

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

CHANGE NOTICE NO. 17
 to
CONTRACT NO. 071B8200051
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Talx Corporation 11432 Lackland Road St. Louis, MO 63146	Kelly Meddows	kelly.meddows@equifax.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(314) 214-7754	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	Treasury	Janet McKeown	(517) 335-1723	mckeownj@michigan.gov
BUYER	DTMB	Pamela Platte	(517) 284-7022	plattep@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Employment Services – Department of Treasury/DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 15, 2007	November 14, 2010		June 16, 2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	Two Weeks	June 30, 2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$46,270.63		\$5,260,505.88		
Effective June 17, 2014, this Contract is EXTENDED two weeks; and is INCREASED by \$46,270.63. The REVISED Contract expiration date is June 30, 2014. All other terms, conditions, specifications and pricing remain the same. Per vendor and agency agreement, DTMB Procurement approval, and the State Administrative Board approval on July 15, 2014.				

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

CHANGE NOTICE NO. 16
 to
CONTRACT NO. 071B8200051
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Talx Corporation 11432 Lackland Road St. Louis, MO 63146	Kelly Meddows	kelly.meddows@equifax.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(314) 214-7754	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	Treasury	Janet McKeown	(517) 335-1723	mckeownj@michigan.gov
BUYER	DTMB	Pamela Platte	(517) 284-7022	plattpe@michigan.gov

CONTRACT SUMMARY:				
DESCRIPTION: Employment Services – Department of Treasury/DHS				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
November 15, 2007	November 14, 2010		May 31, 2014	
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM	
N/A	N/A	N/A	N/A	
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS:				
N/A				

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	16 days	June 16, 2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$46,270.63		\$5,214,235.25		
Effective June 1, 2014, this contract is hereby extended to June 16, 2014, and increased by \$46,270.63. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, the approval of DTMB Procurement and the approval of the State Administrative Board on June 24, 2014.				

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

April 30, 2014

CHANGE NOTICE NO. 15
 to
CONTRACT NO. 071B8200051
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Taxl Corporation 11432 Lackland Road St. Louis, MO 63146	Kelly Meddows	kelly.meddows@equifax.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(314) 214-7754	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR		Janet McKeown	(517) 335-1723	mckeownj@michigan.gov
BUYER	DTMB	Pamela Platte	(517) 284-7022	plattap@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Employment Services – Department of Treasury/DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 15, 2007	November 14, 2010		April 30, 2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	1 Month	May 31, 2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$92,541.25		\$5,167,964.62		
Effective May 20, 2014, this contract is hereby extended to May 31, 2014, and increased by \$92,541.25. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, the approval of DTMB Procurement and the approval of the State Administrative Board on May 20, 2014.				

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

CHANGE NOTICE NO. 14
 to
CONTRACT NO. 071B8200051
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Talx Corporation 11432 Lackland Road St. Louis, MO 63146	Kelly Meddows	kelly.meddows@equifax.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(314) 214-7754	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR		Janet McKeown	(517) 335-1723	mckeownj@michigan.gov
BUYER	DTMB	Pamela Platte	(517) 284-7022	plattap@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Employment Services – Department of Treasury/DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 15, 2007	November 14, 2010		March 31, 2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	1 Months	April 30, 2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$92,541.25		\$5,075,423.37		
Effective March 25, 2014, this contract is hereby extended to April 30, 2014, and increased by \$92,541.25. Also the CCI is changed to Janet McKeown. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, the approval of DTMB Procurement and the approval of the State Administrative Board on March 25, 2014.				

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

CHANGE NOTICE NO. 13
 to
CONTRACT NO. 071B8200051
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Talx Corporation 11432 Lackland Road St. Louis, MO 63146	Kelly Meddows	kelly.meddows@equifax.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(314) 214-7754	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR		Jo Courtright	(517) 335-4535	
BUYER	DTMB	Pamela Platte	(517) 284-7022	plattep@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Employment Services – Department of Treasury/DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 15, 2007	November 14, 2010		January 31, 2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	2 Months	March 31, 2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$185,083.32		\$4,982,882.12		

Effective February 1, 2014, this contract is hereby extended to March 31, 2014, and increased by \$185,083.32. Please note that the buyer has been changed to Pam Platte. Also effective February 1, 2014, the pricing is modified as follows:

DHS Pricing:

- Monthly Rate: \$88,541.66
- Monthly Transaction Ceiling: 20,833 Transactions

- Per Transaction Rate Above the 41,666 Two-Month Transaction Ceiling: \$4.25 per transaction.
- Employment Summary (SSN search): Free

Treasury Per-Transaction Pricing:

- The work number verifications: \$10.00 each

All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, the approval of DTMB Procurement and the approval of the State Administrative Board on February 4, 2014.

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

CHANGE NOTICE NO. 12
 to
CONTRACT NO. 071B8200051
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Talx Corporation 11432 Lackland Road St. Louis, MO 63146	Kelly Meddows	kelly.meddows@euifax.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(314) 214-7754	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR		Jo Courtright	517-335-4535	
BUYER	DTMB	Lance Kingsbury	517-241-3768	kingsburyl@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Employment Verification Services – Department of Treasury/DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 15, 2007	November 14, 2010		November 14, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	75 days	Jan. 31, 2013
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE:		
\$275,000.00		\$4,827,798.80		

Effective November 15, 2013, this contract is hereby extended to January 31, 2014 and increased by \$275,000.00. Please note that the buyer has been changed to Lance Kingsbury. Also effective November 15, 2013, the per-transaction pricing is as follows:

DHS Per-Transaction Pricing:

- Employment summary (SSN search): Free
- The work number income verifications: \$4.25 each

Treasury Per-Transaction Pricing:

- The work number verifications: \$10.00 each

All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, the approval of DTMB Procurement and the approval of the State Administrative Board on November 12, 2013.

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

CHANGE NOTICE NO. 11
 to
CONTRACT NO. 071B8200051
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Talx Corporation 11432 Lackland Road St. Louis, MO 63146	Tracy Kellaher	tkellaher@talx.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(314) 214-7094	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR		Jo Courtright	517-335-4535	
BUYER	DTMB	Jim Wilson	517-241-1916	Wilsonj4@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Employment Verification Services – Department of Treasury/DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 15, 2007	November 14, 2010		May 14, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	6 months	Nov. 14, 2013
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE:		
\$45,000.00		\$4,522,798.80		

Effective May 21, 2013, this contract has a new end date of November 14, 2013. Contract is also increased by \$45,000.00 All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, the approval of DTMB Procurement and the approval of the State Administrative Board on May 21, 2013.

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

CHANGE NOTICE NO. 10
 to
CONTRACT NO. 071B8200051
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Talx Corporation 11432 Lackland Road St. Louis, MO 63146	Tracy Kellaher	tkellaher@talx.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(314) 214-7094	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR		Jo Courtright	517-335-4535	
BUYER	DTMB	Jim Wilson	517-241-1916	Wilsonj4@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Employment Verification Services – Department of Treasury/DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 15, 2007	November 14, 2010		November 14, 2012
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	6 months	May 14, 2013
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE:		
\$0.00		\$4,477,798.80		

Effective November 20, 2012, this contract has a new end date of May 14, 2013. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, the approval of DTMB Procurement and the approval of the State Administrative Board on November 20, 2012.

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET December 7, 2011
PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 9
TO
CONTRACT NO. 071B8200051
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Talx Corporation 11432 Lackland Road St. Louis, MO 63146 <p style="text-align: right;">tkellahe@talx.com</p>	TELEPHONE (314) 214-7094 Tracy Kellahe
	BUYER/CA (517) 241-1916 Jim Wilson
	Contract Compliance Inspector: Jo Courtright (517) 335-4535 Employment Verification Services – Department of Treasury/Department of Human Services
CONTRACT PERIOD: From: November 15, 2007 To: November 14, 2012	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

NATURE OF CHANGE(S):

Effective immediately, the Michigan Gaming Control Board is added to this Contract and is INCREASED by \$2,000.00.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 9/20/2011) and DTMB Purchasing Operations approval.

INCREASE: \$2,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$4,477,798.80

Contract No. 071B8200051
Change Notice No. 9
Signature Block

FOR THE CONTRACTOR:

Talx Corporation

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Jeff Brownlee, Chief Procurement Officer

Name/Title

DTMB-Procurement

Division

Date

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET December 6, 2011
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 8
TO
CONTRACT NO. 071B8200051
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Talx Corporation 11432 Lackland Road St. Louis, MO 63146 tkellahe@talx.com	TELEPHONE (314) 214-7094 Tracy Kellahe
	BUYER/CA (517) 241-1916 Jim Wilson
Contract Compliance Inspector: Jo Courtright (517) 335-4535 Employment Verification Services – Department of Treasury/Department of Human Services	
CONTRACT PERIOD: From: November 15, 2007 To: November 14, 2012	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE(S):

Effective immediately, this Contract is INCREASED by \$60,000.00.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 9/30/2011) and DTMB Purchasing Operations approval.

INCREASE: \$60,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$4,475,798.80

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET September 21, 2011
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
 OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 7
TO
CONTRACT NO. 071B8200051
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Talx Corporation 11432 Lackland Road St. Louis, MO 63146 <p style="text-align: right;">tkellahe@talx.com</p>	TELEPHONE (314) 214-7094 Tracy Kellahe
	BUYER/CA (517) 241-1916 Jim Wilson
	Contract Compliance Inspector: Jo Courtright (517) 335-4535 Employment Verification Services – Department of Treasury/Department of Human Services
CONTRACT PERIOD: From: November 15, 2007 To: November 14, 2012	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

NATURE OF CHANGE(S):

Effective immediately, this contract is hereby **EXTENDED** through 11/14/12 and **INCREASED** by \$1,526,307.00.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 8/9/2011) and DTMB Purchasing Operations approval.

INCREASE: \$1,526,307.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$4,415,798.80

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

January 4, 2011

CHANGE NOTICE NO. 6
TO
CONTRACT NO. 071B8200051
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Talx Corporation 11432 Lackland Road St. Louis, MO 63146 <p style="text-align: right;">tkellahe@talx.com</p>	TELEPHONE (314) 214-7094 Tracy Kellahe
	BUYER/CA (517) 241-1916 Jim Wilson
	Contract Compliance Inspector: Jo Courtright (517) 335-4535 Employment Verification Services – Department of Treasury/Department of Human Services
CONTRACT PERIOD: From: November 15, 2007 To: November 14, 2011	
TERMS <p style="text-align: right;">N/A</p>	SHIPMENT <p style="text-align: right;">N/A</p>
F.O.B. <p style="text-align: right;">N/A</p>	SHIPPED FROM <p style="text-align: right;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

NATURE OF CHANGE(S):

Effective immediately, this contract is hereby **EXTENDED** through 11/14/11 and **INCREASED** by \$1,018,040.00.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 11/16/2010) and DTMB/Procurement & Real Estate Services Administration approval.

INCREASE: \$1,018,040.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$2,889,491.80

**Contract 071B8200051
Change Notice No. 6
Signature Block**

FOR THE VENDOR:

Talx Corporation

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Jim Wilson, Buyer Specialist

Name/Title

**Services Division, Procurement & Real
Estate Services Administration**

Division

Date

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

October 20, 2010

CHANGE NOTICE NO. 5
TO
CONTRACT NO. 071B8200051
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (314) 214-7094 Tracy Kellahe
Talx Corporation 11432 Lackland Road St. Louis, MO 63146 tkellahe@talx.com		
		BUYER/CA (517) 241-1916 Jim Wilson
Contract Compliance Inspector: Jo Courtright (517) 335-4535 Employment Verification Services – Department of Treasury/Department of Human Services		
CONTRACT PERIOD: From: November 15, 2007 To: December 14, 2010		
TERMS	N/A	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately, this contract is hereby EXTENDED through 12/14/10.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 5/20/2010) and DTMB/Procurement & Real Estate Services Administration approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$1,871,451.80

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

May 27, 2010

CHANGE NOTICE NO. 4
TO
CONTRACT NO. 071B8200051
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Talx Corporation 11432 Lackland Road St. Louis, MO 63146	TELEPHONE (314) 214-7094 Tracy Kellahe
	BUYER/CA (517) 241-1916 Jim Wilson
tkellahe@talx.com	
Contract Compliance Inspector: Jo Courtright (517) 335-4535 Employment Verification Services – Department of Treasury/Department of Human Services	
CONTRACT PERIOD: From: November 15, 2007 To: November 14, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE(S):

Effective immediately, the current authorized spend limit for the Department of Treasury is hereby **INCREASED** by \$20,000.00.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 5/20/2010) and DTMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$1,871,451.80

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

May 27, 2010

CHANGE NOTICE NO. 3
TO
CONTRACT NO. 071B8200051
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Talx Corporation 11432 Lackland Road St. Louis, MO 63146 <p style="text-align: right;">tkellahe@talx.com</p>	TELEPHONE (314) 214-7094 Tracy Kellahe
	BUYER/CA (517) 241-1916 Jim Wilson
	Contract Compliance Inspector: Jo Courtright (517) 335-4535 Employment Verification Services – Department of Treasury/Department of Human Services
CONTRACT PERIOD: From: November 15, 2007 To: November 14, 2010	
TERMS <p style="text-align: right;">N/A</p>	SHIPMENT <p style="text-align: right;">N/A</p>
F.O.B. <p style="text-align: right;">N/A</p>	SHIPPED FROM <p style="text-align: right;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

NATURE OF CHANGE(S):

Effective April 1, 2010, the following revised pricing is hereby INCORPORATED into this Contract:

PRICING: EFFECTIVE – April 1, 2010 to November 14, 2010

I) PRICING: Fees for Services provided under this Schedule include:

Verification Fees:

<input type="checkbox"/> Minimum Payment – Employment Verifications		Company Initials: _____
Minimum	Transaction Ceiling	Cost <u>Above Ceiling</u>
\$ 365,500.00	170,000 Verifications	\$2.15 each

- The request by Client and the performance by TALX of an Employment Verification (and/or Income Verification, if applicable) under this Agreement and Schedule A shall be referred to as "Transaction(s)". The Minimum payment shall be charged to Client for all Transactions up to and including the Transaction Ceiling. For Transactions charged against the Transaction Ceiling, Client will be billed monthly as transactions occur at the effective rate of \$2.15 per Transaction. Each Transactions performed above the Transaction Ceiling will be charged at \$2.15 per Transaction and shall also be billed monthly. The term of this agreement begins April 1, 2010 and ends November 14, 2010 ("Term"). In the event that Client does not use all Transactions allotted under the Transaction Ceiling during the current Term, at the end of the Term TALX shall bill and Client shall pay the amount equal to the difference between the Minimum and the amount previously billed during such Term for Transactions actually completed.
- Transactions allotted under the Transaction Ceiling that are not used during the Term will not be available for use in any subsequent Term.

**CONTRACT #071B8200051
CHANGE NOTICE #3
PAGE TWO**

All other terms, conditions, and specifications remain unchanged.

AUTHORITY/REASON:

Per agency/vendor agreement and DTMB/Purchasing Operations' approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$1,851,451.80

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

October 12, 2009

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B8200051
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Talx Corporation 11432 Lackland Road St. Louis, MO 63146	TELEPHONE (314) 214-7094 Tracy Kellahe
	BUYER/CA (517) 241-1916 Jim Wilson
tkellahe@talx.com	
Contract Compliance Inspector: Jo Courtright (517) 335-4535 Employment Verification Services – Department of Treasury/Department of Human Services	
CONTRACT PERIOD: From: November 15, 2007 To: November 14, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE(S):

Effective immediately, the attached DHS Pricing is hereby incorporated into this Contract. Additionally, this Contract is hereby INCREASED by \$606,451.80.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 7/21/09), Ad Board approval on 9/30/09, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$1,851,451.80

TALX BPO 071B8200051
DHS CHANGE NOTICE REQUEST

Increase DHS line item by \$606,451.80.

