procurement.

2.122 WARRANTY OF MERCHANTABILITY RESERVED

2.123 WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE RESERVED

2.124 WARRANTY OF TITLE RESERVED

2.125 EQUIPMENT WARRANTY RESERVED

2.126 EQUIPMENT TO BE NEW RESERVED

2.127 PROHIBITED PRODUCTS RSERVED

2.128 CONSEQUENCES FOR BREACH

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

2.130 Insurance

2.131 LIABILITY INSURANCE

For the purpose of this Section, "State" includes its departments, divisions, agencies, offices, commissions, officers, employees, and agents.

(a) The Contractor must provide proof that it has obtained the minimum levels of insurance coverage indicated or required by law, whichever is greater. The insurance must protect the State from claims that may arise out of, or result from, or are alleged to arise out of, or result from, the Contractor's or a Subcontractor's

performance, including any person directly or indirectly employed by the Contractor or a Subcontractor, or any person for whose acts the Contractor or a Subcontractor may be liable.

(b) The Contractor waives all rights against the State for the recovery of damages that are covered by the insurance policies the Contractor is required to maintain under this Section. The Contractor's failure to obtain and maintain the required insurance will not limit this waiver.

(c) All insurance coverage provided relative to this Contract is primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State.

(d) The State, in its sole discretion, may approve the use of a fully-funded self-insurance program in place of any specified insurance identified in this Section.

(e) Unless the State approves otherwise, any insurer must have an A.M. Best rating of "A" or better and a financial size of VII or better, or if those ratings are not available, a comparable rating from an insurance rating agency approved by the State. All policies of insurance must be issued by companies that have been approved to do business in the State.

(f) Where specific coverage limits are listed in this Section, they represent the minimum acceptable limits. If the Contractor's policy contains higher limits, the State is entitled to coverage to the extent of the higher limits.

(g) The Contractor must maintain all required insurance coverage throughout the term of this Contract and any extensions. However, in the case of claims-made Commercial General Liability policies, the Contractor must secure tail coverage for at least three (3) years following the termination of this Contract.

(h) The Contractor must provide, within five (5) business days, written notice to the Director of DTMB-Procurement if any policy required under this section is cancelled. The notice must include the applicable Contract or Purchase Order number.

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

(j) The Contractor is responsible for the payment of all deductibles.

(k) If the Contractor fails to pay any premium for a required insurance policy, or if any insurer cancels or significantly reduces any required insurance without the State's approval, the State may, after giving the Contractor at least 30 days' notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or require the Contractor to pay that cost upon demand.

(l) In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Michigan Attorney General.

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

☑ **(i) Commercial General Liability**

(Minimal Limits:

$2,000,000 General Aggregate Limit other than Products/Completed Operations;
$2,000,000 Products/Completed Operations Aggregate Limit;
$1,000,000 Personal & Advertising Injury Limit; and
$1,000,000 Each Occurrence Limit.

Deductable maximum:

$50,000 Each Occurrence

Additional Requirements:

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

Additional Requirements:

Umbrella or Excess Liability limits must at least apply to the insurance required in (i), General Commercial Liability. The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

☑ **(iii) Motor Vehicle**

Minimal Limits:

If a motor vehicle is used in relation to the Contractor's performance, the Contractor must have vehicle liability insurance on the motor vehicle for bodily injury and property damage as required by law.

Additional Requirements:

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

☑ **(v) Workers' Compensation**

Minimal Limits:

The Contractor must provide Workers' Compensation coverage according to applicable laws governing work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, the Contractor must provide proof of an approved self-insured authority by the jurisdiction of domicile.

For employees working outside of the state of the Contractor's domicile, the Contractor must provide certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Additional Requirements:

The Contractor must provide the applicable certificates of insurance and a list of states where the coverage is applicable. Contractor must provide proof that the Workers' Compensation insurance policies contain a waiver of subrogation by the insurance company, except where such a provision is prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

☑ **(vi) Employers Liability**

Minimal Limits:

$100,000 Each Incident;
$100,000 Each Employee by Disease
$500,000 Aggregate Disease

Additional Requirements:

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the certificate.

