



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 7
to
Contract Number MA071B7700012C

CONTRACTOR	MAXIMUS CONSULTING SERVICES, INC.
	110 W Michigan Ave Suite 200
	Lansing MI 48933
	Nicholas Bohac
	517-484-4240
	nicholasbohac@maximus.com
	CV0008739

STATE	Program Manager	Shawna Hessling	DTMB
		517-335-8917	
		hesslings@Michigan.gov	
	Contract Administrator	Adam Ashley	DTMB
		517-855-1376	
		ashleya2@michigan.gov	

CONTRACT SUMMARY				
Statewide Cost Allocation Plan services to assist				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
November 1, 2016	October 31, 2019	5 - 12 Months	October 31, 2024	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$3,740,000.00	\$0.00	\$3,740,000.00		
DESCRIPTION				
Effective September 18th, 2024, the State Contract Administrator has been updated to Adam Ashley. Email: ashleya2@michigan.gov Phone: (517)-855-1376 All other terms, conditions, specifications and pricing remain the same. Per Contractor and agency agreement, and DTMB Central Procurement Services approval.				



**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 **6**
to
Contract Number **071B7700012**

CONTRACTOR	MAXIMUS CONSULTING SERVICES, INC.
	110 W Michigan Ave Suite 200
	Lansing, MI 48933
	Nicholas Bohac
	517-484-4240
	nicholasbohac@maximus.com
	CV0008739

STATE	Program Manager	Shawna Hessling	SW
		517-335-8917	
		hesslings@Michigan.gov	
	Contract Administrator	Jordana Sager	DTMB
		(517) 896-1903	
		sagerj2@michigan.gov	

CONTRACT SUMMARY

STATEWIDE COST ALLOCATION PLAN SERVICES TO ASSIST

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
November 1, 2016	October 31, 2019	5 - 1 Year	October 31, 2024
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		N/A
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$3,740,000.00	\$0.00	\$3,740,000.00		

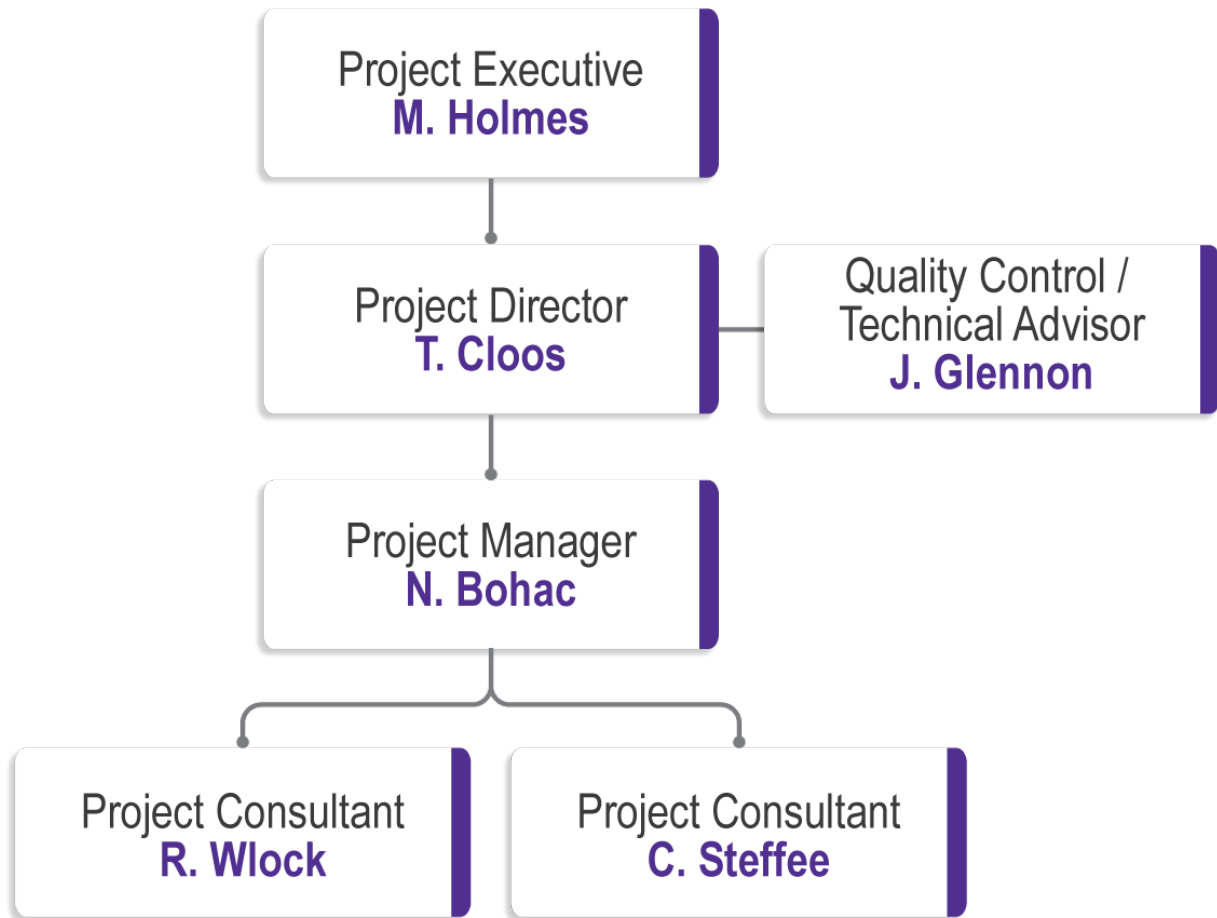
DESCRIPTION

Effective July 1, 2023, the following changes are hereby incorporated into the Contract:

1. Michael Holmes replaces Nelson Clugston as Project Executive
2. Organizational chart below replaces and supersedes any and all previous versions.

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

Appendix 1: Project Team Organizational Chart





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 **5**
 to
 Contract Number **071B7700012**

CONTRACTOR	MAXIMUS CONSULTING SERVICES, INC.
	110 W Michigan Ave Suite 200
	Lansing, MI 48933
	Nicholas Bohac
	517-484-4240
	nicholasbohac@maximus.com
	CV0008739

STATE	Program Manager	Shawna Hessling	SW
		517-335-8917	
	hesslings@Michigan.gov		
	Contract Administrator	Jordana Sager	DTMB
(517) 896-1903			
sagerj2@michigan.gov			

CONTRACT SUMMARY

STATEWIDE COST ALLOCATION PLAN SERVICES TO ASSIST

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
November 1, 2016	October 31, 2019	5 - 1 Year	October 31, 2024

PAYMENT TERMS	DELIVERY TIMEFRAME
Net 45	N/A

ALTERNATE PAYMENT OPTIONS	EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS
 N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
\$3,740,000.00	\$0.00	\$3,740,000.00

DESCRIPTION

Effective March 8, 2023, the Contract Administrator has been changed to Jordana Sager:

Jordana Sager
 sagerj2@michigan.gov
 517-896-1903

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



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 **4**

to

Contract Number **071B7700012**

CONTRACTOR	MAXIMUS CONSULTING SERVICES, INC.
	110 W Michigan Ave Suite 200
	Lansing, MI 48933
	Nicholas Bohac
	517-484-4240
	nicholasbohac@maximus.com
	CV0008739