The new DHS Pricing Proposal is attached. The Tier 2 Pricing Adjustment commitment and per report rate is in effect during the period 4/1/09 to 3/31/10.

1. Monthly invoices must be sent to the DHS CCI via e-mail by the 10th business day of the following month after services are provided.
2. Monthly invoice billings must be based on a per report rate.
3. A monthly report indicating the total monthly usage and YTD cumulative running total will be sent to the CCI via e-mail by the 15th day of the following month.
4. If the annual report commitment is reached before the 12 month cycle ends, DHS will notify TALX regarding moving to a new annual volume commitment (either lower or higher tier), the new tier commitment will take effect on the first day of the following month. This will be the beginning of a new 12 month cycle. The current effective rate will remain until the new annual volume commitment begins. No overage charges will be paid.
5. At least 60 days before the beginning of the new contract year (12 month cycle), the annual volume commitment for that new contract year must be verified and approved by the DHS CCI.

TALX 071B8200051 - DHS PRICING (EFFECTIVE 4/1/09)

(Confidential)

	Average Monthly Report Usage (for comparison)	Annual Report Commitment	Annual Volume Commitment (to secure per-report rate)	Effective Rate	Additional Per Report Fee	Delta Savings
Year 1 Tier	9,280	111,360	\$ 289,536.00	\$ 2.60	\$ 3.25	
Tier 1	24,000	288,000	\$ 673,920.00	\$ 2.34	\$ 2.45	
Tier 2	26,000	312,000	\$ 723,840.00	\$ 2.32	\$ 2.43	
Tier 2 Pricing Adjustment: 2009-2010 only			\$ 644,217.60	\$ 2.06		\$ 79,622.40
Tier 3	28,800	345,600	\$ 794,880.00	\$ 2.30	\$ 2.40	
Tier 4	34,560	414,720	\$ 933,120.00	\$ 2.25	\$ 2.35	
Tier 5	41,472	497,664	\$ 1,094,860.80	\$ 2.20	\$ 2.30	

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

May 6, 2008

CHANGE NOTICE NO. 1
 TO
 CONTRACT NO. 071B8200051
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF VENDOR		TELEPHONE (314) 214-7094 Tracy Kellahe	
Talx Corporation 11432 Lackland Road St. Louis, MO 63146 tkellahe@talx.com			
		BUYER/CA (517) 241-1916 Jim Wilson	
Contract Compliance Inspector: Jo Courtright (517) 335-4535 Employment Verification Services – Department of Treasury/Department of Human Services			
CONTRACT PERIOD:		From: November 15, 2007	To: November 14, 2010
TERMS	N/A	SHIPMENT	N/A
F.O.B.	N/A	SHIPPED FROM	N/A
MINIMUM DELIVERY REQUIREMENTS		N/A	

NATURE OF CHANGE(S):

The following Contract language changes are hereby incorporated into this Contract:

Section 1.104 – Work and Deliverable, Activity: Reporting,

- Task 2: “Provide DHS with monthly usage reports with data elements as agreed upon in the planning meeting to be held after award of contract”.
- Task 3: “Send reports monthly through USPS mail or e-mail to the Contract Compliance Inspector (CCI)”.

Section 1.202 – State Staff, Roles, and Responsibilities

- The second paragraph should now read: “A designated staff person from DHS, Office of Program Policy will serve as the primary contact, Project Manager, and CCI (Contract Compliance Inspector) for this project. However, the following individuals are key contacts from their respective areas. These DHS offices will have access to the verification system:”
- The third paragraph should now read: “Office of Program Policy, 235 S. Grand Avenue, Suite 1301, Lansing, MI 48809 (517) 241-5502.”

Section 1.302 - Reports

- The first sentence should now read: “As a means to monitor accessibility and to continually assess the effectiveness of the service, DHS requires monthly usage reports for the duration of the contract, if the services are performed to the satisfaction of the State.”

Section 1.601 – Compensation and Payment

- The first sentence of the second paragraph should now read: “DHS expects the resulting contract to be a monthly fee-for-access to the on-line income verification systems as described in this ITB.”
- The first sentence of the fourth paragraph should now read: “Monthly billings will be submitted by the Contractor to the DHS CCI for review and correction, if necessary.”

Pricing Attachment

- The first sentence should now read: “DHS expects the resulting contract to be a monthly fee-for-access to the on-line income verification system as described in this ITB.”
- The first sentence in the second paragraph should now read: “The monthly cost for unlimited access to on-line information for the five (5) days a week, from 8 a.m. until 5 p.m. excluding weekends and State of Michigan holidays is:”

All other terms, conditions, specifications, and pricing not noted above shall remain the same.

AUTHORITY/REASON:

Per Contractor/agency agreement and DMB/Purchasing Operations’ approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$1,245,000.00

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

January 23, 2008

**NOTICE
 TO
 CONTRACT NO. 071B820051
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Talx Corporation 11432 Lackland Road St. Louis, MO 63146 <p style="text-align: right;">tkellaher@talx.com</p>	TELEPHONE (314) 214-7094 Tracy Kellaher
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-1916 Jim Wilson
Contract Compliance Inspector: Jo Courtright (517) 335-4535 Employment Verification Services – Department of Treasury/Department of Human Services	
CONTRACT PERIOD: From: November 15, 2007 To: November 14, 2010	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

The terms and conditions of this Contract are those of ITB #071I7200185, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: **\$1,245,000.00**

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

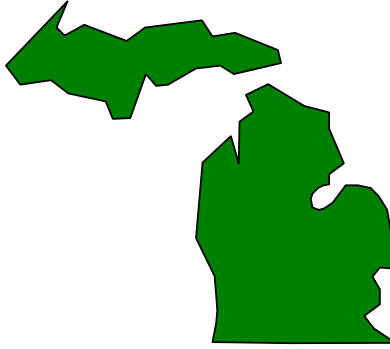
CONTRACT NO. 071B8200051
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR <p style="text-align: center;">Talx Corporation 11432 Lackland Road St. Louis, MO 63146</p> <p style="text-align: right;">tkellahe@talx.com</p>	TELEPHONE (314) 214-7094 Tracy Kellahe VENDOR NUMBER/MAIL CODE BUYER/CA (517) 241-1916 Jim Wilson
Contract Compliance Inspector: Jo Courtright (517) 335-4535 Employment Verification Services – Department of Treasury/Department of Human Services	
CONTRACT PERIOD: From: November 15, 2007 To: November 14, 2010	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: <p>The terms and conditions of this Contract are those of ITB #071I7200185, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.</p> <p>Estimated Contract Value: \$1,245,000.00</p>	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 071I7200185. Orders for delivery may be issued directly by the Department of Treasury/Department of Human Services through the issuance of a Purchase Order Form.

All terms and conditions of the invitation to bid are made a part hereof.

<p>FOR THE VENDOR:</p> <p style="text-align: center;">Talx Corporation</p> <hr/> <p style="text-align: center;">Firm Name</p> <hr/> <p style="text-align: center;">Authorized Agent Signature</p> <hr/> <p style="text-align: center;">Authorized Agent (Print or Type)</p> <hr/> <p style="text-align: center;">Date</p>	<p>FOR THE STATE:</p> <hr/> <p style="text-align: center;">Signature</p> <p style="text-align: center;">Melissa Castro, CPPB, Buyer Manager</p> <hr/> <p style="text-align: center;">Name/Title</p> <p style="text-align: center;">Services Division, Purchasing Operations</p> <hr/> <p style="text-align: center;">Division</p> <hr/> <p style="text-align: center;">Date</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



**STATE OF MICHIGAN
Department of Management and Budget
Purchasing**

**Contract No. 071B8200051
Employment Verification Services**

Buyer Name: Jim Wilson
Telephone Number: 517-241-1916
E-Mail Address: wilsonj4@michigan.gov



Table of Contents

Article 1 – Statement of Work (SOW).....6

1.010 Project Identification.....6

 1.011 PROJECT REQUEST6

 1.012 BACKGROUND.....6

1.020 Scope of Work and Deliverables.....6

 1.021 IN SCOPE6

 1.022 OUT OF SCOPE -- RESERVED.....6

 1.023 ENVIRONMENT -- RESERVED6

 1.024 WORK AND DELIVERABLE6

1.030 Roles and Responsibilities.....11

 1.031 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES.....11

 1.032 STATE STAFF, ROLES, AND RESPONSIBILITIES11

 1.033 OTHER ROLES AND RESPONSIBILITIES - RESERVED.....11

1.040 Project Plan12

 1.041 PROJECT PLAN MANAGEMENT12

 1.042 REPORTS - RESERVED12

1.050 Project Management12

 1.051 ISSUE/RISK MANAGEMENT.....12

 1.052 CHANGE MANAGEMENT13

1.060 Proposal Pricing.....13

 1.061 PROPOSAL PRICING.....13

 1.062 PRICE TERM13

 1.063 QUICK PAYMENT TERMS13

1.070 Additional Terms and Conditions Specific to this SOW14

 1.071 ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO THIS SOW - RESERVED.....14

Article 2 - General Terms and Conditions28

2.010 Contract Structure and Administration21

 2.011 Definitions.....21

 2.012 Attachments and Exhibits21

 2.013 Statements of Work21

 2.014 Issuing Office.....22

 2.015 Contract Compliance Inspector22

2.030 Legal Effect and Term.....23

 2.031 Legal Effect.....23

 2.032 Contract Term.....23

 2.033 Renewal(s)23

2.040 Contractor Personnel.....23

 2.041 Contractor Personnel.....23

 2.042 Contractor Identification.....25

 2.043 Cooperation with Third Parties25

 2.044 Subcontracting by Contractor25

 2.045 Contractor Responsibility for Personnel26

2.050 State Standards26

 2.051 Existing Technology Standards26

 2.052 PM Methodology Standards-RESERVED26

 2.053 Adherence to Portal Technology Tools-RESERVED.....26

 2.054 Acceptable Use Policy- RESERVED26

2.060 Deliverables27

 2.061 Ordering27

 2.062 Software-RESERVED27

 2.063 Hardware- RESERVED27

 2.064 Equipment to be New and Prohibited Products- RESERVED27

2.070 Performance27

 2.071 Performance, In General27

 2.072 Time of Performance27

 2.073 Liquidated Damages- RESERVED27

 2.074 Bankruptcy.....28

 2.075 Time is of the Essence- RESERVED28

2.080 Delivery and Acceptance of Deliverables29

 2.081 Delivery Responsibilities- RESERVED.....29

 2.082 Delivery of Deliverables- RESERVED29

 2.083 Testing- RESERVED.....29

 2.084 Approval of Deliverables, In General29

 2.085 Process For Approval of Written Deliverables30



2.086	Process for Approval of Services.....	30
2.087	Process for Approval of Physical Deliverables	30
2.088	Final Acceptance- RESERVED	30
2.090	Financial.....	31
2.091	Pricing	31
2.092	Invoicing and Payment Procedures and Terms	31
2.093	State Funding Obligation	32
2.094	Holdback- RESERVED.....	32
2.095	Electronic Payment Availability.....	32
2.100	Contract Management.....	32
2.101	Contract Management Responsibility	32
2.102	Problem and Contract Management Procedures.....	33
2.104	System Changes	33
2.105	Reserved.....	34
2.106	Change Requests.....	34
2.110	Records and Inspections.....	35
2.111	Records and Inspections	35
2.112	Errors.....	35
2.120	State Responsibilities	35
2.121	State Performance Obligations.....	35
2.130	Security	36
2.131	Background Checks	36
2.140	Reserved	36
2.150	Confidentiality	36
2.151	Freedom of Information	37
2.152	Confidentiality	37
2.153	Protection of Confidential Information.....	37
2.154	Exclusions	37
2.155	No Implied Rights	38
2.156	Remedies	38
2.157	Security Breach Notification.....	38
2.158	Survival.....	38
2.159	Destruction of Confidential Information.....	38
2.160	Proprietary Rights	38
2.163	Rights in Data	38
2.164	Ownership of Materials- RESERVED	39
2.165	Standard Software- RESERVED	39
2.166	Pre-existing Materials for Custom Software Deliverables- RESERVED	39
2.167	General Skills	39
2.170	Warranties And Representations.....	39
2.171	Warranties and Representations	39
2.175	Standard Warranties- RESERVED	41
2.176	Consequences For Breach.....	41
2.180	Insurance	41
2.181	Liability Insurance.....	41
2.190	Indemnification.....	43
2.191	Indemnification	43
2.192	Continuation of Indemnification Obligations	44
2.193	Indemnification Procedures	45
2.200	Limits of Liability and Excusable Failure	45
2.201	Limits of Liability-RESERVED	45
2.202	Excusable Failure	45
2.203	Disaster Recovery	46
2.210	Termination/Cancellation by the State	46
2.211	Termination for Cause	46
2.212	Termination for Convenience.....	47
2.213	Non-Appropriation	47
2.214	Criminal Conviction.....	48
2.216	Rights and Obligations Upon Termination	48
2.217	Reservation of Rights	49
2.218	Contractor Transition Responsibilities	49
2.219	State Transition Responsibilities.....	49
2.220	Termination by Contractor	50
2.221	Termination by Contractor	50



2.230	Stop Work	50
2.231	Stop Work Orders	50
2.232	Cancellation or Expiration of Stop Work Order	50
2.233	Allowance of Contractor Costs	50
2.240	Reserved	50
2.250	Dispute Resolution.....	50
2.251	In General.....	51
2.252	Informal Dispute Resolution	51
2.253	Injunctive Relief	51
2.254	Continued Performance.....	51
2.260	Federal and State Contract Requirements	52
2.261	Nondiscrimination	52
2.262	Unfair Labor Practices	52
2.263	Workplace Safety and Discriminatory Harassment.....	52
2.270	Litigation	52
2.271	Disclosure of Litigation	52
2.272	Governing Law	53
2.273	Compliance with Laws.....	53
2.274	Jurisdiction.....	53
2.280	Environmental Provision	53
2.281	Environmental Provision- RESERVED	53
2.290	General	54
2.291	Amendments	54
2.292	Assignment.....	54
2.293	Entire Contract; Order of Precedence	54
2.294	Headings	54
2.295	Relationship of the Parties (Independent Contractor Relationship)	54
2.296	Notices	55
2.297	Media Releases and Contract Distribution	55
2.298	Reformation and Severability.....	55
2.299	Consents and Approvals	55
2.300	No Waiver of Default	56
2.301	Survival.....	56
2.302	Covenant of Good Faith	56
2.303	Permits	56
2.304	Website Incorporation.....	56
2.305	Taxes.....	56
2.306	Prevailing Wage- RESERVED.....	56
2.307	Call Center Disclosure.....	56
2.308	Future Bidding Preclusion	57
2.310	Reserved	57
2.320	Extended Purchasing.....	57
2.321	MiDEAL	57

ATTACHMENTS

ARTICLE 1, ATTACHMENT A - PRICING



Article 1 – Statement of Work (SOW)

1.010 Project Identification

1.011 PROJECT REQUEST

The Michigan Higher Education Assistance Authority-Office of Michigan Guaranty Agency (MGA), Department of Treasury, serves as the federally recognized guarantor of the post-secondary loan programs in the State of Michigan.

This contract is to obtain the services of a qualified Contractor or Contractor(s) to provide employment verification services.

1.012 BACKGROUND

Federal Regulations require MGA to pursue collections on Agency held defaulted educational loans. As part of the regulations, MGA obtains employment information on defaulted loan borrowers for the exclusive purpose of wage garnishment on all defaulted student loan borrowers that do not submit voluntary payments. Prior to wage garnishment by MGA, verification of employment must occur. A vast majority of the employers in the United States utilize third party servicers to perform employment verification functions.

1.020 Scope of Work and Deliverables

1.021 IN SCOPE

Provide employment verification information to MGA staff.