☐ **(vii) Employee Fidelity (Crime)**

Minimal Limits:

$1,000,000 Employee Theft Per Loss

Deductible Maximum:

$50,000 Per Loss

Additional Requirements:
Insurance must cover Forgery and Alteration, Theft of Money and Securities, Robbery and Safe Burglary, Computer Fraud, Funds Transfer Fraud, Money Order and Counterfeit Currency.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as Loss Payees on the certificate.

☐ **(viii) Professional Liability (Errors and Omissions)**

Minimal Limits:
$3,000,000 Each Occurrence
$3,000,000 Annual Aggregate

Deductible Maximum:
$50,000 Per Loss

☐ **(ix) Cyber Liability**

Minimal Limits:

$1,000,000 Each Occurrence
$1,000,000 Annual Aggregate

Additional Requirements:
Insurance should cover (a)unauthorized acquisition, access, use, physical taking, identity theft, mysterious disappearance, release, distribution or disclosures of personal and corporate information; (b) Transmitting or receiving malicious code via the insured's computer system; (c) Denial of service attacks or the inability to access websites or computer systems.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the certificate.

☐ **(x) Property Insurance**

Property Insurance covering any loss or damage to the State-owned office space used by Contractor for any reason under this Contract, and the State-owned equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The State must be endorsed on the policy as a loss payee as its interests appear.

2.132 SUBCONTRACTOR INSURANCE COVERAGE

Except where the State has approved a subcontract with other insurance provisions, the Contractor must require any Subcontractor to purchase and maintain the insurance coverage required in Section 2.13.1, Liability Insurance. Alternatively, the Contractor may include a Subcontractor under the Contractor's insurance on the coverage required in that Section. The failure of a Subcontractor to comply with insurance requirements does not limit the Contractor's liability or responsibility.

2.133 CERTIFICATES OF INSURANCE

Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents are listed as additional insureds as required. The Contractor must provide DTMB-Procurement with all applicable certificates of insurance verifying insurance coverage or providing, if approved, satisfactory evidence of self-insurance as required in Section 2.13.1, Liability Insurance. Each certificate must be on the standard "Accord" form or equivalent and MUST IDENTIFY THE APPLICABLE CONTRACT OR PURCHASE ORDER NUMBER.

2.140 Indemnification

2.141 GENERAL INDEMNIFICATION

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

2.142 CODE INDEMNIFICATION

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

2.143 EMPLOYEE INDEMNIFICATION

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

2.144 PATENT/COPYRIGHT INFRINGEMENT INDEMNIFICATION

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

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

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

2.145 CONTINUATION OF INDEMNIFICATION OBLIGATIONS

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

2.146 INDEMNIFICATION PROCEDURES

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

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

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

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

2.150 Termination/Cancellation

2.151 NOTICE AND RIGHT TO CURE

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

2.152 TERMINATION FOR CAUSE

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

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

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

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

2.153 TERMINATION FOR CONVENIENCE

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

2.154 TERMINATION FOR NON-APPROPRIATION

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

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

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

2.155 TERMINATION FOR CRIMINAL CONVICTION

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

2.156 TERMINATION FOR APPROVALS RESCINDED

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

2.157 RIGHTS AND OBLIGATIONS UPON TERMINATION

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

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

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

2.158 RESERVATION OF RIGHTS

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

2.160 Termination by Contractor

2.161 TERMINATION BY CONTRACTOR

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

The Contractor may terminate this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.160** before it terminates the Contract.