STATE	Program Manager	Shawna Hessling	SW
		517-335-8917	
		hesslings@Michigan.gov	
	Contract Administrator	Courtney Powell	DTMB
		(517) 249-0452	
		powellc11@michigan.gov	

CONTRACT SUMMARY

STATEWIDE COST ALLOCATION PLAN SERVICES TO ASSIST IN ANALYSIS AND PREPARATION OF ANNUAL REPORTING REQUIREMENTS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
November 1, 2016	October 31, 2019	5 - 1 Year	October 31, 2019
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	5 Years	<input type="checkbox"/>	N/A	October 31, 2024
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,402,500.00	\$2,337,500.00	\$3,740,000.00		

DESCRIPTION

Effective September 26, 2019, this Contract is hereby amended as follows:

1. This Contract is increased by \$2,337,500.00,
2. The five, one-year options are exercised, the revised contract expiration date is October 31, 2024,
3. The Federal Provisions Addendum is added.

All other terms, conditions, specifications, and pricing remain the same. Per Contractor and Agency agreement, DTMB Procurement approval, and State Administrative Board approval on September 26, 2019.

Federal Provisions Addendum

The provisions in this addendum may apply if the purchase will be paid for in whole or in part with funds obtained from the federal government. If any provision below is not required by federal law for this Contract, then it does not apply and must be disregarded. If any provision below is required to be included in this Contract by federal law, then the applicable provision applies and the language is not negotiable. If any provision below conflicts with the State's terms and conditions, including any attachments, schedules, or exhibits to the State's Contract, the provisions below take priority to the extent a provision is required by federal law; otherwise, the order of precedence set forth in the Contract applies. Hyperlinks are provided for convenience only; broken hyperlinks will not relieve Contractor from compliance with the law.

1. Federally Assisted Construction Contracts

If this contract is a “**federally assisted construction contract**” as defined in [41 CRF Part 60-1.3](#), and except as otherwise may be provided under [41 CRF Part 60](#), then during performance of this Contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:

Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.

(3) The Contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Contractor's legal duty to furnish information.

(4) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(5) The Contractor will comply with all provisions of [Executive Order 11246](#) of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(6) The Contractor will furnish all information and reports required by [Executive Order 11246](#) of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(7) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in [Executive Order 11246](#) of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in [Executive Order 11246](#) of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(8) The Contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of [Executive Order 11246](#) of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

Provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

2. Davis-Bacon Act (Prevailing Wage)

- a. If applicable, the Contractor (and its Subcontractors) for **prime construction contracts** in excess of \$2,000 must comply with the Davis-Bacon Act ([40 USC 3141-3148](#)) as supplemented by Department of Labor regulations ([29 CFR Part 5](#), "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction").
- b. The Contractor (and its Subcontractors) shall pay all mechanics and laborers employed directly on the site of the work, unconditionally and at least once a week, and without subsequent deduction or rebate on any account, the full amounts accrued at time of payment, computed at wage rates not less than those stated in the advertised specifications, regardless of any contractual relationship which may be alleged to exist between the Contractor or subcontractor and the laborers and mechanics;
- c. The Contractor will post the scale of wages to be paid in a prominent and easily accessible place at the site of the work;
- d. There may be withheld from the Contractor so much of accrued payments as the contracting officer considers necessary to pay to laborers and mechanics employed by the Contractor or any Subcontractor on the work the difference between the rates of wages required by the Contract to be paid laborers and mechanics on the work and the rates of wages received by the laborers and mechanics and not refunded to the Contractor or Subcontractors or their agents.

3. Copeland "Anti-Kickback" Act

If applicable, the Contractor must comply with the [Copeland "Anti-Kickback" Act \(40 USC 3145\)](#), as supplemented by Department of Labor regulations ([29 CFR Part 3](#), "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"), which prohibits the Contractor and subrecipients from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.

4. Contract Work Hours and Safety Standards Act

If the Contract is **in excess of \$100,000** and **involves the employment of mechanics or laborers**, the Contractor must comply with [40 USC 3702](#) and [3704](#), as supplemented by Department of Labor regulations ([29 CFR Part 5](#)), as applicable.

5. Rights to Inventions Made Under a Contract or Agreement

If the Contract is funded by a federal "funding agreement" as defined under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

6. Clean Air Act

If this Contract is **in excess of \$150,000**, the Contractor must comply with all applicable standards, orders, and regulations issued under the Clean Air Act (42 USC 7401-7671q) and the Federal Water Pollution Control Act (33 USC 1251-1387). Violations must be reported to the federal awarding agency and the regional office of the Environmental Protection Agency.

7. Debarment and Suspension

A “contract award” (see [2 CFR 180.220](#)) must not be made to parties listed on the government-wide exclusions in the [System for Award Management](#) (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

8. Byrd Anti-Lobbying Amendment

If this Contract **exceeds \$100,000**, bidders and the Contractor must file the certification required under [31 USC 1352](#).

9. Procurement of Recovered Materials

Under [2 CFR 200.322](#), a non-Federal entity that is a state agency or agency of a political subdivision of a state **and its contractors** must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at [40 CFR part 247](#) that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

Byrd Anti-Lobbying Certification

The following certification and disclosure regarding payments to influence certain federal transactions are made under FAR 52.203-11 and 52.203-12 and [31 USC 1352](#), the "Byrd Anti-Lobbying Amendment." Hyperlinks are provided for convenience only; broken hyperlinks will not relieve Contractor from compliance with the law.

1. [FAR 52.203-12](#), "Limitation on Payments to Influence Certain Federal Transactions" is hereby incorporated by reference into this certification.
2. The bidder, by submitting its proposal hereby certifies to the best of his or her knowledge and belief that:
 - a. No federal **appropriated** funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress on his or her behalf in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan, or cooperative agreement;
 - b. If any funds **other than federal appropriated funds** (including profit or fee received under a covered federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress on his or her behalf **in connection with this solicitation**, the bidder must complete and submit, with its proposal, [OMB standard form LLL, Disclosure of Lobbying Activities](#), to the Solicitation Manager; and
 - c. He or she will include the language of this certification in all subcontract awards at any tier and require that all recipients of subcontract awards in excess of \$150,000 must certify and disclose accordingly.
3. This certification is a material representation of fact upon which reliance is placed at the time of Contract award. Submission of this certification and disclosure is a prerequisite for making or entering into this Contract under [31 USC 1352](#). Any person making an expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision is subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

Signed by:

[Type name and title]

[Type company name]

Date: _____



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 **3**

to

Contract Number **071B7700012**

CONTRACTOR	MAXIMUS CONSULTING SERVICES, INC.
	110 W Michigan Ave Suite 200
	Lansing, MI 48933
	Nicholas Bohac
	517-484-4240
	nicholasbohac@maximus.com
	CV0008739

STATE	Program Manager	Shawna Hessling	DTMB
		517-335-8917	
		hesslings@Michigan.gov	
	Contract Administrator	Courtney Flores	DTMB
		(517) 249-0452	
		floresc@michigan.gov	