Contractor Response to Task:

Employment records are made available to TALX under a contract with participating employers. These TALX-Employer contracts give TALX the authority to be the “agent of record” for these employment records and to release these records via The Work Number service to state agencies for the purposes of employment verification.

Employers provide records to The Work Number electronically, directly from their payroll systems. Payroll records are updated each pay period. Therefore data is accurate, and current – as of the last pay cycle.

The Work Number is the only provider of 3rd party employment verifications who is under contract with its participating employers to: obtain updated employee wage data each payroll period; and release this data electronically to government entities for the purposes of collections efforts, fraud investigations and program eligibility determinations. There is no other method for state agencies to instantly search a corporate database to review as many payroll records at one time as is available with The Work Number service.

A sample Verification of Employment delivered via The Work Number website (www.theworknumber.com) is included as Attachment 1, but in general a Work Number Verification of Employment includes employer name, employee name, job title, start and/or termination date.

1.022 OUT OF SCOPE -- RESERVED

1.023 ENVIRONMENT -- RESERVED

1.024 WORK AND DELIVERABLE

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

- 1.104.1 The Contractor will provide MGA with access to certain employment and/or income data furnished to the Contractor by employers. Access must be available via the internet and via a toll free telephone number.



Contractor Response to Task:

The Work Number data is provided under contract to TALX from its 1,500 participating employers. Data is accessible to qualified state workers via the Internet or toll-free telephone number.

- 1.104.2 Indicate options available for the downloading and reporting of data. Including print options directly available from the web page.

Contractor Response to Task:

Today, workers from the Michigan Guarantee Agency utilize The Work Number's web-based service available at www.theworknumber.com. This service provides workers with the ability to login to a secure website and review client employment records on a client-by-client basis.

Employment records are viewable instantly online. There is no ability to "download" the data; rather it is presented through the user's web browser. The Work Number supports a "print" function directly from the online employment record; however, agencies can also save the delivered pages electronically, using the existing "save as" function from their browser.

Each month, MGA is provided with an invoice detailing each user transaction and associated fee.

Although TALX anticipates that the existing service is suitable for Agency's needs, it also would like to discuss another option for the downloading and reporting of The Work Number data. Today, The Work Number offers a new Batch service. This web-based batch delivery service allows agencies to run high-volumes of requests in one electronic file, with a 24-hour turn-around. This service is often utilized by our Accounts Receivable Management clients, either in place of the online service, **or in addition to it**, because of its unique feature: **The Batch Service generates Verification of Employment requests based on the customer's Social Security Number only – Agency does NOT need to know, nor input, the Employer Identification Number.**

As a result, **the Agency would be able to review not only known, but also *unknown or unreported employment* through the use of the Batch service. The Batch service enables the agency to review employment leads for customers at any of the employers in The Work Number database.**

Our Accounts Receivable clients use this Batch service to uncover unknown employment of defaulted borrowers who may be located anywhere in the country. Once employment is located, clients send garnishments. This new service allows agencies to streamline case management and maximize collections.

This "SSN Search" feature is **not** available via The Work Number commercial website used today by MGA staff.

A minimum of 100 Social Security Numbers is required on each batch submission, but the service is most often utilized to review thousands, or hundreds of thousands of cases at one time.

TALX understands from the Q&A portion of this ITB (posted on the Management and Budget website as "Attachment 3."), that MGA intends to submit 2,500 cases for review annually, and that it typically only submits cases for review using the current Work Number application *if* workers are relatively certain that the customer works for an employer in The Work Number database.

TALX suggests utilizing the Batch service if: a) Agency is interested in viewing **unreported or unknown employment activity**, or b) if Agency is considering expanding the number of annual borrower reviews from 2,500 to a larger population, for example to review information on defaulted borrowers who participate in any MGA student loan program.

Please Note: In order to help the Agency ascertain if the Batch Service is of interest, we offer a Hit Rate Test that has been utilized by other government clients. This test allows Agency to send a portion of its active caseload (SSN's only) to The Work Number to determine the actual "hit rate" – in other words, how many active Agency cases have a corresponding "Active" employment file in The Work Number database. With this Hit Rate, Agency can better understand the global impact on collections of using a tool such as The Work Number Batch service, and this helps define expected costs/batch.

The Michigan Guarantee Agency can utilize both The Work Number online and batch service: Some agencies provide the Online service to staff as a front-end tool, and utilize the Batch service as a way to access data on thousands of clients at one-time – in 24 hours, from anywhere in the country.



- 1.104.3 Verification services must be available Monday through Friday from 7:30 a.m. to 5:30 p.m., EDT, excluding federally identified holidays.

Contractor Response to Task:

The Work Number services are available 24/7, excluding regularly scheduled maintenance windows that are communicated to our clients.

- 1.104.4 Contractor(s) must agree to a “pay per hit” and “no hit no pay” agreement. Indicate the criteria used to determine when a verification request will be subject to payment and when the verification request will not be subject to payment.

Contractor Response to Task:

The Work Number services offer a “pay-per-hit” and “no-hit-no-pay” pricing model for all its services. Clients do not pay for SSN’s that are submitted through any Work Number service which do not yield a “hit.”

For the Online Service (used today), a “Hit” is defined as a match between the Borrower SSN and Employer Code that are submitted by Agency staff via the website.

For the Batch Service (new data delivery vehicle), a “Hit” is defined as an “Active” job for each borrower (i.e. – a job that indicates garnishable wages). TALX offers output filters on this service to ensure that “Hits” return active wages only; for example, if Agency does not pursue leads from temporary staffing agencies, this group of employers can be removed from the batch output.

- 1.104.5 Indicate methods for MGA users to access help information, including the times the information is available and whether or not the information is available via the internet and via toll free phone number. Access to help information is preferred during normal business hours, Monday through Friday, 8:00a.m. to 5:00p.m. EDT, excluding federal holidays.

Contractor Response to Task:

The Work Number provides help information 24/7 from www.theworknumber.com. Our toll-free Client Service Center is available from 7:00am CST – 6pm CST. Monday-Friday. However, the Michigan Guarantee Agency will also be assigned a Client Relationship Manager (CRM), and provided with his/her direct phone number, cell phone number and email address. The CRM will be available from 9am-5pm CST to answer any questions about the service and/or verification.

- 1.104.6 The employee social security number and employer number will be available to MGA staff. Indicate whether or not use of these fields will provide verification of employment. Also, indicate other information that may be used to verify employment.

Contractor Response to Task:

Verifications from The Work Number’s Online Service are generated through the input of the borrower’s Social Security Number and the 5-digit Employer Number (also called the Employer Code) of the borrower’s employer. There is no other information required to provide a verification of employment.

Note: The Work Number does not conduct any name or address matching.

However, as stated above, Agency may elect to input **only the borrower Social Security Number** via The Work Number’s Batch website --- an Employer Code is not required to submit borrower SSN’s via the Batch service. In these cases, The Work Number will return any and all “active” employment matches for that borrower, from any of The Work Number employers.

- 1.104.7 The ability for retrieval of historical employment verification records requested by MGA staff may be preferred. Indicate the ability to allow for this, the length of time the records would remain available and whether or not a cost is associated with this process.

**Contractor Response to Task:**

Historic employment verification records are always available from The Work Number services. The Work Number does not terminate any records from its database.

Through the Online Service, historic records are sold in a group. For example, if a Borrower has three unique employment records on The Work Number database, Agency inputs the borrower SSN and Employer Code for the first "known" employer, and pays one fee for that employment record. Once the initial employment record is displayed, users are prompted to purchase, at their discretion, additional historic files on the same borrower SSN. This means additional unique employment records from unique employers. These additional records, whether there is one (1) or five (5) or more, are sold as a group for one additional fee. Therefore, users are paying for a maximum of two (2) employment records per borrower, to ascertain all the information available on that borrower.

Historic employment records can also be returned via the Batch service; however, the batch service is most beneficial and often-used to return "active" matches that indicate garnishable wages. If historic employment records are required, TALX can set up filters to return this data via the Batch service OR would suggest that Agency use both the Online service and the Batch service.

If Historic records are returned via the Batch service, they are priced individually. Using the example above, if a Borrower has three unique employment records on The Work Number database, Agency will pay one fee for each record (or three total fees).

- 1.104.8 Authority for system administration of user access (i.e. assignment of user access; including user ID and passwords, maintenance of passwords) must be available to the "MGA User Administrator". Indicate the ability to allow for this and the process associated with the user administration.

Contractor Response to Task:

Authority for system administration of user access is available to the "MGA User Administer" via The Work Number website, through our tool called "Web Manager." The MGA User Administrator would have the highest level of permissions as a Web Manager, and could add and delete users from the desktop, as well as review user passwords. Users will have the ability to change their own personal passwords at Login.

- 1.104.9 Describe and/or provide prints of internet pages to indicate the employment verification information that will be available to MGA users via the internet.

Contractor Response to Task:

Please see attached sample employment verifications.

- 1.104.9 Indicate whether or not employment verification information is available via a toll free phone number. If available, describe the information that will be available.

Contractor Response to Task:

Single queries into The Work Number database may be obtained via the toll-free number 800-996-7566. When using the phone service, called an Integrated Voice Response System (IVR), worker will have the option to hear the complete verification of employment details, or have the verification faxed to a fax number input by the worker during the call. The same verification of employment is returned via IVR and via the website.

The Batch service does not include an IVR response option.

- 1.104.10 Indicate the accuracy of the employment verification information provided as a result of the internet or phone inquiry.

Contractor Response to Task:

The information provided on a Work Number employment verification is provided directly from participating employer Human Resource and/or payroll databases. TALX makes no changes to this data feed. Agency acknowledges that the ability of TALX to provide accurate information is dependent upon receipt of accurate information from employers.



- 1.104.11 Contractor must not sell, distribute, or disclose any employee information processed as a result of this contract. Provide information in this response to provide this assurance.

Contractor Response to Task:

TALX agrees to not sell, distribute or disclose any employee information processed as a result of this contract. However; per its contracts with the Employers who provide data to The Work Number database, TALX is required to disclose to both the employer, and the employee, if it is requested, the details of every transaction conducted against their employee population, including: date of transaction, name of agency requesting employee information, SSN of employee, and the agency's permissible purpose. Fundamentally, TALX will be providing Agency with more information about the consumer than Agency provide to TALX. Therefore, Agency i) shall also maintain TALX data in strict confidence, ii) shall not disclose, sell or otherwise distribute to third parties any data, except as required by law, iii) shall not intercept, collect, reproduce, store or use the data received from TALX for any other use, commercial or otherwise, other than the Permissible Purpose (as defined in Exhibit 1 attached hereto) for which it was originally intended, including not engaging in the storage or building of TALX Data or its sale or re-use, iv) shall comply with all applicable laws, rules and regulations, including without limitation FCRA, and v) shall comply with the terms set forth in the Exhibit 1 attached hereto. Notwithstanding the foregoing, Agency may share data about a Consumer with such Consumer. TALX has attached the FCRA Exhibit 1 to this ITB response.

- 1.104.12 Contractor must have security in place which requires a unique identifier (username and password) to obtain access.

Contractor Response to Task:

In order to access either the Online Service (which Agency utilizes today), or the Batch service, Agency staff will be provided with a unique User ID and password for login. These ID's are required for every login. Agency must also indicate its "Permissible Purpose" to obtain data, typically authorized in the Fair Credit Reporting Act, Section 604(a)(3)(A).

- 1.104.13 Upon request, Contractor must provide a detailed privacy policy.

Contractor Response to Task:

TALX will provide its Privacy Policy to Agency as requested. Our privacy policy is available at <http://www.talx.com/Privacy.asp>. Data security and privacy are top priorities at TALX. With more than 130 million employment records under management from more than 1,500 employers nationwide, TALX's legal team stays abreast of Federal and local legislative activities surrounding the safeguarding of data and protection of consumer privacy.

- 1.104.14 Contractor must provide monthly invoices to Treasury Accounting. Invoices must include: purchase order number, invoice date, billing period, number of inquiries, price per inquiry and total cost.

Contractor Response to Task:

Contractor invoices for all services are delivered monthly, preferably via email. Invoices include Purchase Order number, invoice date, billing period, number of inquires, price per inquiry and total cost.

- 1.104.15 Contractor must accept payment via electronic funds transfer (EFT). This will require the contractor to register with the State for receipt of EFT.

Contractor Response to Task:

Contract agrees to accept payment via electronic funds transfer and will register with the State for the receipt of EFT if it is determined that Contract may provide this service to Agency.

- 1.104.16 Contractor must produce Security Audit Statements as requested. Indicate in this response the contents of the Security Audit Statement.

**Contractor Response to Task:**

Upon request, Contract will produce Security Audit Statements to give assurances that The Work Number database is secure and private information is not at risk. TALX publishes a Security and Privacy Policy that is available to our government clients under a Non-Disclosure agreement, or under annual contract. TALX has included as Attachment 4 of this ITB response, its Executive Summary of this TALX Security and Privacy Policy. This will help demonstrate our firm commitment to security and privacy. This Executive Summary, and complete Security and Privacy Policy, provide TALX, our employees and clients with the means to effectively monitor and measure our policies. Additionally, TALX utilizes KPMG to conduct regular audits of our security and operational procedures, including the operation and support of our firewalls, intrusion detection systems, and encryption practices, among other items. All TALX services, including The Work Number, are included in an annual SAS70 Type II audit.

- 1.104.17 Web exchange must have a minimum 128 bit SSL encryption in all areas where personal information is being sent and/or received.

Contractor Response to Task:

Contractor's web exchange has a minimum of 128 bit SSL encryption in all areas where personal information is being sent and/or received.

1.030 Roles and Responsibilities

1.031 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

Identify the name(s) of the individual to be designated as the Key Personnel including contact information and the detailed roles and responsibilities of this person(s)

Contractor Response to Task:

Contract assigns a Client Relationship Manager (CRM) to all Work Number clients. This CRM will become Agency's single-point-of-contact for The Work Number service, and functions as a 'Project Manager.' At this time, a specific CRM has not been designated, but his/her name will be provided to Agency should TALX be elected to provide services to the Agency. CRM is responsible for providing day-to-day support to Agency and its workers who are accessing data from The Work Number database, including supporting questions about usage, data quality, data accuracy, technical questions about service, transaction and invoices, and providing user training, and other activities.

As this is a web-based service and does not require any TALX staff to be onsite at Agency locations for any length of time, TALX does not typically assign additional Key Personnel to clients directly. However, the assigned CRM will have access to all internal TALX resources (product development, accounting, employer services, technical staff) to facilitate any and all questions or issues identified by the Agency and will follow TALX's internal escalation processes to obtain additional information, complete issue resolution, when required. Notwithstanding the foregoing, if Agency elects to utilize the Batch service, TALX will also assign a temporary Implementation Manager to set up the file feeds, support user training and ensure that files load correctly. After successful batch set-up, ongoing monitoring and support functions for Batch service will be transitioned to the CRM.

1.032 STATE STAFF, ROLES, AND RESPONSIBILITIES

Jo Courtright, Contract Compliance Inspector
Teresa Phelps, MGA User Administrator

1.033 OTHER ROLES AND RESPONSIBILITIES - RESERVED



1.040 Project Plan

1.041 PROJECT PLAN MANAGEMENT

1. The Contractor will carry out this project under the direction and control of the Contract Compliance Inspector.
2. Although there will be continuous liaison with the Contractor team, the Contract Compliance Inspector will meet monthly at minimum, or as requested by the Contract Compliance Inspector, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
3. Within five (5) working days of the award of the Contract, the Contractor will submit to the Contract Compliance Inspector for final approval a work plan. This final implementation plan must be in agreement as proposed by the Contractor and accepted by the State for Contract, and must include the following:
 - a. The Contractor's project organizational structure.
 - b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.