2.170 Transition Responsibilities

2.171 CONTRACTOR TRANSITION RESPONSIBILITIES RESERVED

2.172 CONTRACTOR PERSONNEL TRANSITION RESERVED

2.173 CONTRACTOR INFORMATION TRANSITION RESERVED

2.174 CONTRACTOR SOFTWARE TRANSITION RESERVED

2.175 TRANSITION PAYMENTS RESERVED

2.176 STATE TRANSITION RESPONSIBILITIES RESERVED

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2.180 Stop Work

2.181 STOP WORK ORDERS

The State may, at any time, by written Stop Work Order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the Stop Work Order is delivered to Contractor, and for any further period to which the parties may agree. The Stop Work Order must be identified as a Stop Work Order and must indicate that it is issued under this **Section**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the Stop Work Order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the Stop Work Order as provided in **Section 2.182**.

2.182 CANCELLATION OR EXPIRATION OF STOP WORK ORDER

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

2.183 ALLOWANCE OF CONTRACTOR COSTS

If the Stop Work Order is not canceled and the work covered by the Stop Work Order is terminated for reasons other than material breach, the termination shall be deemed to be a termination for convenience under **Section**

2.153, and the State shall pay reasonable costs resulting from the Stop Work Order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a Stop Work Order issued under this Section**.**

2.190 Dispute Resolution

2.191 IN GENERAL

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

2.192 INFORMAL DISPUTE RESOLUTION

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

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

(2) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract shall be honored in order that each of the parties may be fully advised of the other's position.

(3) The specific format for the discussions shall be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.

(4) Following the completion of this process within 60 calendar days, the Director of Procurement, DTMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

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

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

2.193 INJUNCTIVE RELIEF

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

2.194 CONTINUED PERFORMANCE

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to

preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.

2.200 Federal and State Contract Requirements

2.201 NONDISCRIMINATION

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, and marital status, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

2.202 UNFAIR LABOR PRACTICES

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

2.203 WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

In performing Services for the State, the Contractor shall comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html.

2.204 PREVAILING WAGE

Wages rates and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this Contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Licensing and Regulatory Affairs, Wage and Hour Division, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the Contract. Contractor shall also post, in a conspicuous place, the address and telephone number of the Michigan Department of Licensing and Regulatory Affairs, the agency responsible for enforcement of the wage rates and fringe benefits. Contractor shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

2.210 Governing Law

2.211 GOVERNING LAW

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

2.212 COMPLIANCE WITH LAWS

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

2.213 JURISDICTION

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

2.220 Limitation of Liability

2.221 LIMITATION OF LIABILITY

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

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

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

2.230 Disclosure Responsibilities

2.231 DISCLOSURE OF LITIGATION

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

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

(a) the ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or

(b) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:

(1) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and

(2) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

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

(1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DTMB-Procurement.

(2) Contractor shall also notify DTMB Procurement within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.

(3) Contractor shall also notify DTMB-Procurement within 30 days whenever changes to company affiliations occur.

2.232 CALL CENTER DISCLOSURE

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

2.233 BANKRUPTCY

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

(a) the Contractor files for protection under the bankruptcy laws;

(b) an involuntary petition is filed against the Contractor and not removed within 30 days;

(c the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;

(d) the Contractor makes a general assignment for the benefit of creditors; or

(e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

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

2.240 Performance

2.241 TIME OF PERFORMANCE

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

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

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

2.242 SERVICE LEVEL AGREEMENT (SLA)

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

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

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

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

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

2.243 LIQUIDATED DAMAGES

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

Unauthorized Removal of any Key Personnel

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

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is $25,000.00 per individual if the Contractor identifies a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.

If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 days, in addition to the $25,000.00 liquidated damages for an Unauthorized Removal, Contractor must pay the amount of $833.33 per day for each day of the 30 day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to $25,000.00 maximum per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide 30 days of shadowing must not exceed $50,000.00 per individual.

2.244 EXCUSABLE FAILURE

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

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

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

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

2.250 Approval of Deliverables

2.251 DELIVERY OF DELIVERABLES

A list of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable") or a Custom Software Deliverable is attached, if applicable. All Deliverables shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of this Contract.