CONTRACT SUMMARY

STATEWIDE COST ALLOCATION PLAN SERVICES TO ASSIST IN ANALYSIS AND PREPARATION OF ANNUAL REPORTING REQUIREMENTS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
November 1, 2016	October 31, 2019	5 - 1 Year	October 31, 2019
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A	
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,402,500.00	\$0.00	\$1,402,500.00		

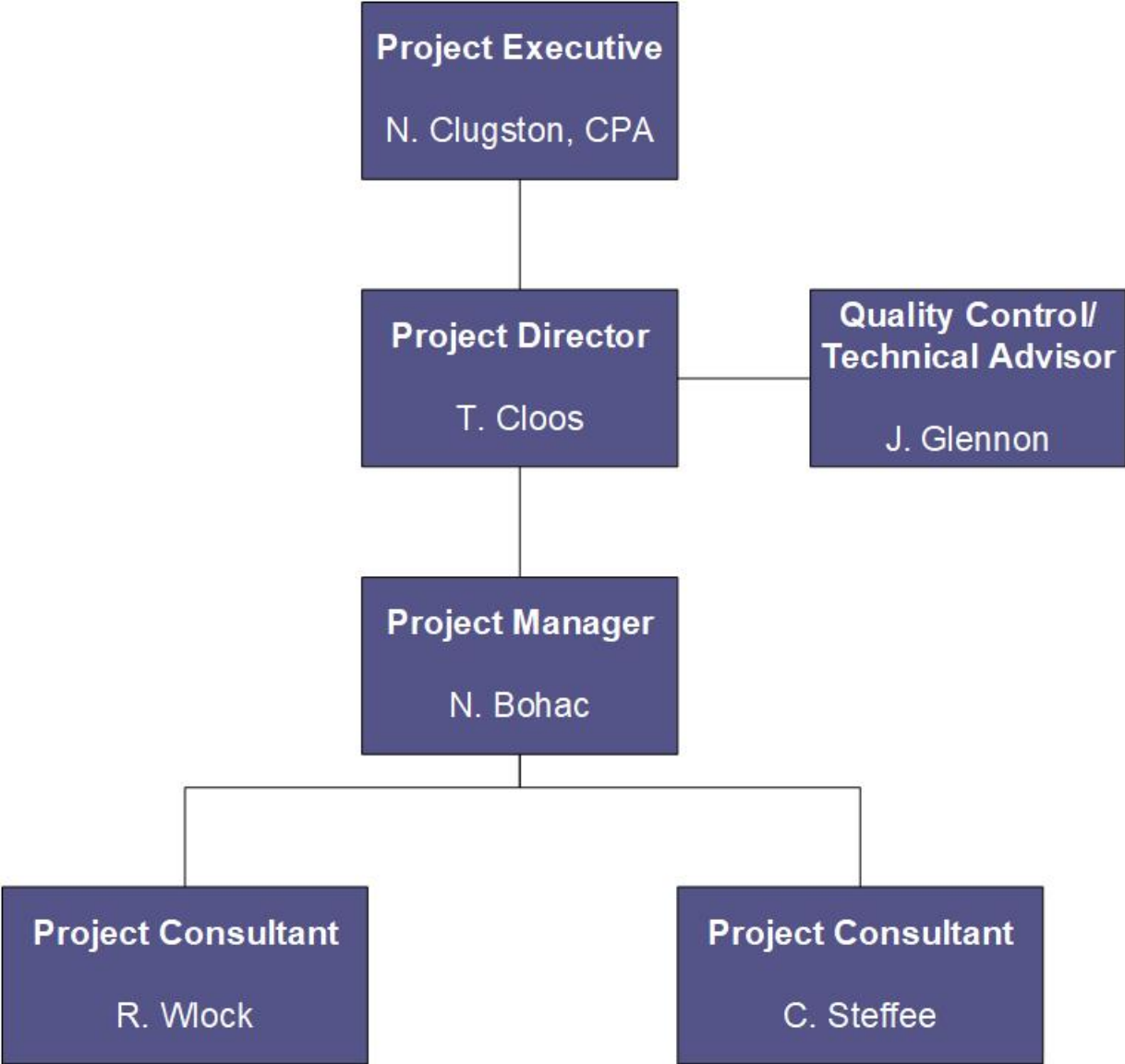
DESCRIPTION

Effective December 14, 2018, the following amendments are incorporated into this Contract:

1. The Contractor has removed William Maxwell as a Cost Allocation Advisor, per Section 3.3 of Exhibit A – Statement of Work.
2. The Contractor's Organization Chart is deleted and replaced with the attached Organizational Chart, per Section 3.4 of Exhibit A – Statement of Work.

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

Section 3.4 - Organizational Chart





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 **071B7700012**

CONTRACTOR	Maximus Consulting Services, Inc
	110 W Michigan Ave Suite 200
	Lansing, MI 48933
	Nicholas Bohac
	517-484-4240
	nicholasbohac@maximus.com
	CV0008739

STATE	Program Manager	Shawna Hessling	DTMB
		517-335-8917	
		hesslings@Michigan.gov	
	Contract Administrator	Courtney Flores	DTMB
		(517) 249-0452	
		floresc@michigan.gov	

CONTRACT SUMMARY

STATEWIDE COST ALLOCATION PLAN SERVICES TO ASSIST IN ANALYSIS AND PREPARATION OF ANNUAL REPORTING REQUIREMENTS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 1, 2016	October 31, 2019	5 - 1 Year	October 31, 2019
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A	
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,402,500.00	\$0.00	\$1,402,500.00		