Bidder Response to Task:

TALX will comply with Agency's requirements to provide a Work Plan within five (5) days of award of contract and to meet at least monthly (remotely) with the Agency's Contract Compliance Inspector. In general, TALX does not provide, and service does not warrant, the need to have TALX staff daily onsite at Agency's offices, notwithstanding the need for initial onsite (and /or remote) User Training, and initial kick-off meetings. TALX will also support ongoing User Training for the term of the contract, in coordination and agreement with Agency.

1.042 REPORTS - RESERVED

1.050 Project Management

1.051 ISSUE/RISK MANAGEMENT

Describe how issues will be addressed when they arise and how appropriate parties will be apprised of progress.

Bidder Response to Task:

The Client Relationship Manager will be the Single-Point-of-Contact with the Agency. Agency will be provided with CRM's direct phone number, cell phone and email address. The CRM is available during the hours of 10 am to 6 pm Eastern time. If support is needed outside of these hours, specified Agency employees are directed to the Client Support Desk (CSD). Calls to the CSD made between 8 am and 7 pm EST will be answered immediately. Outside of 8 am to 7 pm EST, the caller leaves a message, the provider analyst is paged and will escalate outage-related issues. Other issues will be held until the following business day. Provider will ensure response time for problem resolution to begin should not exceed one hour from the original call.

TALX will also include one or more Agency email addresses for inclusion in its general client notification emails, which include relevant service information, outage information, and general maintenance information

Risk management generally involves (1) identification of the risk, (2) assigning a level of priority based on the probability of occurrence and impact to the project, (3) definition of mitigation strategies, and (4) monitoring of risk and mitigation strategy. Risk assessment review should be conducted on a regular basis. Please describe Contractor's risk management process.



Bidder Response to Task:

TALX conducts risk mitigation assessments on a regular basis across all aspects of its business including service delivery, database management, accounting practices, human resources practices, data center security practices, legislative compliance and business continuity. As a publicly traded company, specific risk factors are identified in our quarterly financial filings and Annual Reports.

Our Business Continuity Plan includes risk assessment and responses to risks for the operation of TALX business offices and national data center, at 2330 Ball Dr., St. Louis, MO 63146, including the disaster recovery plan and transfer of service support to an off-site location in another city, within four (4) hours. A copy of the plan would be available to Agency, on request, as needed.

Our Security and Privacy Policy establishes security procedures for network layer security, business center security, HR practices, and other areas. This policy is available to existing clients.

TALX is required to, and voluntarily complies with various federal legislation, including Sarbanes-Oxley, Fair Credit Reporting Act, among others.

1.052 CHANGE MANAGEMENT

If a proposed contract change is approved by the Contract Compliance Inspector, the Contract Compliance Inspector will submit a Contract Change Request to the Department of Treasury, Purchasing Division, and it will be forwarded to the Department of Management and Budget, Purchasing Operations Buyer, who will make recommendations to the Director of Purchasing Operations regarding ultimate approval/disapproval of change request. If the DMB Purchasing Operations Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Purchasing Operations Buyer will issue an addendum to the Contract, via a Contract Change Notice.

Vendors who provide products or services prior to the issuance of a Contract Change Notice by the DMB Office of Purchasing Operations, risk non-payment for the out-of-scope/pricing products and/or services.

Bidder Response to Task:

TALX will comply with Agency's Change Management process and understands that vendors who provide services prior to the issuance of a Contract Change Notice by the DMB Office of Purchasing Operations, risk non-payment for the out-of-scope pricing products and/or services.

1.060 Proposal Pricing

1.061 PROPOSAL PRICING

See Appendix A

1.062 PRICE TERM

(X) Firm Fixed Price

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

1.063 QUICK PAYMENT TERMS

The State of Michigan is interested in payment terms that reflect cost savings to the State based on an accelerated payment process. Contractor shall discuss quick payment terms that they are offering to the State (i.e. _____% discount off invoice if paid within _____ days).



1.070 Additional Terms and Conditions Specific to this SOW

1.071 ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO THIS SOW

A. Treasury

1. Please clarify the ability to retrieve historical data requested. Please indicate the process and the length of time these records would be available. "Historical data" refers to the information associated with prior inquiries performed at the request of MGA staff.

TALX's Response:

Retrieving "historical data" in the above-mentioned example can be accomplished using The Work Number's "Audit By Reference Number" feature. This feature is available from our website, after staff Login. Staff simply key-in the original Reference Number (unique to each verification of employment) to instantly retrieve the original verification. These records are available in perpetuity (TALX does not delete them from the database). Each Audit By Reference number transaction is now \$4.50.

2. Would the State have a User Administrator that would be able to set up new users and assign/change passwords as part of this offering?

TALX's Response:

With all of The Work Number's services, the "User Administrator" is called a "Web Manager." The Web Manager has the ability to set up new users, delete or block access for existing users, and reset passwords at the User level. Individual users can also reset their own passwords via the website or by calling the toll-free Client Service Center.

3. Please discuss the information that would be supplied to employers/employee's upon their request regarding transactions conducted against their employee population?

TALX's Response:

TALX has chosen to voluntarily comply with the federal Fair Credit Reporting Act. As a result, every transaction that is performed against our employee population must be reported to the employer and the employee, upon request. Annually, individual employees are eligible to receive an "Employee Report" which provides the date of each transaction that was performed by the verifier community (note: in this example, MGA is a "verifier.") Information provided in the Employee Report includes name of verifying agency, date of transaction, and whether a Verification of Employment or Income was returned. TALX is not obligated to provide the reason for the transaction (i.e. – review of credit, etc.).

4. As part of your proposal, a Hit Rate Test was discussed regarding your Batch Service. Please explain this further and explain how we may participate in this offering.

TALX's Response:

In order to help the Agency ascertain if the Batch Service is of interest, we offer a Hit Rate Test that has been utilized by other government clients. This test allows Agency to send a portion of its active caseload (SSN's only) to The Work Number to determine the actual "hit rate" – in other words, how many active Agency cases have a corresponding "Active" employment file in The Work Number database. With this Hit Rate, Agency can better understand the global impact on collections of using a tool such as The Work Number Batch service, and this helps define expected costs/batch.

This is a very simple process. First, TALX and MGA agree upon a statistically significant number of cases to include for data matching. Secondly, MGA sends an electronic file of client Social Security Numbers to TALX for data matching. MGA's file is preferably delivered to TALX using the actual Batch Service, utilizing TEST ID's that would be provided to MGA from TALX.

The Batch service utilizes PGP encryption software for MGA staff to encrypt the input file at the desktop and then upload the encrypted file to a secure website.

Attached is a document that explains this process, including an alternative delivery vehicle should PGP be unavailable by MGA. Please note that a "Non-Disclosure Agreement (NDS)" is also required to support this data exchange. Attached is the standard TALX NDA; however an MGA form would be acceptable.



eBatch Hit Rate Test Requirements

Agencies may engage in a "hit rate test," which is designed to provide them with more visibility into The Work Number database by demonstrating the total number of Agency clients who have employment and income records residing in database.

This step is often utilized by Agency to determine the Return-on-Investment for The Work Number data and services.

To participate in this test, Agency will submit client Social Security Numbers (SSNs) to TALX for data matching. The Work Number will provide a *statistical analysis* of the matches, including total population matched, total number of "active" and "inactive" matches, and total number of employers who provided data matches. *The Work Number does not return data matches to Agency under this program.*

1. Set-up Fee: ~~\$1,000.00~~ —WAIVED for MGA thru 6/20/07

2. Input File Format

Agencies are required to submit client/applicant Social Security Number (SSN) for testing purposes. Agency may elect to include one other "identifying" information (such as first name, last name, case #) in the "pass through field."

The file that is submitted to TALX may be formatted as a:

- A. Microsoft Excel spreadsheet , or
- B. Fixed length text file, or
- C. Tab delimited file

A. Microsoft Excel Format File Requirements:

- SSN column must be column "A"
- eBatch reads exactly 9 digits in the SSN column (Column A)
- one SSN per row
- eBatch will handle:
 - Leading zeros (Please format the "A" column as text)
 - Hyphens
 - Periods
 - Spaces
- Format column A as Text (prevents dropping leading zero of SSN)

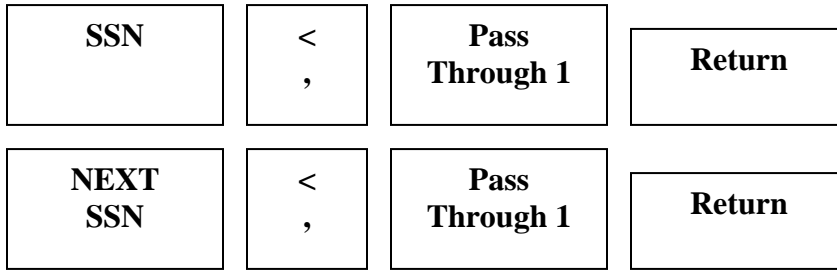
Example Excel Input File:

A	B
SSN	Pass Through1

B. Fixed Length Text File Requirements:

- Open 'NotePad'
- SSN will be the first nine digits (1-9)
- Press the comma key (',')
- Enter your Pass Through information (10 - ?)
- Press 'Return' to move to the next line and enter next SSN

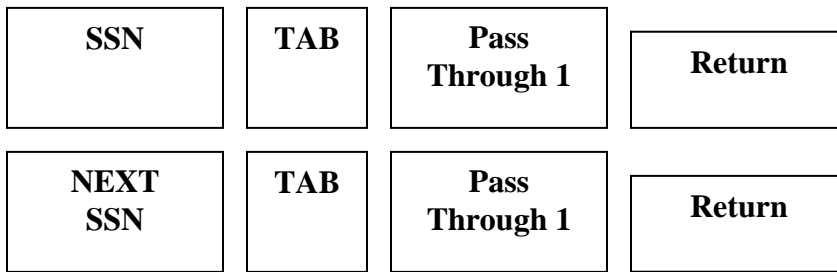
Example Fixed Length Input File:



C. Tab Delimited File Requirements:

- Open 'NotePad'
- SSN will be the first nine digits (1-9)
- Press 'Tab' key
- Enter your Pass Through information (10 - ?)
- Press 'Return' to move to the next line and enter next SSN

Example Tab Delimited Input File:



What is a Pass Through?

A Pass Through is a field within a file that you may use for your own reference (Example, a case number you associate for each individual SSN). You may have one Pass Through field for each file submitted for a Hit Rate Test.

eBatch will not remove or edit these Pass Through fields. The Work Number data will be inserted between the SSN and Pass Through field. You will be able to reference the Social Security Numbers by your Pass Through data after the file has been processed.

3. File Delivery Requirements

If Agency has existing PGP encryption software, agency may elect to deliver test file electronically to TALX. Please contact Tracy Kellaheer for information about this delivery option.

If PGP is not available, agency must send electronic file via courier/USPS. ***The file *may not* be emailed to TALX.***

Delivery Contact: Tracy Kellaheer
 TALX Corporation
 11432 Lackland Rd.
 St. Louis, MO 63146
 Ph. (314) 214-7094



4. Statistical Analysis

Analysis will be provided to agency within 3-4 days after test file is run.

5. Purchase Results

Agency will be able to purchase results of the Hit Rate Test (actual data) from TALX at a discounted rate within 30 day of the matching date. TALX will re-run the file to ensure that Agency obtain to most current data available.

Please contact Tracy Kellaher for information on pricing and terms.

(end)



TALX Corporation
Non-Disclosure Agreement

THIS AGREEMENT is made as of _____ by and between TALX Corporation (“TALX”), with its principal place of business at 11432 Lackland Road, St. Louis, Missouri 63146, and _____ (“Company”), with its principal place of business at _____, to ensure the protection of confidential information which may become available to TALX or the Company in the course of conducting business prior to finalization of a service contract between TALX and Company.

The term “Confidential Information” shall mean any information regarding hardware and software systems and operations (including, but not limited to TALX’s Security Manual and Policy of Services), engineering and development, marketing and sales, personnel, customers, financial data, pricing, manufacturing and system support, and other confidential knowledge and trade secrets which are in the possession of TALX or the Company.

With respect to such confidential information, both parties agree to deem as Confidential Information that information gained during this pre-contract engagement which is in written form and is clearly marked with the legend “Confidential”, “Proprietary”, or words of similar meaning. Such information will be treated with the same degree of care as each party treats its own information and may not be transferred to any person or entity other than to employees of the parties to this agreement. Both parties, by signature below, agree to the following treatment of Confidential Information exchanged:

1. Hold such information in confidence.
2. Use the information only for purposes of conducting business on behalf of TALX and the Company.
3. Restrict disclosure of information solely to those persons authorized by the originator of that information (either TALX or the Company).
4. Upon request, such information will be promptly returned to the originator.
5. Upon execution of a service agreement, the terms covering confidentiality contained in the service agreement will supersede any and all terms of this agreement.



TALX Corporation:

Signature _____
Print Name _____
Title _____
Date _____

Company:

Signature _____
Print Name _____
Title _____
Date _____



As noted, TALX offers volume discounts for clients with high-volume, frequent transactions. The ITB indicated that Treasury would conduct 2,500 transactions/year, while the expected transactions from DHS are at least 89,000/year (based on the pilot that concluded last year).

Therefore, volume discounts were disproportionately available to DHS. In consideration for the ITB to cover both agencies, TALX would like to offer an additional discount to Treasury rates, to begin **at \$9.50/report for the online delivery (the service that Treasury is using today), for an annual commitment of \$23,750.00/year).**

This would allow you to receive the stated number of reports in the RFP, at reduced rates from today's costs for The Work Number.

Also, if Treasury deems it appropriate, TALX will instantly upgrade the existing service to include the interstate search capability to the current service (i.e. – allowing for case review by SSN only, no employer code necessary). This would give you the benefit of reviewing unreported wages and/or jobs anywhere in Michigan, or the U.S., through the Internet.

This service upgrade would also be offered initially at \$9.50/report, and the same commitment of \$23,750.00/year.

Should Treasury need more than 2,500 reports in the first year, additional reports will be available at the same rate of \$9.50, and these costs would be applied for every report above 2,500 that was received during the contract year.

However, if the transactions increase dramatically due to additional opportunities for case management within the agency, we can move to a higher volume discount plan during the contract term to provide Treasury with a reduced cost/report.

Likewise, DHS can move to a lower cost/report should their transactions increase during the contract term, as provide in our initial ITB response.

I have not addressed the batch pricing at this juncture, based on your comments that the agency is not ready to consider that service. However, it remains an option for the future that we believe can help streamline processes and increase collections.

B. Department of Human Services- Please see attachment B.



Article 2 – General Terms and Conditions

2.010 Contract Structure and Administration

2.011 Definitions

Capitalized terms used in this Contract (including its Exhibits) shall have the meanings given below, unless the context requires otherwise:

- (a) “Days” means calendar days unless otherwise specified.
- (b) “24x7x365” means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
- (c) “Additional Service” means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. “Additional Service” does not include New Work.
- (d) “Amendment Labor Rates” means the schedule of fully-loaded hourly labor rates.
- (e) “Audit Period” has the meaning given in **Section 2.111**.
- (f) “Business Day,” whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
- (g) “Incident” means any interruption in Services.
- (h) “Business Critical” means any function identified in any Statement of Work as Business Critical.
- (i) “Deliverable” means physical goods and/or commodities as required or identified by a Statement of Work
- (j) “Key Personnel” means any Personnel designated in **Article 1, Section 1.031 and/or 1B.022**, as Key Personnel.
- (k) “New Work” means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. “New Work” does not include Additional Service.
- (l) “Services” means any function performed for the benefit of the State.
- (m) “State Location” means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
- (n) “Subcontractor” means a company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
- (o) “Work in Process” means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

2.012 Attachments and Exhibits

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

2.013 Statements of Work

- (a) The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract, or an amendment to this Contract (see 2.106). Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.