Prior to delivering any Deliverable to the State, Contractor will first perform all required quality assurance activities, and, in the case of Custom Software Deliverables, System Testing to verify that the Deliverable is complete and in conformance with its specifications. Before delivering a Deliverable to the State, Contractor shall certify to the State that (1) it has performed such quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during such quality assurance activities and testing, (4) the Deliverable is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.

In discharging its obligations under this Section, Contractor shall be at all times (except where the parties agree otherwise in writing) in compliance with Level 3 of the Software Engineering Institute's Capability Maturity Model for Software ("CMM Level 3") or its equivalent.

2.252 CONTRACTOR SYSTEM TESTING

Contractor will be responsible for System Testing each Custom Software Deliverable in Contractor's development environment prior to turning over the Custom Software Deliverable to the State for User Acceptance Testing and approval. Contractor's System Testing shall include the following, at a minimum, plus any other testing required by CMM Level 3 or Contractor's system development methodology:

Contractor will be responsible for performing Unit Testing and incremental Integration Testing of the components of each Custom Software Deliverable.

Contractor's System Testing will also include Integration Testing of each Custom Software Deliverable to ensure proper inter-operation with all prior software Deliverables, interfaces and other components that are intended to inter-operate with such Custom Software Deliverable, and will include Regression Testing, volume and stress testing to ensure that the Custom Software Deliverables are able to meet the State's projected growth in the number and size of transactions to be processed by the Application and number of users, as such projections are set forth in the applicable Statement of Work.

Contractor's System Testing will also include Business Function Testing and Technical Testing of each Application in a simulated production environment. Business Function Testing will include testing of full work streams that flow through the Application as the Application will be incorporated within the State's computing environment. The State shall participate in and provide support for the Business Function Testing to the extent reasonably requested by Contractor. Within ten (10) days before the commencement of Business Function Testing pursuant to this Section, Contractor shall provide the State for State review and written approval Contractor's test plan for Business Function Testing.

Within five (5) Business Days following the completion of System Testing pursuant to this **Section**, Contractor shall provide to the State a testing matrix establishing that testing for each condition identified in the System Testing plans has been conducted and successfully concluded. To the extent that testing occurs on State premises, the State shall be entitled to observe or otherwise participate in testing under this Section as the State may elect.

2.253 APPROVAL OF DELIVERABLES, IN GENERAL

All Deliverables (Written Deliverables and Custom Software Deliverables) require formal written approval by the State, in accordance with the following procedures. Formal approval by the State requires that the Deliverable be confirmed in writing by the State to meet its specifications, which, in the case of Custom Software Deliverables, will include the successful completion of State User Acceptance Testing, to be led by the State with the support and assistance of Contractor. The parties acknowledge that the approval process set forth herein will be facilitated by ongoing consultation between the parties, visibility of interim and intermediate Deliverables and collaboration on key decisions.

The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables being reviewed. If Contractor fails to provide a Deliverable to the State in a timely manner, the State will nevertheless use commercially reasonable efforts to complete its review or testing within the applicable State Review Period.

Before commencement of its review or testing of a Deliverable, the State may inspect the Deliverable to confirm that all components of the Deliverable (e.g., software, associated documentation, and other materials) have been delivered. If the State determines that the Deliverable is incomplete, the State may refuse delivery of the Deliverable without performing any further inspection or testing of the Deliverable. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable and the applicable certification by Contractor in accordance with this Section.

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

If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing State approval of a Deliverable, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure at the sole expense of Contractor; or (ii) keep this Contract in force and do, either itself or through other parties, whatever Contractor has failed to do, in which event Contractor shall bear any excess expenditure incurred by the State in so doing beyond the contract price for such Deliverable and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses without the need to furnish proof in substantiation of such general expenses; or (iii) terminate this Contract for default, either in whole or in part by notice to Contractor (and without the need to afford Contractor any further opportunity to cure). Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

The State, at any time and in its own discretion, may halt the UAT or approval process if such process reveals deficiencies in or problems with a Deliverable in a sufficient quantity or of a sufficient severity as to make the continuation of such process unproductive or unworkable. In such case, the State may return the applicable Deliverable to Contractor for correction and re-delivery prior to resuming the review or UAT process and, in that event, Contractor will correct the deficiencies in such Deliverable in accordance with the Contract, as the case may be.