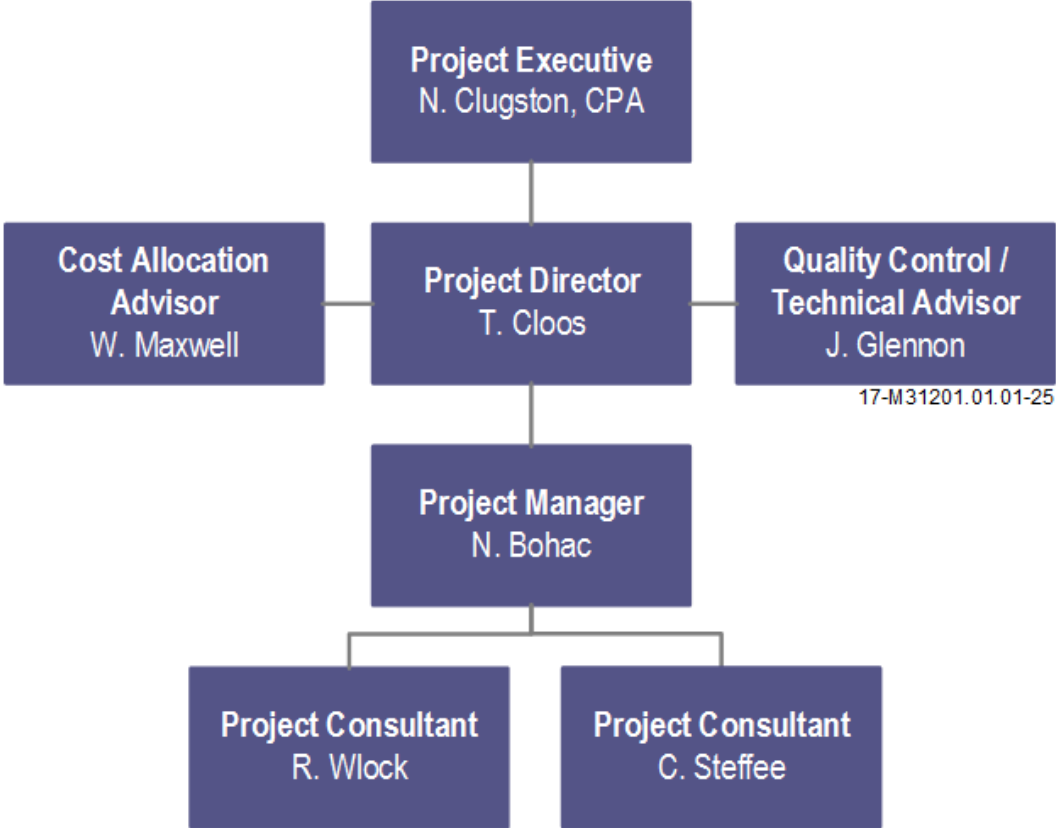
DESCRIPTION

Effective April 20, 2018, the following amendments are incorporated into this Contract:

- The Contract Administrator has been changed to Courtney Flores: Phone: 517-249-0452; Email: floresc@michigan.gov, per Section 2 and 3 of Standard Contract Terms.
- The Contractor's Contract Administrator and Program Manager has been changed to Nicholas Bohac: Address: 110 W. Michigan Avenue. Suite 200, Lansing MI 48933; Phone: 517-484-4240; Email: nicholasbohac@maximus.com, per Section 2, 3 and 4 of Standard Contract Terms.
- The Contractor has added Casey Steffee as a Project Consultant per Section 3.3 Key Personnel of Exhibit A - Statement of Work.
- The Contractor's Organization Chart is updated to the attached Organizational Chart, per Section 3.4 Exhibit A - Statement of Work.

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

Section 3.4 - Organizational Chart





**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 1
to
Contract Number 071B7700012

CONTRACTOR	Maximus Consulting Services, Inc.
	935 N. Washington Ave.
	Lansing, MI 48906
	William Maxwell
	517-484-4240
	billmaxwell@maximus.com
	*****7956

STATE	Program Manager	Shawna Hessling	DTMB
		517-335-8917	
		hesslings@Michigan.gov	
	Contract Administrator	Jillian Yeates	DTMB
		(517) 284-7019	
		yeatesj@michigan.gov	

CONTRACT SUMMARY

STATEWIDE COST ALLOCATION PLAN SERVICES TO ASSIST IN ANALYSIS AND PREPARATION OF ANNUAL REPORTING REQUIREMENTS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 1, 2016	October 31, 2019	5 - 1 Year	October 31, 2019
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,402,500.00	\$0.00	\$1,402,500.00		

DESCRIPTION

Effective March 17, 2017, the following clause has been added to the Standard Contract Terms, Section 9:

"Notwithstanding the foregoing, to the extent that the Contract Activities provided by Contractor are generated by Contractor's proprietary software, nothing contained herein is intended nor shall it be construed to require Contractor to provide such proprietary software to the State. The State agrees that it has no claims of ownership, including copyright, patents or other intellectual property rights to Contractor's proprietary software. Nothing in this Contract shall be construed to grant the State any rights to intellectual property Contractor owned or controlled prior to the execution of this Contract."

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



**STATE OF MICHIGAN
ENTERPRISE PROCUREMENT**

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

NOTICE OF CONTRACT

CONTRACT NO. **071B7700012**

between

THE STATE OF MICHIGAN

and

CONTRACTOR	Maximus Consulting Services, Inc
	935 N. Washington Ave
	Lansing, MI 48906
	William Maxwell
	517-484-4240
	billmaxwell@maximus.com
	7956

STATE	Program Manager	Shawna Hessling	DTMB
	517-335-8917		
		hesslings@michigan.gov	
STATE	Contract Administrator	Jillian Yeates	DTMB
	517-284-7019		
	YeatesJ@michigan.gov		

CONTRACT SUMMARY

DESCRIPTION: Statewide Cost Allocation Plan services to assist in analysis and preparation of annual reporting requirements.

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 1, 2016	October 31, 2019	Five-One year options	
PAYMENT TERMS		DELIVERY TIMEFRAME	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$1,402,500

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Tom Falik, Division Director - Services

DTMB – Enterprise Procurement
Agency

Date



STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and Maximus Consulting Services, Inc (“**Contractor**”), a Virginia Company. This Contract is effective on November 1, 2016 (“**Effective Date**”), and unless terminated, expires on October 31, 2019.

This Contract may be renewed for up to 5 additional 1 year renewal year period(s). Renewal must be by written agreement of the parties and will automatically extend the Term of this Contract.

The parties agree as follows:

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

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

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

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

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

If to State:	If to Contractor:
Jillian Yeates	William Maxwell
525 West Allegan St, 1 st flr	935 N. Washington Ave

Lansing, MI, 48909 YeatesJ@michigan.gov (517) 284-7019	Lansing, MI 48906 billmaxwell@maximus.com 517-484-4240
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3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “**Contract Administrator**”):

State:	Contractor:
Jillian Yeates 525 West Allegan St, 1 st flr Lansing, MI, 48909 YeatesJ@michigan.gov (517) 284-7019	William Maxwell 935 N. Washington Ave Lansing, MI 48906 billmaxwell@maximus.com 517-484-4240

4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “**Program Manager**”):

State:	Contractor:
Shawna Hessling 111 S. Capitol Ave. Lansing, MI, 48909 HesslingS@michigan.gov (517) 335-8917	William Maxwell 935 N. Washington Ave Lansing, MI 48906 billmaxwell@maximus.com 517-484-4240

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request.
6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State as an Additional Insured from covered claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
<p><u>Minimal Limits:</u></p> <p>\$1,000,000 Each Occurrence Limit</p> <p>\$1,000,000 Personal & Advertising Injury Limit</p> <p>\$2,000,000 General Aggregate Limit</p> <p>\$2,000,000 Products/Completed Operations</p> <p><u>Deductible Maximum:</u></p> <p>\$50,000 Each Occurrence</p>	<p>Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 or CG 20 26 04 13.</p>
Umbrella or Excess Liability Insurance	
<p><u>Minimal Limits:</u></p> <p>\$5,000,000 General Aggregate</p>	<p>Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds.</p>
Automobile Liability Insurance	
<p><u>Minimal Limits:</u></p> <p>\$1,000,000 Per Occurrence</p>	<p>Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.</p>
Workers' Compensation Insurance	

<u>Minimal Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
<u>Minimal Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	
Privacy and Security Liability (Cyber Liability) Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.