- (b) Unless otherwise agreed by the parties, each Statement of Work (as defined in Article 1) will include, or incorporate by reference to the appropriate Contract Article 1 Attachment containing, the following information:
- a description of the Services to be performed by Contractor under the Statement of Work;
 - a project schedule (including the commencement and completion dates for all tasks, subtasks (for all projects of sufficient duration and complexity to warrant sub task breakdown), and Deliverables;
 - a list of the Deliverables to be provided, if any, including any particular specifications and acceptance criteria for such Deliverables, and the dates on which the Deliverables are scheduled to be completed and delivered to the State;
 - all Deliverable price schedules and other charges associated with the Statement of Work, the overall fixed price for such Statement of Work and any other appropriate pricing and payment terms;
 - a specification of Contractor's and the State's respective performance responsibilities with respect to the performance or completion of all tasks, subtasks and Deliverables;
 - a listing of any Key Personnel of Contractor and/or its Subcontractors for that Statement of Work and any future Statements of Work;
 - any other information or provisions the parties agree to include.
- (c) Reserved.
- (d) The initial Statements of Work, as of the Effective Date, are attached to this Contract.

2.014 Issuing Office

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

Jim Wilson
Office of Purchasing Operations
Department of Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Wilsonj4@michigan.gov
517-241-1916

2.015 Contract Compliance Inspector

Upon receipt at PO of the properly executed Contract, it is anticipated that the Director of DMB Purchasing Operations, in consultation with (insert the end using agency), will direct that the person named below, or any other person so designated, be authorized to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of such Contract as that authority is retained by the Office of Purchasing Operations.** The Contract Compliance Inspector for this Contract is:

Jo Courtright
Department of Treasury
(517) 335-4535

2.030 Legal Effect and Term**2.031 Legal Effect**

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

2.032 Contract Term

This Contract is for a period of 3 years commencing on the date that the last signature required to make the Contract enforceable is obtained. All outstanding Purchase Orders shall also expire upon the termination (cancellation for any of the reasons listed in 2.210) of the Contract, unless otherwise extended pursuant to the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.033 Renewal(s)

This Contract may be renewed in writing by mutual agreement of the parties not less than thirty (30) days before its expiration. The Contract may be renewed for up to two (2) additional one (1) year periods. Successful completion of negotiations surrounding the terms of the extension, will be a pre-requisite for the exercise of any option year.

2.040 Contractor Personnel**2.041 Contractor Personnel**

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

(b) Key Personnel

(i) In discharging its obligations under this Contract, Contractor shall provide the named Key Personnel on the terms indicated. **Section 1.031** provides an organization chart showing the roles of certain Key Personnel, if any.

(ii) Key Personnel shall be dedicated as defined in **Section 1.031 and/or 1B.022** to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.

(iii) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State.



The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. Additionally, the State's request shall be based on legitimate, good-faith reasons. Proposed alternative for the individual denied, shall be fully qualified for the position.

(iv) Contractor shall not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. If the Contractor does remove Key Personnel without the prior written consent of the State, it shall be considered an unauthorized removal ("Unauthorized Removal"). It shall not be considered an Unauthorized Removal if Key Personnel must be replaced 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. It shall not be considered an Unauthorized Removal if Key Personnel must be replaced because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides thirty (30) days of shadowing unless parties agree to a different time period. The Contractor with the State shall review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its rights under **Section 2.210**.

(v) It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.210**, the State may assess liquidated damages against Contractor as specified below.

- (c) Re-assignment of non-Key Personnel. Prior to re-deploying to other projects, at the completion of their assigned tasks on the Project, teams of its non-Key Personnel who are performing Services on-site at State facilities or who are otherwise dedicated primarily to the Project, Contractor will give the State at least ten (10) Business Days notice of the proposed re-deployment to give the State an opportunity to object to the re-deployment if the State reasonably believes such team's Contract responsibilities are not likely to be completed and approved by the State prior to the proposed date of re-deployment.
- (d) Re-assignment of Personnel at the State's Request. The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement personnel for the removed person shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with removed personnel results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted in **Section 2.076** for a time as agreed to by the parties.
- (e) Staffing Levels.
- (i) All staff requirements not specified in the applicable Statement of Work or State-approved project plan as State personnel will be supplied by Contractor. This includes secretarial, clerical and Contract administration support staff necessary for Contractor to perform its obligations hereunder.



(ii) Contractor shall provide sufficient personnel resources for the completion of Contract tasks indicated in Contractor's project plan approved by the State. If the level of personnel resources is insufficient to complete any Contractor Contract tasks in accordance with the Contract time schedule as demonstrated by Contractor's failure to meet mutually agreed to time schedules, Contractor shall promptly add additional qualified personnel resources to the performance of the affected tasks, at no additional charge to the State, in an amount sufficient to complete performance of Contractor's tasks in accordance with the Contract time schedule.

(f) Personnel Turnover. The Parties agree that it is in their best interests to keep the turnover rate of employees of Contractor and its Subcontractors who are performing the Services to a reasonable minimum. Accordingly, if the State determines that the turnover rate of such employees is excessive and so notifies Contractor, Contractor will meet with the State to discuss the reasons for the turnover rate and otherwise use commercially reasonable efforts to minimize such turnover rate. If requested to do so by the State, Contractor will submit to the State its proposals for reducing the turnover rate to an acceptable level. In any event, notwithstanding the turnover of personnel, Contractor remains obligated to perform the Services without degradation and in accordance with the State-approved Contract schedule.

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

2.042 Contractor Identification

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

2.043 Cooperation with Third Parties

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel, and, as reasonably requested by the State, to provide to the State's agents and other contractors with reasonable access to Contractor's Project personnel, systems and facilities to the extent they relate to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities and provided Contractor receives reasonable prior written notice of such request. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with such requests for access.

2.044 Subcontracting by Contractor

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

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



Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time agreed upon by the parties.

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

(d) Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.040, 2.110, 2.150, 2.160, 2.171(c), 2.172(b), 2.180, 2.260, 2.276, 2.297** in all of its agreements with any Subcontractors.

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

2.045 Contractor Responsibility for Personnel

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services.

2.050 State Standards

2.051 Existing Technology Standards

The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://www.michigan.gov/dit/0,1607,7-139-30639_30655---,00.html.

2.052 PM Methodology Standards-RESERVED

2.053 Adherence to Portal Technology Tools-RESERVED

2.054 Acceptable Use Policy- RESERVED

2.060 Deliverables**2.061 Ordering**

(a) Any Services/Deliverables to be furnished under this Contract shall be ordered by issuance of written Purchase Orders/Blanket Purchase Order by the State after approval by the Contract Administrator or his/her designee. All orders are subject to the terms and conditions of this Contract. In the event of conflict between an order and this Contract, the Contract shall take precedence as stated in **Section 2.293**. In no event shall any additional terms and conditions contained on a Purchase Order/Blanket Purchase Order be applicable, unless specifically contained in that Purchase Order/Blanket Purchase Order's accompanying Statement of Work.

2.062 Software-RESERVED**2.063 Hardware- RESERVED****2.064 Equipment to be New and Prohibited Products- RESERVED**2.070 Performance**2.071 Performance, In General**

The State engages Contractor to execute the Contract and perform the Services/provide the Deliverables, and Contractor undertakes to execute and complete the Contract in its entirety in accordance with the terms and conditions of this Contract and with the participation of State representatives as specified in this Contract.

2.072 Time of Performance

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

(b) Without limiting the generality of **Section 2.072(a)**, Contractor shall notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and, in such event, shall inform the State of the projected actual delivery date.

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

2.073 Liquidated Damages- RESERVED



2.074 Bankruptcy

If Contractor shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against Contractor and not removed within thirty (30) days, or if the Contractor becomes insolvent, be adjudicated bankrupt, or if it should make a general assignment for the benefit of creditors, or if a receiver shall be appointed due to its insolvency, and Contractor and/or its affiliates are unable to provide reasonable assurances that Contractor and/or its affiliates can deliver the services provided herein, the State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish such Works in Process by whatever appropriate method the State may deem expedient. Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

To secure the State's progress payments before the delivery of any services or materials required for the execution of Contractor's obligations hereunder, and any work which Contractor may subcontract in the support of the performance of its obligations hereunder, title shall vest in the State to the extent the State has made progress payments hereunder.

2.075 Time is of the Essence- RESERVED

2.076 Service Level Agreements (SLAs)

- (a) SLAs will be completed with the following operational considerations:
- (i) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has occurred as defined in **Section 2.202**,
 - (ii) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification and/or coordination.
 - (iii) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. In order to invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.
 - (iv) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following ("Stop-Clock Conditions"):
 - 1. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
 - 2. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.
- (b) Chronic Failure for any Service(s) will be defined as three (3) unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling thirty (30) day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three (3) additional months. The termination of the Service will not affect any tiered pricing levels.
- (c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two (2) weeks of outage(s) and provide a recommendation for resolution.
- (d) All decimals shall be rounded to two decimal places with 5 and greater rounding up and 4 and less rounding down unless otherwise specified.



2.080 Delivery and Acceptance of Deliverables

2.081 Delivery Responsibilities- RESERVED

2.082 Delivery of Deliverables- RESERVED

2.083 Testing- RESERVED

2.084 Approval of Deliverables, In General

(a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, in accordance with the following procedures. Formal approval by the State requires that the Deliverable be confirmed in writing by the State to meet its specifications, which will include the successful completion of Testing as applicable in **Section 2.083**, to be led by the State with the support and assistance of Contractor. The parties acknowledge that the approval process set forth herein will be facilitated by ongoing consultation between the parties, visibility of interim and intermediate Deliverables and collaboration on key decisions.

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

(c) Prior to commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor in accordance with **Section 2.083(a)**.

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

(e) If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure at the sole expense of Contractor; or (ii) keep the Contract in force and do, either itself or through other parties, whatever Contractor has failed to do, in which event Contractor shall bear any excess expenditure incurred by the State in so doing beyond the Contract price for such Deliverable/Service and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses provided the State can furnish proof of such general expenses; or (iii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure such breach. Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if such process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity as to make the continuation of such process unproductive or unworkable. In such case, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery prior to resuming the testing or approval process.



2.085 Process For Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days for Written Deliverables of more than one hundred (100) pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Deliverable (or at the State's election, subsequent to approval of the Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.086 Process for Approval of Services

The State Review Period for approval of Services is governed by the applicable Statement of Work (failing which the State Review Period, by default, shall be thirty (30) Business Days for Services). The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Services (or at the State's election, subsequent to approval of the Service). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Service in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon implementation of a corrected Service from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Service for conformity and that the identified deficiencies have been corrected.

2.087 Process for Approval of Physical Deliverables

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

2.088 Final Acceptance- RESERVED

2.090 Financial**2.091 Pricing****(a) Fixed Prices for Services/Deliverables**

Each Statement of Work/PO issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. To the extent the parties agree that certain specific Services will be provided on a time and materials basis, such Services shall be provided at the Amendment Labor Rates (**Section 1.061**). The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

(b) Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope, using the rates in **Section 1.061** unless specifically identified in an applicable Statement of Work.

(c) Services/Deliverables Covered

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

(d) Labor Rates

All time and material charges will be at the rates specified in **the contract**.

2.092 Invoicing and Payment Procedures and Terms**(a) Invoicing and Payment – In General**

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

(ii) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. The charges for Services billed on a time and materials basis shall be determined based on the actual number of hours of Services performed, at the applicable Labor Rates specified in **Section 1.061**. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 2.094**.

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

(b) Taxes (See Section 2.305 and Article 3, Section 3.022-3.024 for additional)

The State is exempt from Federal Excise Tax, State and Local Sales Taxes, and Use Tax with respect to the sale to and use by it of tangible personal property. Such taxes shall not be included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.



(c) Out-of-Pocket Expenses

Contractor acknowledges that the out-of-pocket expenses that Contractor expects to incur in performing the Services/ providing the Deliverables (such as, but not limited to, travel and lodging, document reproduction and shipping, and long distance telephone) are included in Contractor's fixed price for each Statement of Work. Accordingly, Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State's current travel reimbursement rates. See http://www.mi.gov/dmb/0,1607,7-150-9141_13132---,00.html for current rates.

(d) Pro-ration

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

(e) Antitrust Assignment

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

(f) Final Payment

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

2.093 State Funding Obligation

The State's obligation under this Contract is payable only and solely from funds appropriated for the purpose of this Contract. Contractor acknowledges and agrees that all funds for payments after the end of the current fiscal year are subject to the availability of a legislative appropriation for the purpose of this Contract. Events of non-appropriation are addressed further in **Section 2.210** of this Contract.

2.094 Holdback- RESERVED

2.095 Electronic Payment Availability

Public Act 533 of 2004 requires that payments under this contract be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us).

2.100 Contract Management

2.101 Contract Management Responsibility

(a) Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract.



Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with the **Project Plan** is likely to delay the timely achievement of any Contract tasks.

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

2.102 Problem and Contract Management Procedures

Problem Management and Contract Management procedures will be governed by the Contract and the applicable Statements of Work.

2.103 Reports and Meetings

(a) Reports.

Within thirty (30) days after the Effective Date, the parties shall determine an appropriate set of periodic reports to be issued by Contractor to the State. Such reports may include:

- (i) separately address Contractor's performance in each area of the Services;
- (ii) for each area of the Services, assess the degree to which Contractor has attained or failed to attain the pertinent objectives in that area, including on-time completion and delivery of Deliverables;
- (iii) explain the reasons for any failure to achieve on-time completion and delivery of Deliverables and include a plan for corrective action where appropriate;
- (iv) describe any circumstances that Contractor anticipates will impair or prevent on-time completion and delivery of Deliverables in upcoming reporting periods;
- (v) include plans for corrective action or risk mitigation where appropriate and describe the status of ongoing problem resolution efforts;
- (vi) provide reports setting forth a comparison of actual hours spent by Contractor (including its augmented personnel and Subcontractors) in performing the Project versus hours budgeted by Contractor.
- (vii) set forth a record of the material personnel changes that pertain to the Services and describe planned changes during the upcoming month that may affect the Services.
- (viii) include such documentation and other information may be mutually agreed to verify compliance with, and meeting the objectives of, this Contract.
- (ix) set forth an updated schedule that provides information on the status of upcoming Deliverables, expected dates of delivery (or redelivery) of such Deliverables and estimates on timing for completion of the Project.

(b) Meetings.

Within thirty (30) days after the Effective Date, the parties shall determine an appropriate set of meetings to be held between representatives of the State and Contractor. Contractor shall prepare and circulate an agenda sufficiently in advance of each such meeting to give participants an opportunity to prepare for the meeting. Contractor shall incorporate into such agenda items that the State desires to discuss. At the State's request, Contractor shall prepare and circulate minutes promptly after a meeting.

2.104 System Changes

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



2.105 Reserved

2.106 Change Requests

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

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

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

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

(a) Change Requests

(i) State Requests

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

(ii) Contractor Recommendations

Contractor shall be entitled to propose a Change to the State, on its own initiative, should it be of the opinion that this would benefit the Contract.

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



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

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

(vi) If the State requests or directs Contractor to perform any activities that Contractor believes constitute a Change, Contractor must notify the State that it believes the requested activities are a Change prior to commencing the performance of the requested activities. If Contractor fails to so notify the State prior to commencing performance of the requested activities, such activities shall be considered to be performed gratuitously by Contractor, and Contractor shall not have any right thereafter to assert any claim for additional compensation or time for the performance of such activities. If Contractor commences performance of gratuitous services outside the scope of this Contract and subsequently elects to stop performing such out-of-scope services, Contractor must, at the request of the State, back out or reverse any changes resulting from such performance that would adversely affect the Contract.

2.107 Management Tools- RESERVED

2.110 Records and Inspections

2.111 Records and Inspections

The Contractor agrees that the State may, upon 24-hour notice, perform an audit at Contractor's location(s) to determine if the Contractor is complying with the requirements of the Contract. The Contractor agrees to cooperate with the State during the audit and produce all records and documentation that verifies compliance with the Contract requirements.

2.112 Errors

(a) If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.