Approval in writing of a Deliverable by the State shall be provisional; that is, such approval shall not preclude the State from later identifying deficiencies in, and declining to accept, a subsequent Deliverable based on or which incorporates or inter-operates with an approved Deliverable, to the extent that the results of subsequent review or testing indicate the existence of deficiencies in the subsequent Deliverable, or if the Application of which the subsequent Deliverable is a component otherwise fails to be accepted pursuant to **Section 2.080**.

2.254 PROCESS FOR APPROVAL OF WRITTEN DELIVERABLES RESERVED

2.255 PROCESS FOR APPROVAL OF CUSTOM SOFTWARE DELIVERABLES RESERVED

2.256 FINAL ACCEPTANCE RESERVED

2.260 Ownership ***ownership of the Materials and Deliverables and Rights in Data shall be allocated per the mutually agreed Statement of Work covering the Deliverables described hereunder***

2.261 OWNERSHIP OF WORK PRODUCT BY STATE

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

2.262 VESTING OF RIGHTS

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

2.263 RIGHTS IN DATA

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

The State is the owner of all State-specific data under the Contract. The State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

2.264 OWNERSHIP OF MATERIALS

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

2.270 State Standards

2.271 EXISTING TECHNOLOGY STANDARDS

The Contractor must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://www.michigan.gov/dmb/0,4568,7-150-56355-108233--,00.html;.

2.272 ACCEPTABLE USE POLICY

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see http://michigan.gov/cybersecurity/0,1607,7-217-34395_34476---,00.html. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.273 SYSTEMS CHANGES

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

2.274 ELECTRONIC RECEIPT PROCESSING STANDARD

All electronic commerce applications that allow for electronic receipt of credit/debit card and electronic check (ACH) transactions must be processed via the Centralized Electronic Payment Authorization System (CEPAS).

2.280 Extended Purchasing Program

2.281 EXTENDED PURCHASING PROGRAM

The Agreement will be extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal. Upon mutual written agreement between the State of Michigan and the Contractor, this Agreement may be extended to (a) State of Michigan employees, or (b) other states (including governmental subdivisions and authorized entities).
If extended, the Contractor must supply all goods and services at the established Agreement prices and terms. The State reserves the right to negotiate additional discounts based on any increased volume generated by such extensions.