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

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

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) Contractor's Insurers shall provide 30 days prior written notice of cancellation or non-renewal, except on the Privacy and

Security and Professional E&O Liability policies, to the Contract Administrator; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

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

7. **Administrative Fee and Reporting.** Contractor must pay an administrative fee of 1% on all payments made 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). Administrative fee payments must be made by check payable to the State of Michigan and mailed to:

Michigan Department of Technology, Management and Budget
Cashiering
P.O. Box 30681
Lansing, MI 48909

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. Reports should be mailed to DTMB-Procurement.

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

8. **Extended Purchasing Program.** This contract is 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 written agreement between the State and Contractor, this contract may also be extended to: (a) State of Michigan employees and (b) other states (including governmental subdivisions and authorized entities).

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

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

9. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.
10. **Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation, and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible

for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

11. **Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.
12. **Background Checks.** Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.
13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
14. **Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

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

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

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

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

17. **RESERVED**

18. **RESERVED**

19. **RESERVED**

20. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract

Activities performed as specified in Exhibit A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all prices are inclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

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

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

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

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

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

23. Termination for Cause.

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

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

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

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the effective date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by

the State in terminating this Contract for cause, including administrative costs, reasonable attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

- 24. Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.
- 25. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 180 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.
- 26. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, from and against any and all actions, claims, losses, liabilities, damages, costs, reasonable attorney fees, and expenses (including those required to establish the right to indemnification), directly arising out of: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any negligent acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

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

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

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

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

its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

- 28. Limitation of Liability.** Neither party shall be liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

The State agrees that Contractor's total liability to the State for any and all damages whatsoever arising out of, or in any way related to, this Contract from any cause, including but not limited to negligence, errors, omissions, strict liability, breach of contract or breach of warranty for each project approved under this Contract is limited to, in the aggregate, two times the value of the project.

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

30. RESERVED

31. State Data.

- a. **Ownership.** The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.
- b. **Contractor Use of State Data.** Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.
- c. **Extraction of State Data.** Contractor must, within five (5) business days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.
- d. **Backup and Recovery of State Data.** Unless otherwise specified in Exhibit A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Exhibit A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.
- e. **Loss of Data.** In the event of any act, error or omission, negligence, misconduct, or breach that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the

physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within 5 calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (g) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and, (h) provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. This Section survives the termination of this Contract.

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

- a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.
- b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
- c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential

Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party,.

33. Data Privacy and Information Security.

- a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.
- b. Reserved.
- c. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.
- d. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.
- f. Data Accuracy. Contractor shall provide guidance to the State in determining the data required for the services required under this Contract. The State shall provide all such data in a timely manner sufficient to allow Contractor to provide the Contract Activities. The State represents that all financial and statistical information provided to Contractor by State, its employees and/or agents is accurate and complete to the best of State's knowledge.
- g. Contractor Liability if Audited. Contractor shall, upon notice of audit of the completed cost allocation plan by the representatives of the State's federal cognizant agency and/or the State, make work papers and

other records available to the auditors. Consultant's sole responsibility under an audit shall be to provide reasonable assistance to the State through the audit and to make changes to the work product required as a result of the audit. Contractor shall not be liable for any audit disallowances or any missed or lost revenue associated with, or related to, Contract Activities, except those caused by the negligence of the Contractor.

- h. Litigation Reimbursement. If Contractor is requested by State to produce Contractor deliverables, documents, records, working papers, or personnel for testimony or interviews with respect to this Contract or any services provided hereunder, then State and Contractor shall execute a change order or new contract, for the sole purpose of setting forth any payment and the terms thereof, associated with Contractor's response and related to the reasonable fees of Contractor in responding. The foregoing does not diminish or negate Contractor's obligation to negotiate and defend all cost allocation plans and State mandated cost claims as specifically provided for under this Contract.

34. Reserved.

35. Reserved.

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

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

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

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

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

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

40. **RESERVED**

41. **RESERVED**

42. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.

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

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

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

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

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

Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely, or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.

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

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

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

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

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52. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
53. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
54. **Entire Contract and Modification.** This Contract is the entire agreement and replaces all previous agreements between the parties for the Contract Activities. This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**").

STATE OF MICHIGAN

Contract No. 071B7700012

Analysis of Central Service Costs and Statewide Cost Allocation Plan (SWCAP) - Statewide

EXHIBIT A STATEMENT OF WORK CONTRACT ACTIVITIES

PROJECT REQUEST

This is a Contract for analysis of central service cost and preparation of the SWCAP.

This Contract will also be available to other State Departments, MiDEAL members (authorized local units of government) and Extended Purchasing Program.

BACKGROUND

The State of Michigan, like most governments receiving federal funding, is required to file a Statewide Cost Allocation Plan (SWCAP) with the U.S. Department of Health and Human Services (HHS). The State Budget Office (SBO), Office of Financial Management (OFM), has responsibility for the analysis, preparation, and submission of this complex plan.

Preparation of the plan requires analysis of central service costs, which are allocated to the various departments and agencies, in accordance with the U.S. Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR, Part 200, (http://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl).

SCOPE

The Contractor will analyze, develop, submit, and negotiate the State of Michigan's Statewide Cost Allocation Plan with the federal government. The Contractor will also develop an Indirect Cost Rate Proposal for the Department of Technology, Management, and Budget. The Contractor will be available for advisement on cost allocation issues as they arise. This may include answering questions related to the SWCAP, or questions that present themselves as a result of reorganization in State government or changes in accounting policies.

Additional work related to departmental indirect cost agreements, departmental cost allocation plans and/or directly billed services of the central control agencies may be amended into the contract through Agency issued work statements, Contractor proposals and Agency Purchase Order release issuance per section 5.1 at an agreed upon hourly rate upon Program Manager approval. The scope of this additional work will be documented in separately issued Contractor proposals.

REQUIREMENTS

1.) WORK AND DELIVERABLES

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

- A.) Review the prior year SWCAP and accompanying work papers to become familiar with the accounting and cost systems, agency personnel, billing systems and other matters related to the development of the SWCAP and supplementary reports. OFM will offer only minimal assistance with this task.
- **Step 1: Review SWCAP Section I.** Contractor will conduct a thorough review of the SWCAP (Section I) for the past three years. The review will encompass work papers and correspondence in order to gain a full understanding of the plan structure as well as any outstanding issues or concerns. Special attention will be paid to the allow ability of the allocated cost pools and the appropriateness of the allocation bases.
- **Step 2: Review billed services.** Contractor will conduct an inventory of all Section II billed services for the past three years and meet with Office of Financial Management (OFM) representatives to determine if there

are any outstanding issues that may affect the preparation of the Section I SWCAP. Contractor will determine if any such agreements exist and revise the SWCAP as appropriate to accommodate these adjustments.

- **Step 3: Review financial reports.** Contractor will review the financial reports used as the source documents for the previous submission. These reports may include various R*STARS reports generated from the State's accounting system, or detailed program financial reports such as those currently prepared by Department of Technology Management and Budget (DTMB) for all of its program areas. Contractor will meet with OFM officials to determine the availability of the reports. Contractor compile and provide to the State a comprehensive list of reports needed.
- **Step 4: Review organization charts.** Contractor will review the organizational charts for the State of Michigan departments. This will include statewide charts that identify the reporting structure for all State agencies, as well as more detailed departmental charts for those departments providing statewide services.