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

2.120 State Responsibilities

2.121 State Performance Obligations

(a) Equipment and Other Resources. To facilitate Contractor's performance of the Services/Deliverables, the State shall provide to Contractor such equipment and resources as identified in the Statements of Work or other Contract Exhibits as items to be provided by the State.



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

(c) Return. Contractor shall be responsible for returning to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

(d) Except as otherwise provided in **Section 2.220**, the State's failure to perform its responsibilities as set forth in this Contract shall not be deemed to be grounds for termination by Contractor. However, Contractor will not be liable for any default or delay in the performance of its obligations under this Contract to the extent such default or delay is caused by nonperformance of the State's obligations under this Contract, provided Contractor provides the State with reasonable written notice of such nonperformance and Contractor uses commercially reasonable efforts to perform notwithstanding the State's failure to perform. In addition, if the State's nonperformance of its responsibilities under this Contract materially increases the time required for Contractor's performance or Contractor's cost of performance, Contractor shall be entitled to seek an equitable extension via the Change Request process described in **Section 2.106**.

2.130 Security

2.131 Background Checks

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

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--,00.html>. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.140 Reserved

2.150 Confidentiality



2.151 Freedom of Information

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

2.152 Confidentiality

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

2.153 Protection of Confidential Information

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

2.154 Exclusions

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

**2.155 No Implied Rights**

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

2.156 Remedies

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).

2.157 Security Breach Notification

In the event of a breach of this Section, Contractor shall take (i) prompt corrective action to cure any such deficiencies and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor shall report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within ten (10) days of becoming aware of such use or disclosure or such shorter time period as is reasonable under the circumstances.

2.158 Survival

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

2.159 Destruction of Confidential Information

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

2.160 Proprietary Rights**2.161 Ownership-RESERVED****2.162 Source Code Escrow- RESERVED****2.163 Rights in Data**

(a) The State will be and remain the owner of all data made available by the State to Contractor or its agents, Subcontractors or representatives pursuant to the Contract. Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of Contractor, nor will any employee of Contractor other than those on a strictly need to know basis have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data.



Without limiting the generality of this Section, Contractor shall only use personally identifiable information as strictly necessary to provide the Services and shall disclose such information only to its employees who have a strict need to know such information. Contractor shall comply at all times with all laws and regulations applicable to such personally identifiable information.

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

2.164 Ownership of Materials- RESERVED

2.165 Standard Software- RESERVED

2.166 Pre-existing Materials for Custom Software Deliverables- RESERVED

2.167 General Skills

Notwithstanding anything to the contrary in this Section, each party, its Subcontractors and their personnel shall be free to use and employ its and their general skills, know-how and expertise, and to use, disclose and employ any generalized ideas, concepts, know-how, methods, techniques or skills gained or learned during the course of performing the Services, so long as it or they acquire and apply the foregoing without disclosure of any confidential or proprietary information of the other party.

2.170 Warranties And Representations

2.171 Warranties and Representations

The Contractor represents and warrants:

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

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

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



- (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or shall accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor shall not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or such Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.
- (m) All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.
- (n) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or such department within the previous five (5) years for the reason that Contractor failed to perform or otherwise breached an obligation of such contract.

2.172 Software Warranties- RESERVED**2.173 Equipment Warranty- RESERVED**



2.174 Physical Media Warranty- RESERVED

2.175 Standard Warranties- RESERVED

2.176 Consequences For Breach

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

2.180 Insurance

2.181 Liability Insurance

(a) Liability Insurance

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

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

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

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

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

See http://www.mi.gov/cis/0,1607,7-154-10555_22535---,00.html.

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

Before the Contract is signed by both parties or before the purchase order is issued by the State, the Contractor must furnish to the Director of Purchasing Operations, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Management and Budget.



The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Purchasing Operations, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

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

1. Commercial General Liability with the following minimum coverage:

\$2,000,000 General Aggregate Limit other than Products/Completed Operations

\$2,000,000 Products/Completed Operations Aggregate Limit

\$1,000,000 Personal & Advertising Injury Limit

\$1,000,000 Each Occurrence Limit

\$500,000 Fire Damage Limit (any one fire)

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

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

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

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

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

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

4. Employers liability insurance with the following minimum limits:

\$100,000 each accident

\$100,000 each employee by disease

\$500,000 aggregate disease

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

6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which shall apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.



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

(b) Subcontractors

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

(c) Certificates of Insurance and Other Requirements

Contractor shall furnish to the Office of Purchasing Operations certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

2.190 Indemnification

2.191 Indemnification

(a) General Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties),



accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its subcontractors, or by anyone else for whose acts any of them may be liable.

(b) Code Indemnification

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

(c) Employee Indemnification

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

(d) Patent/Copyright Infringement Indemnification

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

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

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

2.192 Continuation of Indemnification Obligations

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



2.193 Indemnification Procedures

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

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

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

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

2.200 Limits of Liability and Excusable Failure

2.201 Limits of Liability-RESERVED

2.202 Excusable Failure

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent such default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused);



or any other cause beyond the reasonable control of such party; provided the non-performing party and its Subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay and provided further that such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

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

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

2.203 Disaster Recovery

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

2.210 Termination/Cancellation by the State

The State may terminate this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents and employees for any of the following reasons:

2.211 Termination for Cause

(a) In the event that Contractor breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA as defined in **Section 2.076**), which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State (such time period not to be less than thirty (30) days), or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of termination to Contractor, terminate this Contract in whole or in part, for cause, as of the date specified in the notice of termination.



(b) In the event that this Contract is terminated for cause, in addition to any legal remedies otherwise available to the State by law or equity, Contractor shall be responsible for all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs shall not be considered by the parties to be consequential, indirect or incidental damages, and shall not be excluded by any other terms otherwise included in this Contract, provided such costs are not in excess of fifty percent (50%) more than the prices for such Service/Deliverables provided under this Contract.

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

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

2.212 Termination for Convenience

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

2.213 Non-Appropriation

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

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



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

2.214 Criminal Conviction

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense incident to the application for, or performance of, a State, public or private Contract or subcontract; convicted of a criminal offense, including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State reflects upon Contractor's business integrity.

2.215 Approvals Rescinded

The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

2.216 Rights and Obligations Upon Termination

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

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



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

2.217 Reservation of Rights

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

2.218 Contractor Transition Responsibilities

In the event this contract is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of this Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed ninety (90) days. These efforts shall include, but are not limited to, the following:

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

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

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

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

2.219 State Transition Responsibilities

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

- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

2.220 Termination by Contractor**2.221 Termination by Contractor**

If the State materially breaches its obligation to pay Contractor undisputed amounts due and owing under this Contract in accordance with **Section 2.090**, or if the State breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for Contractor to perform the Services, and if the State does not cure the breach within the time period specified in a written notice of breach provided to the State by Contractor (such time period not to be less than thirty (30) days), then Contractor may terminate this Contract, in whole or in part based on Statement of Work for cause, as of the date specified in the notice of termination; provided, however, that Contractor must discharge its obligations under **Section 2.250** before any such termination.

2.230 Stop Work**2.231 Stop Work Orders**

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to ninety (90) calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this **Section 2.230**. Upon receipt of the stop work order, Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.210**.

2.232 Cancellation or Expiration of Stop Work Order

If a stop work order issued under this **Section 2.230** is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within thirty (30) calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.106**.

2.233 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, such termination shall be deemed to be a termination for convenience under **Section 2.212**, and the State shall allow reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.230**.

2.240 Reserved2.250 Dispute Resolution



2.251 In General

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

2.252 Informal Dispute Resolution

- (a) All operational disputes between the parties shall be resolved under the Contract Management procedures developed pursuant to **Section 2.100**. If the parties are unable to resolve any disputes after compliance with such processes, the parties shall meet with the Director of Purchasing Operations, DMB, or designee, for the purpose of attempting to resolve such dispute without the need for formal legal proceedings, as follows:
- (i) The representatives of Contractor and the State shall meet as often as the parties reasonably deem necessary in order to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
 - (ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other's position.
 - (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
 - (iv) Following the completion of this process within sixty (60) calendar days, the Director of Purchasing Operations, DMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within thirty (30) calendar days. The opinion regarding the dispute shall be considered the State's final action and the exhaustion of administrative remedies.
- (b) This **Section 2.250** will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or pursuant to **Section 2.253**.
- (c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work pursuant to the Contract.

2.253 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.252** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is such that the damages to such party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.254 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment shall not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.210** and **2.220**, as the case may be.

2.260 Federal and State Contract Requirements**2.261 Nondiscrimination**

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

2.262 Unfair Labor Practices

Pursuant to 1980 PA 278, MCL 423.231, *et seq.*, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, shall not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.263 Workplace Safety and Discriminatory Harassment

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

2.270 Litigation**2.271 Disclosure of Litigation**

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



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

(i) the ability of Contractor (or a Subcontractor hereunder) to continue to perform this Contract in accordance with its terms and conditions, or

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

(A) Contractor and/or its Subcontractors hereunder will be able to continue to perform this Contract and any Statements of Work in accordance with its terms and conditions, and

(B) Contractor and/or its Subcontractors hereunder have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in such Proceeding.

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

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

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

(3) Contractor shall also notify Purchasing Operations within thirty (30) days whenever changes to company affiliations occur.

2.272 Governing Law

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

2.273 Compliance with Laws

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

2.274 Jurisdiction

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

2.280 Environmental Provision

2.281 Environmental Provision- RESERVED

2.290 General**2.291 Amendments**

The Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties.

2.292 Assignment

(a) Neither party shall have the right to assign the Contract, or to assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as such affiliate is adequately capitalized and can provide adequate assurances that such affiliate can perform the Contract. Any purported assignment in violation of this Section shall be null and void. It is the policy of the State of Michigan to withhold consent from proposed assignments, subcontracts, or novations when such transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. In the event of any such permitted assignment, Contractor shall not be relieved of its responsibility to perform any duty imposed upon it herein, and the requirement under the Contract that all payments shall be made to one entity shall continue.

2.293 Entire Contract; Order of Precedence

(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to such subject matter and as additional terms and conditions on the purchase order shall apply as limited by **Section 2.061**.

(b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of **Sections 2.110 through 2.220** of the Contract, which may be modified or amended only by a formal Contract amendment.

2.294 Headings

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

2.295 Relationship of the Parties (Independent Contractor Relationship)

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

**2.296 Notices**

(a) Any notice given to a party under the Contract shall be deemed effective, if addressed to such party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

State:

State of Michigan
Office of Purchasing Operations
Attention: Jim Wilson
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor(s):

The Work Number at Talx Corporation
Attention: Tracy Kellahe
1850 Borman Court
St. Louis, MO 63146

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

(b) Binding Commitments

Representatives of Contractor identified in **Section 1.031** shall have the authority to make binding commitments on Contractor's behalf within the bounds set forth in such table. Contractor may change such representatives from time to time upon written notice.

2.297 Media Releases and Contract Distribution

(a) Media Releases

Neither Contractor nor the State will make any news releases, public announcements or public disclosures, nor will they have any conversations with representatives of the news media, pertaining to the Contract, the Services or the Contract without the prior written approval of the other party, and then only in accordance with explicit written instructions provided by that party. In addition, neither Contractor nor the State will use the name, trademarks or other proprietary identifying symbol of the other party or its affiliates without such party's prior written consent. Prior written consent of the Contractor must be obtained from authorized representatives.

(b) Contract Distribution

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

2.298 Reformation and Severability

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

2.299 Consents and Approvals

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

**2.300 No Waiver of Default**

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

2.301 Survival

Any provisions of the Contract that impose continuing obligations on the parties including the parties' respective warranty, indemnity and confidentiality obligations, shall survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.302 Covenant of Good Faith

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

2.303 Permits

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

2.304 Website Incorporation

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

2.305 Taxes

Vendors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes defined in Section 3.022 for all persons involved in the resulting Contract. The State may refuse to award a contract to any Vendor who has failed to pay any applicable State taxes. The State may refuse to accept Vendor's bid, if Vendor has any outstanding debt with the State. Prior to any award, the State will verify whether Vendor has any outstanding debt with the State.

2.306 Prevailing Wage- RESERVED**2.307 Call Center Disclosure**

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

**2.308 Future Bidding Preclusion**

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

2.310 Reserved

2.320 Extended Purchasing

2.321 MiDEAL

Public Act 431 of 1984 permits DMB to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. A current listing of approved program members is available at:

<http://www.michigan.gov/doingbusiness/0,1607,7-146-6586-16656--,00.html>. Unless otherwise stated, it is the responsibility of the Contractor to ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.

The Contractor will supply Contract Services and equipment at the established State of Michigan contract prices and terms to the extent applicable and where available. Inasmuch as these are non-state agencies, all invoices will be submitted to and payment remitted by the local unit of government on a direct and individual basis.

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



ATTACHMENT B

DHS Employment Verification



Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 Project Request

The purpose of this solicitation is to obtain proposals for a web-based interstate automated employment and income verification system that allows the Department of Human Services (DHS) workers to search the database using a Social Security number. This system is intended to reduce workload demands, increase payment accuracy and to aid in the identification of fraudulent activities. Implementation of this on-line verification system would allow workers real time access to employment records without the need of any additional computer software and/or programs.

1.002 Background

Early retirement programs significantly changed the workforce at DHS in 1997 and 2002. These early retirements resulted in the loss of over 3,000 jobs, which have not been replaced. At the same time, client demands for all services (e.g. cash, food, medical, and child day care assistance and emergency services) have increased.

To receive any type of financial assistance a client must verify their employment status (previous and/or current). Employers who contract with payroll service providers are reluctant to complete the DHS Verification of Employment form. This is explained as a duplication of their time and expense because they contract for this service. If accessibility to these records is impeded, the eligibility determination for potential benefits for clients is delayed or denied.

Currently, workers have access to an on-line employment and income verification system which requires worker knowledge of the client's employer's company or corporate name. This method is unsatisfactory because the client's employer may be listed in the database under the corporate name as opposed to the employer/company name. In these cases, the worker is unable to extract the client's employment record unless they are aware of which name was entered for the employer. Currently, workers can only verify client-reported income. If the worker is able to find the employer and make a request for an income record, there is a five (5) day wait for the faxed verification. This process is very time consuming. The worker relies on the fact that the report will contain all the information needed to determine eligibility. Often verification is not current, or is delayed, inaccurate or ineffective due to other problems.

The DHS goals in implementing a web-based income and employment verification system are expedient determination of benefits, reduced workload demands, increased payment accuracy, reduced administrative costs, reduced fraud and increased debt repayment (i.e. fraud, child support). Unlimited on-line, real-time access to a national employer database using the client Social Security Number (SSN) allows the worker to view and print both reported and unreported employment earnings quickly and accurately.

Financial programs impacted by this system include:

- Family Independence Program (FIP) which is the state's Temporary Assistance to Needy Families (TANF) program,
- State Disability Assistance (SDA),
- Refugee Assistance Program (RAP),
- Repatriate Program (REP),
- Food Assistance Program (FAP),
- Medical Assistance (MA),
- Child Development and Care (CDC),
- State Emergency Relief (SER), and
- Low Income Heat Energy Assistance Program (LIHEAP).



The database will be accessed by a variety of offices within DHS. Various tasks will be conducted by the following offices:

- Family Support Services,
- Field Operations, includes local county offices state wide
- Quality Control,
- Technical Assistance Team,
- Office of Child Support and
- Office of Inspector General.

Federal requirements must be followed for each program as explained in the Social Security Act and in the Code of Federal Regulations.

Usage information from the pilot program as tested and used in DHS:

Time Period/Parameter	Usage	Unit
The pilot period started 9/16/05 & ended 3/31/06		A transaction was defined as the receipt of a complete income report.
Average Transactions/Month for the Entire Pilot Period	8,130	Transactions
Average Transactions/Week for the Entire Pilot Period	2,032	Transactions
Highest Week From 1/1 thru 3/31 was 2/26-3/5	2,340	Transactions
Lowest Week from 1/1 thru 3/31 was 2/19-2/26	1,607	Transactions

Note that the unit definition for the pilot is NOT used for this ITB.