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

2.290 Environmental Provision

2.291 ENVIRONMENTAL PROVISION RESERVED

2.300 Deliverables

2.301 SOFTWARE RESERVED

2.302 HARDWARE RESERVED

2.310 Software Warranties

2.311 PERFORMANCE WARRANTY RESERVED

2.312 NO SURREPTITIOUS CODE WARRANTY RESERVED

2.313 CALENDAR WARRANTY RESERVED

2.314 THIRD-PARTY SOFTWARE WARRANTY RESERVED

2.315 PHYSICAL MEDIA WARRANTY RESERVED

2.320 Software Licensing

2.321 CROSS-LICENSE, DELIVERABLES ONLY, LICENSE TO CONTRACTOR RESERVED

2.322 CROSS-LICENSE, DELIVERABLES AND DERIVATIVE WORK, LICENSE TO CONTRACTOR RESERVED

2.323 LICENSE BACK TO THE STATE RESERVED

2.324 LICENSE RETAINED BY CONTRACTOR RESERVED

2.325 PRE-EXISTING MATERIALS FOR CUSTOM SOFTWARE DELIVERABLES RESERVED

2.330 Source Code Escrow

2.331 DEFINITION RESERVED

2.332 DELIVERY OF SOURCE CODE INTO ESCROW RESERVED

2.333 DELIVERY OF NEW SOURCE CODE INTO ESCROW RESERVED

2.334 VERIFICATION RESERVED

2.335 ESCROW FEES RESERVED

2.336 RELEASE EVENTS RESERVED

2.337 RELEASE EVENT PROCEDURES RESERVED

2.338 LICENSE RESERVED

2.339 DERIVATIVE WORKS RESERVED

Glossary

Days	Means calendar days unless otherwise specified.
24x7x365	Means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
Additional Service	Means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.
Audit Period	See Section 2.110
Business Day	Whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
Blanket Purchase Order	An alternate term for Contract as used in the States computer system.
Business Critical	Any function identified in any Statement of Work as Business Critical.
Chronic Failure	Defined in any applicable Service Level Agreements.
Deliverable	Physical goods and/or commodities as required or identified by a Statement of Work
DTMB	Michigan Department of Technology, Management and Budget
Environmentally preferable products	A product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to, those that contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.
Excusable Failure	See Section 2.244.
Hazardous material	Any material defined as hazardous under the latest version of federal Emergency Planning and Community Right-to-Know Act of 1986 (including revisions adopted during the term of the Contract).
Incident	Any interruption in Services.
ITB	A generic term used to describe an Invitation to Bid. The ITB serves as the document for transmitting the RFP to potential Contractors
Key Personnel	Any Personnel designated in Article 1 as Key Personnel.
New Work	Any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.
Ozone-depleting substance	Any substance the Environmental Protection Agency designates in 40 CFR part 82 as: (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or (2) Class II, including, but not limited to, hydro chlorofluorocarbons
Post-Consumer Waste	Any product generated by a business or consumer which has served its intended end use, and which has been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product, and which does not include post-industrial waste.
Post-Industrial Waste	Industrial by-products that would otherwise go to disposal and wastes generated after completion of a manufacturing process, but do not include internally generated scrap commonly returned to industrial or manufacturing processes.
Recycling	The series of activities by which materials that are no longer useful to the generator are collected, sorted, processed, and converted into raw materials and used in the production of new products. This definition excludes the use of these materials as a fuel substitute or for energy production.
Deleted – Not Applicable	Section is not applicable or included in this RFP. This is used as a placeholder to maintain consistent numbering.
Reuse	Using a product or component of municipal solid waste in its original form more than once.

RFP	Request for Proposal designed to solicit proposals for services
Services	Any function performed for the benefit of the State.
Source reduction	Any practice that reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment prior to recycling, energy recovery, treatment, or disposal.
State Location	Any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
Subcontractor	A company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
Unauthorized Removal	Contractor's removal of Key Personnel without the prior written consent of the State.
Waste prevention	Source reduction and reuse, but not recycling.
Waste reduction and Pollution prevention	The practice of minimizing the generation of waste at the source and, when wastes cannot be prevented, utilizing environmentally sound on-site or off-site reuse and recycling. The term includes equipment or technology modifications, process or procedure modifications, product reformulation or redesign, and raw material substitutions. Waste treatment, control, management, and disposal are not considered pollution prevention, per the definitions under Part 143, Waste Minimization, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.
Work in Progress	A Deliverable that has been partially prepared, but has not been presented to the State for Approval.
Work Product	Refers to any data compilations, reports, and other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of an in furtherance of performing the services required by this Contract.

ATTACHMENT A

COST TABLE
Accuity Asset Verification Services Inc.
1/29/2014

QUANTITY	PRICE
5,200 referrals per week	$15,340.00 per week
Incremental Cost for additional 1000 referrals per week above 5,200 per week (cost per thousand)	$2,950.00 per thousand
4,300 referrals per week	$12,685.00 per week
Incremental Cost for additional 1000 referrals per week above 4,300 per week (cost per thousand)	$2,950.00 per thousand
1,000 referrals per week	$2,950.00 per thousand
Incremental Cost for additional 100 referrals per week above 1,000 per week (cost per hundred)	$295.00 per hundred