B.) Preview prior audit coverage and correspondence from (and to) the federal government relating to essential plan information.

- **Step 1: Conduct review of prior agreements.** Contractor will review the most recent negotiation agreements issued by HHS regarding the State of Michigan SWCAP. A review of the agreement that fixes costs for each year is essential. Approved fixed amounts for each year will need to be determined. In addition, any prior year carry-forwards that are incorporated into the fixed amounts need to be determined so that they can be appropriately adjusted out of the current year carry-forward calculations. Contractor will review any subsequent agreements to determine if there are any issues or special circumstances identified that impact preparation of the SWCAP.

- **Step 2: Review correspondence.** Contractor will review any correspondence between the State and HHS regarding these agreements to determine any agreed to adjustments or changes that need to be reflected in the SWCAP. In addition to a review of the Section I SWCAP work papers, this will require a review of the Section II billed services. Contractor will meet with OFM representatives to review any correspondence that they have regarding internal service fund issues. Contractor will identify and incorporate into our plan development any issues that impact the development of Section I.

- **Step 3: Review Auditor General Reports.** Contractor will review any State audits regarding the SWCAP prepared by the Michigan Auditor General's Office. Contractor will discuss any findings in the audits with OFM to determine what, if any, action needs to be taken during preparation of the plan.

- **Step 4: Determine Uniform Guidance impact on State's SWCAP.** As the Uniform Guidance will affect the work Contractor does for cost allocation clients, Contractor must transition to the new regulations seamlessly to ensure there are no increased findings from the CAS negotiators. Contractor will review the State's SWCAP to determine the specific impacts on the plan development.

C.) Perform the necessary analysis of financial and accounting records, agency documentation, billing systems, budgets and any other information relevant to the SWCAP for the year under review.

- **Step 1: Send out information requests.** Contractor will prepare an initial list of expected information needs. As necessary, Contractor will schedule a review to discuss the initial information requests and develop agreed upon data gathering methods as well as a schedule. This process must not only reduce the burden on State personnel but will also help to ensure that the information provided is at the required level of detail. Contractor will also draft and send information requests directly to the appropriate State officials. Contractor will not ask OFM to compile the data, rather, Contractor will ask for OFM assistance only when the requested information is

not being received in a timely manner. If follow-up data gathering activities are required, Contractor will document any such additional needs and schedule a review to discuss with the State.

■ **Step 2: Gather available financial information.** The data gathered from the State agencies may either be in electronic or hard copy format. Once the information has been received, Contractor will consult with the appropriate State staff to confirm that the information is what was requested, as well as accurate and complete. If necessary, Contractor will follow-up with the State to obtain additional information. The following is a list of the information that the Contractor must collect:

- Allocation statistics
- Fixed asset depreciation schedules
- Audit reports and correspondence
- Organization charts
- Financial reports from the statewide accounting system accounting system
- Annual billings for all direct billed services

■ **Step 3: Analyze expenditure information.** Once the information is gathered, Contractor will perform all data analysis at local office. Contractor will review all financial information regarding central service cost pools. Contractor will identify unallowable costs such as capital outlay and will functionalize all allowable costs by activity pool for allocation. This means that central services programs may be broken down into multiple activity pools for allocation. Contractor will review organization charts and payroll reports and conduct interviews as needed to determine the most appropriate functionalization of staff.

■ **Step 4: Review and classify all Department units and associated costs.** Since the costs of certain activities, such as legislative costs, are not allowable for recovery of federal grants, this is a critical step during the development of the SWCAP. After updating the latest organization charts, Contractor will classify all organizational units as indirect (overhead) units or direct units. The direct units (Agencies) are the defined “final cost objectives” that will receive the allocated indirect costs. This process is required to determine which overhead costs should be identified for inclusion in the allocable indirect cost pools. Contractor will group the State organizational accounts into the indirect and direct cost pools. Contractor must use OMB regulations as a guide in determining allocable activities.

■ **Step 5: Inventory State, Federal, and Enterprise Funds.** All funds will be analyzed with an eye toward identifying those that qualify for inclusion in SWCAP Section I or require specific reporting under Section II. Contractor will focus on efficient recovery efforts that will yield the State enhanced allowable recoveries. This may involve conducting a review of programs and federal funds being received by the State, especially those that may reimburse indirect costs.

■ **Step 6: Determine Administrative Departments.** Contractor focus is on identifying those departments (normally administrative departments) with responsibility for providing services to other departments. These departments are typically performing such services as IT, financial accounting, payroll and personnel administration, and purchasing. This classification will allow Contractor to review the SWCAP to uncover any missing or incorrectly identified administrative costs.

■ **Step 7: Conduct Central Service Staff Interviews.** Contractor must provide copies of previous studies, drafts of worksheets, copies of statistical reports, copies of previous work papers, and other similar items that are relevant to the issues being discussed and arrange meetings with State officials at their convenience.

■ **Step 8: Review Allocation Bases.** An allocation base must be determined for each activity pool. Allocation statistics should reflect the relative benefit derived from the activity. The allocation statistics developed will be consistent with those approved by HHS in the last SWCAP. However, in the event that a statistic is no longer available, or if the nature of the work performed within the activity pool has changed substantially, a new allocation base would need to be selected. Contractor will determine any proposed changes to allocation based on interviews with the central service program representatives and Contractor must submit all proposed changes to OFM for approval.

■ **Step 9: Develop Allocation Bases.** Each allocation statistic must be developed. All allocation statistics will be summarized by Contractor at local office.

■ **Step 10: Identify any billing credits.** Any appropriate direct billing credits will be determined. Contractor will review all funding and charges for central service programs to determine if any billing credits are needed.

D.) Prepare a preliminary SWCAP (based on actual and budgeted activity) for OFM review and approval. For each change in allocation of cost or determination of costs, the impact of each change will be fully documented in a separate memorandum for OFM review and approval. The SWCAP will be due as mutually agreed upon.

■ **Step 1: Prepare Actual SWCAP.** Once all reviews and interviews have been conducted, financial reports summarized, allocation statistics developed and billing credits determined, Contractor will prepare the Actual SWCAP, which is based on actual costs and statistics for the year. The initial plan will be based on the fiscal year ending September 30, 2016.

- Contractor will perform all data entry into the cost plan at local office. The plan must contain a narrative description of each central service program as well as detailed schedules for each service identifying the costs to be allocated, the costs by activity pool, the allocation statistics and allocation results. The plan must also contain summary schedules that identify the total allocated costs for each State agency and reconciliations of all costs allocated through the plan. Each allocated amount on the summary schedule can be traced to the detailed reports.

- **Step 2: Prepare Budget SWCAP.** Once the Actual SWCAP has been completed, the Budget SWCAP will be prepared. The initial budget plan will be based on budgeted expenditures for the FY ending September 30, 2018. Preparing the budget plan has two principal advantages:
 - Accelerated Cash Flow - Using projected costs rather than actual will increase the allocated costs for each agency. Fixing costs at higher amounts means that the State will accelerate the recovery of central services from federal programs.
 - Reflects Reorganization - The budget plan must allow the State to reflect reorganization that may be occurring.