1.1 Scope of Work and Deliverables

1.101 In Scope

DHS would like to acquire access to a web-based interstate automated employment and income verification system that would allow DHS workers to search the database using a Social Security number. The system is intended to reduce workload demands, increase payment accuracy and to aid in the identification of fraudulent activities. Implementation of this on-line verification system should allow workers real time access to employment records without the need of any additional computer software and/or programs.

1.102 Out of Scope

Support of State of Michigan hardware is outside the scope of this project.

1.103 Environment

Due to limited resources and the implementation of an integrated computer system, an automated income and employment verification system **cannot require any additional software and/or computer programs**. Workers **must** be able to access this database from their desktop computers.



DHS workstations have varying degrees of technological standards; DHS workers have varying levels of technological ability. The system needs to be user-friendly and easily learned through a Helpdesk or electronic basic training guide or other means as described by the Bidder that meet DHS requirements.

Bidders must state minimum workstation and hardware requirements for their web-based application. Currently, the State workstations are running XP SP2 and Internet Explorer 6.

Bidder Response:

Agreed.

1.104 Work and Deliverable

Contractor shall provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, for the implementation and operation of an online income verification system:

Activity: Technical Support

Task 1: Assign each worker a User ID and password

Task 2: Notify each worker of their customized information

Task 3: Designate a contact person to communicate with and support State users for database issues, User ID issues and password changes

Task 4: Offer training and/or training materials to State users and staff members in the form of a Helpdesk and electronic basic training guides or other means as described by the Bidder that meet DHS requirements.

Activity: Database

Task 1: Obtain and maintain current employment records

Task 2: Provide accurate, up-to-date, easy-to-read income verification data with real time access to workers

Task 3: Provide a means for workers to recommend new employers

Activity: Reporting

Task 1: Keep track of the number of times the database is accessed and by whom

Task 2: Provide DHS with quarterly usage reports with data elements as agreed upon in the planning meeting to be held after award of a contract

Task 3: Send reports quarterly through USPS mail or e-mail to the Contract Compliance Inspector (CCI).

The Bidder shall provide any additional task breakdown deemed necessary to the success of the project.

Bidder Response:

Agreed.

DHS requires three (3) levels of identification breakdown in user ID numbers, which are assigned by the Contractor, and issued to each State user

1. One (1) level identifies the six (6) administrations accessing the application:
 - Family Support Services,
 - Field Operations, including local county offices state wide
 - Quality Control,
 - Technical Assistance Team,
 - Office of Child Support and
 - Office of Inspector General.
2. One (1) level identifies the State worker's location, (no more than 3 digits)
3. One (1) level identifies the individual worker (no more than 4 digits)

DHS will provide the data needed to create the user identification numbers. Usage reports will be based on the user ID number.



Bidder Response:

Agreed.

The State needs information on the Vendor’s capabilities and processes for the update of the employer database. Describe the process, the number of staff assigned to the process and turnaround time for updates. List employers with operations in Michigan and the approximate number of Michigan employees contained in the database. (also referenced in Article 1B.201)

Bidder Response:

Agreed.

Provide a detailed explanation as to the level and type of service proposed, as well as a description of your database size, capabilities, length of payment and employment history, length of data retention and other attributes applicable to the functions named in this RFP.

Bidder Response:

As provided during test.

1.2 Roles and Responsibilities

1.201 Contractor Staff, Roles, and Responsibilities

The Vendor shall provide Key Personnel by name, title, function, role and responsibilities as it pertains to this proposal. The State expects to have a single point of contact for the DHS Project Manager/CCI to use for all communication.

Bidder Response:

See above in Treasury section.

1.202 State Staff, Roles, and Responsibilities

The following are State staff members involved with the reimbursement portion of the program:

Marie Lott, Family Support Services, Departmental Analyst, is the designated staff person from DHS that will serve as the primary contact, Project Manager and CCI (Contract Compliance Inspector) for this project, however, the following individuals are key contacts from their respective areas. These DHS offices will have access to the verification system:

Marie Lott, Departmental Analyst, Family Support Services, 235 S. Grand Ave., Suite 1301, Lansing MI 48809, (517) 335-3590, lottM@michigan.gov .

John Seeterlin, Office of Inspector General, 235 S. Grand Ave., Suite 1115, Lansing, MI 48809, (517) 335-3904 or SeeterlinJ@michigan.gov

Pamela McKee, Office of Child Support, 235 S. Grand Ave., Suite 1215, Lansing, MI 48809, (517) 373-6894 or McKeeP@michigan.gov.

Janet Brooks, Office of Quality Control, 235 S. Grand Ave., Suite 810, Lansing, MI 48809, (517) 335-7711 or BrooksJ2@michigan.gov.

1.203 Other Roles and Responsibilities – RESERVED



1.3 Project Plan

1.301 Project Plan Management

The Contractor shall meet with senior officials of the DHS within two (2) weeks of the award of the Contract to discuss the plan for the project. An outline of the intended usage report, with a timeline for completing the implementation phase is due to DHS by 30 days after DMB's signing of the Contract. For purposes of this bid, each prospective Contractor is required to submit a timeline that identifies all interim and final deliverables and tasks.

Bidder Response:

Agreed.

After the initial meeting, the Contractor will meet, as requested, with DHS staff to develop schedules, timelines, and review of progress of evaluation prior to finalization of the reports.

Bidder Response:

Agreed.

The proposed Contractor will offer a detailed schedule that encompasses all the activities and tasks identified in **1.104 Work and Deliverable**.

Bidder Response:

Agreed.

Contractors may provide alternatives to the suggested timeframe, as it relates to past experiences, their capabilities to meet the proposed solution, and/or their rationale as to why the implementation schedule cannot be met.

Bidder Response:

Agreed.

1.302 Reports

As a means to monitor accessibility and to continually assess the effectiveness of the service, DHS requires quarterly usage reports for the duration of the contract, if the services are performed to the satisfaction of the State. If performance is not satisfactory, more frequent reporting may be required. DHS retains approval of report format and delivery method.

At a minimum, the usage reports must contain the following data elements:

- date and time of the transaction,
- type of transaction,
- user name
- user ID number
- user county (including district, if applicable).

Bidder Response:

Agreed

For the user ID numbers, DHS requires three (3) levels of identification in user ID numbers, which are assigned by the Contractor: one level for each DHS administration, one (1) level for each specific location, and one (1) for each individual worker. The usage reports would include the user ID's and be able to be sorted by the three (3) levels of identification.



Bidder Response:

Agreed.

The data elements to be displayed by query to the database shall include, at a minimum, the employing company name, employee's name, hire date, hourly pay rate, hours worked per pay period, gross income per pay period and by pay period ending date, active or non-active status, and termination date, if applicable.

Bidder Response:

Agreed.

1.4 Project Management

1.401 Issue Management

Vendor needs to propose a standard issue management process for managing the project as part of the bid response. Vendor should identify the issue management process to be utilized for this project, including responsible parties, phone numbers, email addresses if relevant, and processes.

Bidder Response:

See above in Treasury.

1.402 Risk Management

Risk management generally involves (1) identification of the risk, (2) assigning a level of priority based on the probability of occurrence and impact to the project, (3) definition of mitigation strategies, and (4) monitoring of risk and mitigation strategy. Risk assessment review should be conducted on a regular basis. Please describe bidder's risk management process.

Bidder Response:

See above in Treasury.

1.403 Change Management

All requests for modification of the Contract, whether in scope, pricing, time frames, or a combination of thereof, must be submitted through the Department of Management and Budget, Purchasing Operations Buyer, (see section 2.014) for approval and processing, or denial (see Section 2.101, generally).

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

Bidder Response:

See above in Treasury.

1.5 Acceptance

1.501 Criteria

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



Access to the system must be available for the time periods stipulated. The required data elements and other contract requirements must be met.

The State shall have the opportunity to review the reports to determine if:

- 1) Errors are noted in the draft or,
- 2) The State does not agree with facts in the report,
- 3) Additional adjustments or clarifications are needed in the report.

Once the State makes any corrections to the preliminary reports, and forwards the corrected document to the Contractor, within seven (7) business days the Contractor must forward the State the final report for review and comment.

1.502 Final Acceptance - RESERVED

1.6 Compensation and Payment

1.601 Compensation and Payment

Contract fees shall be based solely on DHS unlimited access to the employment verification system, for, at a minimum, five (5) days a week, from 8 a.m. until 5 p.m., excluding weekends and published State of Michigan holidays.

DHS expects the resulting contract to be a quarterly fee-for-access to the on-line income verification system as described in this ITB. There will be no other costs to DHS associated with the service. The pricing shall remain firm for three (3) years.

DHS does not expect any travel to be associated with this contract; however, if the Contractor proposes any travel expense, a detailed explanation of the benefit to the State must be included. A State travel regulation link is listed in this document in Article 2, Section 2.092.

Quarterly billings will be submitted by the Contractor to the DHS CCI for review and correction, if necessary. Approved invoices will be processed for payment through the DHS automated payment system.

Bidder Response:

Agreed.

1.7 Additional Terms and Conditions Specific to this SOW

1.701 Additional Terms and Conditions Specific to this SOW

DHS issues a separate purchase order (contract release) for each State fiscal year. The fiscal year starts on October 1 and ends on September 30. The contract resulting from this bid will be based on estimated usage, which may or may not increase or decrease depending on unknown factors.

The Contractor and DHS Project Manager/Contract Compliance Inspector will review progress and service quality each fiscal year, or more frequently as needed.

Bidder Response:

Agreed.



Pricing

DHS expects the resulting contract to be a quarterly fee-for-access to the on-line income verification system as described in this ITB. There will be no other costs to DHS associated with the service. The pricing shall remain firm for three (3) years.

The quarterly cost for unlimited access to on-line information for five (5) days a week, from 8 a.m. until 5 p.m., excluding weekends and State Of Michigan holidays is

<i>Monthly Income Reports (for illustration)</i>	<i>Monthly Subscription Fee (for illustration)</i>	Annual Income Report Ceiling	Annual Fee	Price/Report Above Annual Ceiling	
5,940	\$17,820.00	71,280	\$213,840.00	\$3.75	\$3.00
7,420	\$20,405.00	89,040	\$244,860.00	\$3.45	\$2.75
9,280	\$24,128.00	111,360	\$289,536.00	\$3.25	\$2.60
11,600	\$29,167.00	139,200	\$350,000.00	\$3.13	\$2.51
15,000	\$36,250.00	180,000	\$435,000.00	\$3.03	\$2.42
19,000	\$44,418.50	228,000	\$533,022.00	\$2.93	\$2.34



ATTACHMENT C

TALX Purchase Order Form



Purchase Order Form

This Purchase Order Form is entered into by and between TALX Corporation, a Missouri Corporation, 11432 Lackland Road, St. Louis, Missouri ("TALX"), and State of Michigan Department of Management and Budget Purchasing Operations P.O. Box 30026, Lansing, Michigan 48909 ("State").

RECITALS:

- A. TALX operates The Work Number[®] (the "Service"), a service used to verify certain employment-related information about an individual ("Consumers"); and
- B. State wishes to confirm employment and/or income information of Consumers through the Service; and
- C. TALX and the State have entered into Contract No. 071B8200051 (the "Contract") and wish to initiate use of the Service by a Purchase Order Form

NOW, **THEREFORE**, the parties agree as follows:

1. **TALX OBLIGATIONS.** The Service will provide State with automated access to certain employment and/or income data ("Data") furnished to TALX by employers as provided in the Contract and herein.
2. **STATE OBLIGATIONS.**
 - a. State shall pay for the Services as set forth in the Contract.
 - b. State i) shall maintain Data in strict confidence, ii) shall not disclose, sell or otherwise distribute to third parties any Data, except as required by law, iii) shall not intercept, collect, reproduce, store or use the Data received from TALX for any other use, commercial or otherwise, other than the Permissible Purpose (as defined in Exhibit 1 hereto) for which it was originally intended, including not engaging in the storage or building of TALX Data or its sale or re-use, iv) shall comply with all applicable laws, rules and regulations, including without limitation FCRA, and v) shall comply with the terms set forth in Exhibit 1, attached hereto. Notwithstanding the foregoing, State may share Data about a Consumer with such Consumer. This Purchase Order includes Exhibit 1 hereto.
 - c. State represents and warrants it (i) is administering a government funded benefit or program, (ii) has been given the legal authority to view the Data by the Consumer or by operation of law, and iii) is requesting the Data in compliance with all laws.
 - d. State represents and warrants it has written authorization from the Consumer to verify income. State need not use any particular form of authorization or obtain a separate signature for verifying income provided that the form constitutes Consumer authorization. Notwithstanding the foregoing, in the event State is using the Service to collect on defaulted child support obligations, State is not required to obtain such authorization.
 - e. In order to ensure compliance with this Purchase Order, applicable law and TALX policies, TALX may conduct reviews of State activities, including requesting copies of the Consumer's authorization to verify income with respect to requests for Data, and use of Data. State shall provide documentation to TALX as reasonably requested by TALX and shall allow access to its premises for purposes of such review by TALX. State shall cooperate fully with any and all investigations by TALX of allegations of abuse or misuse of the Services.
3. **STATE USE OF SERVICE.**

Data on the Service may be accessed by State to verify Consumer's employment status ("Employment Verification") or income ("Income Verification") for the purposes of determining eligibility for receipt of public aid or assistance, prevention or identification of fraud, overpayments associated with the receipt of public aid or assistance, or collecting on defaulted child support obligations that are in effect and valid.
4. **RIGHTS TO SERVICE.** The Service and the Data, including all rights thereto, are proprietary to TALX.



5. WARRANTY. TALX warrants that the Service will be performed in all material respects in a reasonable and workmanlike manner and in compliance with laws and regulations applicable to TALX' performance thereof. State acknowledges that the ability of TALX to provide accurate information is dependent upon receipt of accurate information from employers. TALX does not warrant that the Service will be error free. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH HEREIN AND IN THE CONTRACT, TALX MAKES NO OTHER WARRANTIES AS TO THE SERVICE OR THE DATA, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF GOOD TITLE, MERCHANTABILITY, NON-INFRINGEMENT, AND/OR FITNESS FOR A PARTICULAR PURPOSE EVEN IF TALX KNOWS OF SUCH PURPOSE.

IN WITNESS WHEREOF, the parties have executed this Purchase Order on the date indicated below.

State

TALX Corporation

By (signature): _____

By (signature): _____

Name (print): _____

Name (print): _____

Title: _____

Title: _____

Date: _____

Date: _____



**Purchase Order for
The Work Number® Social Services**

Exhibit 1

All users (“user” or “Consumer”) subject to the Federal Trade Commission’s jurisdiction must comply with all applicable regulations, including regulations promulgated after this notice was prescribed in 2004. Information about applicable regulations currently in effect can be found at the Commission’s Web site, www.ftc.gov/credit. Persons not subject to the Commission’s jurisdiction should consult with their regulators to find any relevant regulations.

**NOTICE TO USERS OF CONSUMER REPORTS:
OBLIGATIONS OF USERS UNDER THE FCRA**

The Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681-1681y, requires that this notice be provided to inform users of consumer reports of their legal obligations. State law may impose additional requirements. The text of the FCRA is set forth in full at the Federal Trade Commission’s Website at www.ftc.gov/credit. At the end of this document is a list of United States Code citations for the FCRA. Other information about user duties is also available at the Commission’s Web site. **Users must consult the relevant provisions of the FCRA for details about their obligations under the FCRA.**

The first section of this summary sets forth the responsibilities imposed by the FCRA on all users of consumer reports. The subsequent sections discuss the duties of users of reports that contain specific types of information, or that are used for certain purposes, and the legal consequences of violations. If you are a furnisher of information to a consumer reporting agency (CRA), you have additional obligations and will receive a separate notice from the CRA describing your duties as a furnisher.

I. OBLIGATIONS OF ALL USERS OF CONSUMER REPORTS

A. Users Must Have a Permissible Purpose

Congress has limited the use of consumer reports to protect consumers’ privacy. All users must have a permissible purpose under the FCRA to obtain a consumer report. Section 604 contains a list of the permissible purposes under the law. These are:

- As ordered by a court or a federal grand jury subpoena. Section 604(a)(1)
- As instructed by the consumer in writing. Section 604(a)(2)
- For the extension of credit as a result of an application from a consumer, or the review or collection of a consumer’s account. Section 604(a)(3)(A)
- For employment purposes, including hiring and promotion decisions, where the consumer has given written permission. Sections 604(a)(3)(B) and 604(b)
- For the underwriting of insurance as a result of an application from a consumer. Section 604(a)(3)(C)
- When there is a legitimate business need, in connection with a business transaction that is initiated by the consumer. Section 604(a)(3)(F)(i)
- To review a consumer’s account to determine whether the consumer continues to meet the terms of the account. Section 604(a)(3)(F)(ii)
- To determine a consumer’s eligibility for a license or other benefit granted by a governmental instrumentality required by law to consider an applicant’s financial responsibility or status. Section 604(a)(3)(D)
- For use by a potential investor or servicer, or current insurer, in a valuation or assessment of the credit or prepayment risks associated with an existing credit obligation. Section 604(a)(3)(E)
- For use by state and local officials in connection with the determination of child support payments, or modifications and enforcement thereof. Sections 604(a)(4) and 604(a)(5)

In addition, creditors and insurers may obtain certain consumer report information for the purpose of making “prescreened” unsolicited offers of credit or insurance. Section 604(c). The particular obligations of users of “prescreened” information are described in Section VII below.

B. Users Must Provide Certifications

Section 604(f) prohibits any person from obtaining a consumer report from a consumer reporting agency (CRA) unless the person has certified to the CRA the permissible purpose(s) for which the report is being obtained and certifies that the report will not be used for any other purpose.

C. Users Must Notify Consumers When Adverse Actions Are Taken

The term “adverse action” is defined very broadly by Section 603. “Adverse actions” include all business, credit, and employment actions affecting consumers that can be considered to have a negative impact as defined by Section 603(k) of the FCRA – such as denying or canceling credit or insurance, or denying employment or promotion. No adverse action occurs in a credit transaction where the creditor makes a counteroffer that is accepted by the consumer.

**1. Adverse Actions Based on Information Obtained From a CRA**

If a user takes any type of adverse action as defined by the FCRA that is based at least in part on information contained in a consumer report, Section 615(a) requires the user to notify the consumer. The notification may be done in writing, orally, or by electronic means. It must include the following:

- The name, address, and telephone number of the CRA (including a toll-free telephone number, if it is a nationwide CRA) that provided the report.
- A statement that the CRA did not make the adverse decision and is not able to explain why the decision was made.
- A statement setting forth the consumer's right to obtain a free disclosure of the consumer's file from the CRA if the consumer makes a request within 60 days.
- A statement setting forth the consumer's right to dispute directly with the CRA the accuracy or completeness of any information provided by the CRA.

2. Adverse Actions Based on Information Obtained From Third Parties Who Are Not Consumer Reporting Agencies

If a person denies (or increases the charge for) credit for personal, family, or household purposes based either wholly or partly upon information from a person other than a CRA, and the information is the type of consumer information covered by the FCRA, Section 615(b)(1) requires that the user clearly and accurately disclose to the consumer his or her right to be told the nature of the information that was relied upon if the consumer makes a written request within 60 days of notification. The user must provide the disclosure within a reasonable period of time following the consumer's written request.

3. Adverse Actions Based on Information Obtained From Affiliates

If a person takes an adverse action involving insurance, employment, or a credit transaction initiated by the consumer, based on information of the type covered by the FCRA, and this information was obtained from an entity affiliated with the user of the information by common ownership or control, Section 615(b)(2) requires the user to notify the consumer of the adverse action. The notice must inform the consumer that he or she may obtain a disclosure of the nature of the information relied upon by making a written request within 60 days of receiving the adverse action notice. If the consumer makes such a request, the user must disclose the nature of the information not later than 30 days after receiving the request. If consumer report information is shared among affiliates and then used for an adverse action, the user must make an adverse action disclosure as set forth in I.C.1 above.

D. Users Have Obligations When Fraud and Active Duty Military Alerts are in Files

When a consumer has placed a fraud alert, including one relating to identity theft, or an active duty military alert with a nationwide consumer reporting agency as defined in Section 603(p) and resellers, Section 605A(h) imposes limitations on users of reports obtained from the consumer reporting agency in certain circumstances, including the establishment of a new credit plan and the issuance of additional credit cards. For initial fraud alerts and active duty alerts, the user must have reasonable policies and procedures in place to form a belief that the user knows the identity of the applicant or contact the consumer at a telephone number specified by the consumer; in the case of extended fraud alerts, the user must contact the consumer in accordance with the contact information provided in the consumer's alert.

E. Users Have Obligations When Notified of an Address Discrepancy

Section 605(h) requires nationwide CRAs, as defined in Section 603(p), to notify users that request reports when the address for a consumer provided by the user in requesting the report is substantially different from the addresses in the consumer's file. When this occurs, users must comply with regulations specifying the procedures to be followed, which will be issued by the Federal Trade Commission and the banking and credit union regulators. The Federal Trade Commission's regulations will be available at www.ftc.gov/credit.

F. Users Have Obligations When Disposing of Records

Section 628 requires that all users of consumer report information have in place procedures to properly dispose of records containing this information. The Federal Trade Commission, the Securities and Exchange Commission, and the banking and credit union regulators have issued regulations covering disposal. The Federal Trade Commission's regulations may be found at www.ftc.gov/credit.

II. CREDITORS MUST MAKE ADDITIONAL DISCLOSURES

If a person uses a consumer report in connection with an application for, or a grant, extension, or provision of, credit to a consumer on material terms that are materially less favorable than the most favorable terms available to a substantial proportion of consumers from or through that person, based in whole or in part on a consumer report, the person must provide a risk-based pricing notice to the consumer in accordance with regulations to be jointly prescribed by the Federal Trade Commission and the Federal Reserve Board. Section 609(g) requires a disclosure by all persons that make or arrange loans secured by residential real property (one to four units) and that use credit scores. These persons must provide credit scores and other information about credit scores to applicants, including the disclosure set forth in Section 609(g)(1)(D) ("Notice to the Home Loan Applicant").

III. OBLIGATIONS OF USERS WHEN CONSUMER REPORTS ARE OBTAINED FOR EMPLOYMENT PURPOSES**A. Employment Other Than in the Trucking Industry**

If information from a CRA is used for employment purposes, the user has specific duties, which are set forth in Section 604(b) of the FCRA. The user must:



- Make a clear and conspicuous written disclosure to the consumer before the report is obtained, in a document that consists solely of the disclosure, that a consumer report may be obtained.
- Obtain from the consumer prior written authorization. Authorization to access reports during the term of employment may be obtained at the time of employment.
- Certify to the CRA that the above steps have been followed, that the information being obtained will not be used in violation of any federal or state equal opportunity law or regulation, and that, if any adverse action is to be taken based on the consumer report, a copy of the report and a summary of the consumer's rights will be provided to the consumer.
- **Before** taking an adverse action, the user must provide a copy of the report to the consumer as well as the summary of consumer's rights. (The user should receive this summary from the CRA.) A Section 615(a) adverse action notice should be sent after the adverse action is taken. An adverse action notice also is required in employment situations if credit information (other than transactions and experience data) obtained from an affiliate is used to deny employment. Section 615(b)(2)

The procedures for investigative consumer reports and employee misconduct investigations are set forth below.

B. Employment in the Trucking Industry

Special rules apply for truck drivers where the only interaction between the consumer and the potential employer is by mail, telephone, or computer. In this case, the consumer may provide consent orally or electronically, and an adverse action may be made orally, in writing, or electronically. The consumer may obtain a copy of any report relied upon by the trucking company by contacting the company.

IV. OBLIGATIONS WHEN INVESTIGATIVE CONSUMER REPORTS ARE USED Investigative consumer reports are a special type of consumer report in which information about a consumer's character, general reputation, personal characteristics, and mode of living is obtained through personal interviews by an entity or person that is a consumer reporting agency.

Consumers who are the subjects of such reports are given special rights under the FCRA. If a user intends to obtain an investigative consumer report, Section 606 requires the following:

- The user must disclose to the consumer that an investigative consumer report may be obtained. This must be done in a written disclosure that is mailed, or otherwise delivered, to the consumer at some time before or not later than three days after the date on which the report was first requested. The disclosure must include a statement informing the consumer of his or her right to request additional disclosures of the nature and scope of the investigation as described below, and the summary of consumer rights required by Section 609 of the FCRA. (The summary of consumer rights will be provided by the CRA that conducts the investigation.)
- The user must certify to the CRA that the disclosures set forth above have been made and that the user will make the disclosure described below.
- Upon the written request of a consumer made within a reasonable period of time after the disclosures required above, the user must make a complete disclosure of the nature and scope of the investigation. This must be made in a written statement that is mailed, or otherwise delivered, to the consumer no later than five days after the date on which the request was received from the consumer or the report was first requested, whichever is later in time.

V. SPECIAL PROCEDURES FOR EMPLOYEE INVESTIGATIONS

Section 603(x) provides special procedures for investigations of suspected misconduct by an employee or for compliance with Federal, state or local laws and regulations or the rules of a self-regulatory organization, and compliance with written policies of the employer. These investigations are not treated as consumer reports so long as the employer or its agent complies with the procedures set forth in Section 603(x), and a summary describing the nature and scope of the inquiry is made to the employee if an adverse action is taken based on the investigation.

VI. OBLIGATIONS OF USERS OF MEDICAL INFORMATION

Section 604(g) limits the use of medical information obtained from consumer reporting agencies (other than payment information that appears in a coded form that does not identify the medical provider). If the information is to be used for an insurance transaction, the consumer must give consent to the user of the report or the information must be coded. If the report is to be used for employment purposes – or in connection with a credit transaction (except as provided in regulations issued by the banking and credit union regulators) – the consumer must provide specific written consent and the medical information must be relevant. Any user who receives medical information shall not disclose the information to any other person (except where necessary to carry out the purpose for which the information was disclosed, or as permitted by statute, regulation, or order).

VII. OBLIGATIONS OF USERS OF "PRESCREENED" LISTS

The FCRA permits creditors and insurers to obtain limited consumer report information for use in connection with unsolicited offers of credit or insurance under certain circumstances. Sections 603(l), 604(c), 604(e), and 615(d). This practice is known as "prescreening" and typically involves obtaining from a CRA a list of consumers who meet certain preestablished criteria. If any person intends to use prescreened lists, that person must (1) before the offer is made, establish the criteria that will be relied upon to make the offer and to grant credit or insurance, and (2) maintain such criteria on file for a three-year period beginning on the date on which the offer is made to each consumer. In addition, any user must provide with each written solicitation a clear and conspicuous statement that:

- Information contained in a consumer's CRA file was used in connection with the transaction.
- The consumer received the offer because he or she satisfied the criteria for credit worthiness or insurability used to screen for the offer.



- Credit or insurance may not be extended if, after the consumer responds, it is determined that the consumer does not meet the criteria used for screening or any applicable criteria bearing on credit worthiness or insurability, or the consumer does not furnish required collateral.

- The consumer may prohibit the use of information in his or her file in connection with future prescreened offers of credit or insurance by contacting the notification system established by the CRA that provided the report. The statement must include the address and toll-free telephone number of the appropriate notification system.

In addition, once the Federal Trade Commission by rule has established the format, type size, and manner of the disclosure required by Section 615(d), users must be in compliance with the rule. The FTC's regulations will be at www.ftc.gov/credit.

VIII. OBLIGATIONS OF RESELLERS

A. Disclosure and Certification Requirements

Section 607(e) requires any person who obtains a consumer report for resale to take the following steps:

- Disclose the identity of the end-user to the source CRA.
- Identify to the source CRA each permissible purpose for which the report will be furnished to the end-user.
- Establish and follow reasonable procedures to ensure that reports are resold only for permissible purposes, including procedures to obtain:

(1) the identity of all end-users;

(2) certifications from all users of each purpose for which reports will be used; and

(3) certifications that reports will not be used for any purpose other than the purpose(s) specified to the reseller. Resellers must make reasonable efforts to verify this information before selling the report.

B. Reinvestigations by Resellers

Under Section 611(f), if a consumer disputes the accuracy or completeness of information in a report prepared by a reseller, the reseller must determine whether this is a result of an action or omission on its part and, if so, correct or delete the information. If not, the reseller must send the dispute to the source CRA for reinvestigation. When any CRA notifies the reseller of the results of an investigation, the reseller must immediately convey the information to the consumer.

C. Fraud Alerts and Resellers

Section 605A(f) requires resellers who receive fraud alerts or active duty alerts from another consumer reporting agency to include these in their reports.

IX. LIABILITY FOR VIOLATIONS OF THE FCRA

Failure to comply with the FCRA can result in state government or federal government enforcement actions, as well as private lawsuits. Sections 616, 617, and 621. In addition, any person who knowingly and willfully obtains a consumer report under false pretenses may face criminal prosecution. Section 619.

The FTC's Web site, www.ftc.gov/credit, has more information about the FCRA, including publications for businesses and the full text of the FCRA.



Citations for FCRA sections in the U.S. Code, 15 U.S.C. § 1681 et seq.:

- Section 602 15 U.S.C. 1681
- Section 603 15 U.S.C. 1681a
- Section 604 15 U.S.C. 1681b
- Section 605 15 U.S.C. 1681c
- Section 605A 15 U.S.C. 1681cA
- Section 605B 15 U.S.C. 1681cB
- Section 606 15 U.S.C. 1681d
- Section 607 15 U.S.C. 1681e
- Section 608 15 U.S.C. 1681f
- Section 609 15 U.S.C. 1681g
- Section 610 15 U.S.C. 1681h
- Section 611 15 U.S.C. 1681i
- Section 612 15 U.S.C. 1681j
- Section 613 15 U.S.C. 1681k
- Section 614 15 U.S.C. 1681l
- Section 615 15 U.S.C. 1681m
- Section 616 15 U.S.C. 1681n
- Section 617 15 U.S.C. 1681o
- Section 618 15 U.S.C. 1681p
- Section 619 15 U.S.C. 1681q
- Section 620 15 U.S.C. 1681r
- Section 621 15 U.S.C. 1681s
- Section 622 15 U.S.C. 1681s-1
- Section 623 15 U.S.C. 1681s-2
- Section 624 15 U.S.C. 1681t
- Section 625 15 U.S.C. 1681u
- Section 626 15 U.S.C. 1681v
- Section 627 15 U.S.C. 1681w
- Section 628 15 U.S.C. 1681x
- Section 629 15 U.S.C. 1681y



Exhibit D

TALX Service Description



TALX will be held accountable with regards to contract breach, for fulfilling the terms of the Service Description, vs. the fulfilling the suggestions in the “Contractor’s Response to Task” area of the RFP response.

- a) **Product.** An Employment Verification includes the Consumer's (i) Employer name and (ii) employment status. Income Verification may include, without limitation, the Consumer's (i) employer address, (ii) employment dates, where available, (iii) position title, (iv) medical and dental information, where available, (v) pay rate, (vi) up to three (3) years of YTD gross income details, and (vii) up to three (3) years of pay period detail.

- b) **Delivery.** The Service provides automated access to requested Data via the Internet or phone. If Data is requested via the Internet, it will be delivered instantly via the same mode. If Data is requested via the phone, it will be delivered by fax within one (1) business day.

- c) **Input Requirements.** An Agency may request access to Data by providing the Consumer's social security number. .