- **Step 3: Document Changes.** For each change in both the actual plan and the budget plan, Contractor will notify OFM in writing of the change, the reason for the change, the materiality of the change and impact on final allocated costs.

- **Step 4: Deliver SWCAPs.** Contractor must have a draft of both the Actual SWCAP and the Budget SWCAP delivered to OFM for review by March 31, with federal submission by June 30.

Contractor will conduct a thorough internal Quality Assurance (QA) review cycle before submitting deliverable to the State. This must include a peer review by the team, followed by independent quality reviews by both the Project Manager and Project Director.

- E.) Prepare a report summarizing carry-forward calculations on a service-by-service basis for each State agency. The report will be due as mutually agreed upon.

- F.) Prepare a report summarizing the proposed fixed allocations for each State agency, including carry forwards, to be submitted to the federal government. The report will be due as mutually agreed upon.

- G.) Assist Department of Technology, Management, and Budget's (DTMB) with preparation of a report that identifies proper charges to various State Restricted funding sources to support the legislative appropriation. This analysis will be prepared as an extension of both the budget and actual SWCAP documents. This special plan will be used to redistribute all of DTMB's centralized services (allocated in the SWCAP) to specific State Restricted funding sources. The report will be due as mutually agreed upon.

- H.) Deliver one reproducible and three bound copies of each plan identified in the following list to OFM and DTMB's Office of Financial Services, on the following schedule:

SWCAP and Allocated Cost by Fund

<u>Period Covered</u>	<u>Due Date*</u>
Initial Cycle:	
FY 2015/16 Actual	June 30, 2017
FY 2017/18 Budget	June 30, 2017

Subsequent Cycles (Due Dates subject to change)
 FY 2016/17 Actual
 FY 2018/19 Budget

FY 2017/18 Actual
FY 2019/20 Budget

Option Year SWCAP and Allocated Cost by Fund

FY 2018/19 Actual
FY 2020/21 Budget

FY 2019/20 Actual
FY 2021/22 Budget

- * Due date assumes an approved extension from the federal government (beyond the due date prescribed in OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR, Part 200. If extensions are not approved, the State will renegotiate appropriate due dates for the deliverables.)

All reports, analyses, and recommendations associated with the tasks summarized above are due by the June 30th date of each cycle.

- I.) For each annual cycle, the Contractor will:

Prepare and submit all required documents (per OMB's Uniform Guidance) to the federal government and provide necessary assistance to gain approval of the plan(s). This also includes assisting Federal and State auditors should the plan, or any parts of the plan, be audited at a later date.

Upon approval by OFM, Contractor will submit the SWCAP to HHS on the State's behalf along with all the supporting documentation. Contractor may, with State's approval, begin negotiations to secure approval.

Federal Submissions

The federal submission to HHS will include the Actual SWCAP, Budget SWCAP, Carry-forwards, and the schedule summarizing the proposed fixed allocations. In addition, the submission will provide other supporting documentation as required in the Uniform Guidance. All documents will be submitted electronically, as requested by HHS. Documents include:

- **Certification Letter:** Contractor will prepare the required certification letter and forward it to OFM for signature. Upon completing any internal reviews, the letter should be signed and returned to Contractor for inclusion in the submission.
- **Copies of Financial Reports:** Contractor will include PDF copies of all financial reports used as the source documents for preparing the plans in the submission.
- **Financial Reconciliations:** Contractor will prepare a schedule that reconciles the costs allocated within the SWCAP to the various financial reports.
- **Comprehensive Annual Financial Report (CAFR):** Contractor will include a copy of the CAFR, if printed. Otherwise, Contractor will inform HHS as to where to download the CAFR from the State's website.
- **Organization Chart:** Contractor will include an organization chart identifying the principle state agencies and their reporting structure, if one is not included in the CAFR.
- **Coordinate Section II Submission:** Most billed services identified under Section II of the federal agreements, the DTMB Office of Financial Services compiles the required information. Generally,

HHS prefers that all SWCAP information be submitted at the same time. Therefore, Contractor will work with representatives of Financial Services to coordinate the submission of all required information for both Section I and Section II of the SWCAP.

Federal Negotiations

After federal negotiators have reviewed the submitted SWCAP, negotiations on certain classifications of costs may be required. Contractor, may at the State's request, act as advocate to secure the fairest plan to all concerned, consistent with the principles defined in the Uniform Guidance. Contractor will be the initial point of contact regarding all questions by HHS regarding Section I of the SWCAP and Contractor will negotiate approval of the plan on behalf of the State. Contractor must keep OFM informed of all communications Contractor has regarding the plan and any issues that arise during the negotiations.

Factors critical to success in negotiations include:

- 360-degree perspective on federal, state, and local cost allocation and policies gained from access to senior staff, including a former federal negotiator, with insight and expertise on federal and State guidance and direction for allocating costs
- Significant investment in field research and knowledge sharing among our national network of practitioners who are constantly looking for new ways to generate greater recoveries.
- Use of software tool specifically designed to flexibly and efficiently prepare SWCAPs
- Employing a "Double Step-Down Allocation" of costs to make sure that all recoverable costs are appropriately allocated

Upon notice of federal audit, Contractor shall make work papers and other records available to auditors. Contractor's responsibility under audit shall be to provide audit assistance to the State and to make those changes to the work product as required as a result of an audit.

If there are costs questioned by federal negotiators, Contractor will conduct the following steps:

- **Step 1: Meet with the State to review the federal agency's position and concerns.** Contractor will review the correspondence between the negotiating agency and the State to understand the issues and concerns. This will form the basis for our subsequent research and appeal arguments.
- **Step 2: Research appropriate federal regulations and OMB guidance.** Contractor will review current regulations and guidance specific to the expressed concerns being negotiated to understand the issues raised and to identify appropriate responses to those issues for the negotiations.
- **Step 3: Research similar appeals of cost allocations.** In concert with Contractor's research on federal regulations, Contractor must also research appeals case history to identify situations that are similar to the issue at hand. Contractor will identify precedents that may be appropriate to the negotiation.
- **Step 4: Prepare a negotiation strategy and review it with the State.** Based on analysis, Contractor will develop a strategy for approaching negotiations; identifying logic, appropriate guidance, and associated precedence. This strategy will be documented in a presentation format. Contractor must review this strategy with the State and adjust, where necessary, based on the discussion.

- **Step 5: Finalize the strategy and prepare draft language for the negotiation.** Contractor will prepare language for inclusion in the State’s response to the federal entity during negotiation that defines our position regarding the claimed costs.
- **Step 6: Provide functional and technical expertise to the State’s negotiating team.** Contractor will support the negotiation by furnishing functional and technical expertise, as required, throughout the process. When necessary, Contractor will provide the State with written documentation to use in the negotiation process.

Auditor General Assistance

In addition to handling questions from all federal cost negotiators, Contractor will be available to answer any questions that State auditors may have in any subsequent reviews of SWCAP. Contractor will be available to answer questions and provide any documentation that the Auditor General's Office requests in the course of its review. Contractor shall meet with State Auditor as necessary during their review.

- J.) Analyze the desirability of continuing the preparation of budgetary plans and offer a recommendation to OFM at the conclusion of each annual cycle. Should this practice be determined to not be cost effective, the State reserves the option of discontinuing contracting for budget-based SWCAP.
- K.) A supplemental schedule to the SWCAP will be prepared and included in the work papers detailing the relevant supporting information used to allocate costs on the various plan schedules. Items such as employee counts, record counts, and the method(s) used to allocate costs, for example. One complete set of working papers (photocopy acceptable) shall remain with the State.
- L.) Any additional work related to departmental indirect cost agreements, departmental cost allocation plans and/or directly billed services of the central control agencies may be amended into this Contract at the current rates through Agency issued work statements, Contractor proposals and Agency Purchase Order release issuance per section 5.1 upon Program Manager approval.

2. Acceptance

2.1. Acceptance, Inspection and Testing

The State will use the following criteria to determine acceptance of the Contract Activities:

OMB’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200, provides the primary criteria regarding acceptance of the deliverable (http://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl). Preliminary plans will be reviewed by OFM. Upon acceptance OFM will notify the Contractor to submit the plan to the federal government on the State’s behalf.

2.2. Final Acceptance

Final acceptance of the deliverables will result when the federal government approves the State’s SWCAP.

3. Staffing

3.1. Contractor Representative

The Contractor must appoint a project manager, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the “Contractor Representative”) (see Section 3.3 – Key Personnel).

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

3.2. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 8:00 a.m. to 5:00 p.m. EST, and possible night and weekend hours depending on the requirements of the project.

3.3. Key Personnel

1. The Contractor must appoint a project manager who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Project Manager is William Maxwell, Director
2. Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements.
3. Key Personnel and Contractor staff who will be involved in contract activities follow:

Project Executive – Nelson H. Clugston
Project Director – Timothy J. Cloos
Quality Control/Technical Advisor – John Glennon
Project Manager – William Maxwell
Project Consultant – Nicholas Bohac
CAP Project Consultant – Ron Wlock

4. The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Project Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.
5. Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):
 - (i) For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be \$25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30 calendar days before the Key Personnel's removal.

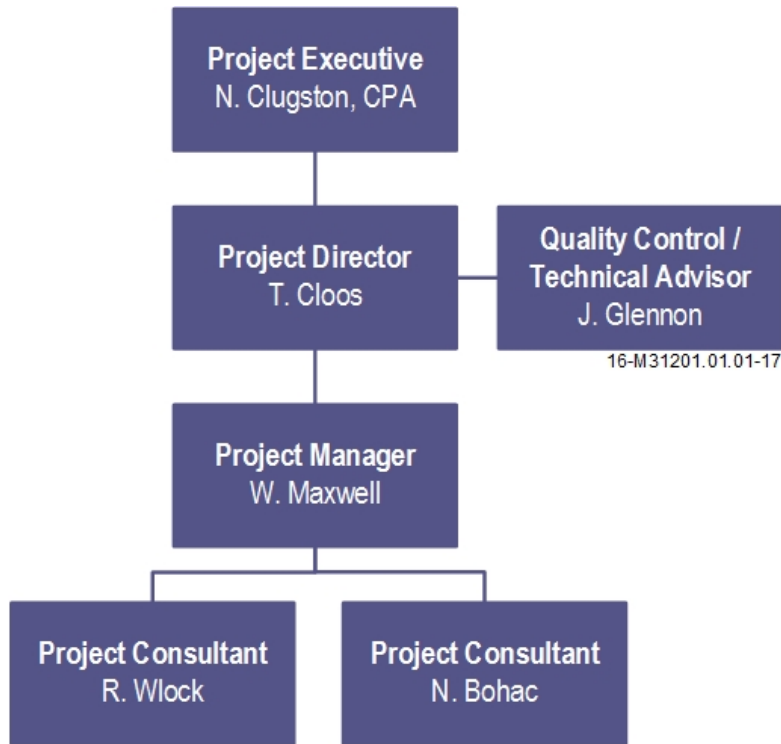
- (ii) If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 calendar days, in addition to the \$25,000.00 credit specified above, Contractor will credit the State \$833.33 per calendar day for each day of the 30 calendar-day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total Unauthorized

Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30 calendar days of shadowing will not exceed \$50,000.00 per individual.

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

3.4. Organizational Chart

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



3.5. Disclosure of Subcontractors

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

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

The relationship of the subcontractor to the Contractor.

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

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

Price of the subcontractor's work.

3.6. Security

The Contractor will be subject the following security procedures:

Signing security forms, signing in at front desk (as necessary), signature of forms protecting the confidentiality of personal identifying information, maintaining confidentiality of State data. Upon request, Contractor must perform background checks on key personnel and staff working on contract activities prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with requested background checks. The State, in its sole discretion, may also perform background checks.

4. Project Management

4.1. Project Plan

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

4.2. Meetings

The Contractor must attend the following meetings:

Within 10 business days from execution of the Contract, the Contractor will be required to participate in a kick off orientation meeting to discuss the content and procedures of the Contract. The meeting may be conducted by conference call.

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

4.3. Reporting

The Contractor must submit, to the Program Manager, reports as identified in the "Requirements" section.

5. Ordering

5.1. Authorizing Document

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

6. Invoice and Payment

6.1. Invoice Requirements

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

6.2. Payment Methods

The State will make payment for Contract activities through purchase order and Electronic Funds Transfer (EFT) as stated in 1984 PA 431, all contracts that the state enters into for the purchase of goods and service must provide that payment will be EFT.

6.3. Procedure

Contractor invoices will be paid, and subject to approval by the appropriate State personnel.

7. Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of

\$500 and an additional \$100 per day for each day Contractor fails to remedy the late or improper completion of the Work in Section 1 with a cap of two times the project cost.

STATE OF MICHIGAN

Contract No. 071B7700012

Analysis of Central Service Costs and Statewide Cost Allocation Plan (SWCAP) - Statewide

EXHIBIT B GENERAL PROPOSAL REQUIREMENTS

Reserved

STATE OF MICHIGAN

Contract No. 071B7700012

Analysis of Central Service Costs and Statewide Cost Allocation Plan (SWCAP) - Statewide

EXHIBIT C PRICING

1. Pricing Summary

Price Proposal	
Work and Deliverables	Price
1. Fixed Annual Price for SWCAP and related deliverables	Initial Cycle: \$30,000 Second Cycle: \$30,000 Third Cycle: \$30,000
1.1 Staff and estimated hours to provide SWCAP and related deliverables:	<ul style="list-style-type: none"> o Staff: William Maxwell, Director o Staff: Nicholas Bohac, Senior Consultant o Staff: Nelson Clugston, Vice President o Staff: Timothy Cloos, Director <p>Hours: 240 per year</p>
2. Hourly rate for any additional services provided to State agencies on an “as needed” basis	\$125
2.1 Estimated Annual Hours for Additional Services	3,500
Estimated 3-Year Price	\$1,402,500