



# STATE OF MICHIGAN PROCUREMENT

Department of Treasury

7285 Parsons Dr. Dimondale, MI 48821

## CONTRACT CHANGE NOTICE

Change Notice Number 1

to

Contract Number 20000000870

<b>CONTRACTOR</b>	Avenu SLS Holdings, LLC
	100 Hancock St
	Quincy, MA 02171
	James Barkman
	703.470.7764
	James.Barkman@avenuinsights.com
	VS0102516

<b>STATE</b>	Program Manager	Terry Stanton	TREAS
		517.636.5307	
	stantont@michigan.gov		
	Contract Administrator	Kyle Elzinga	TREAS
517.614.0956			
ElzingaK1@michigan.gov			

CONTRACT SUMMARY				
<b>DESCRIPTION:</b> Unclaimed Property custodial services for securities				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
8/1/2020	7/31/2025	5, 1-year options	7/31/2025	
PAYMENT TERMS		DELIVERY TIMEFRAME		
Net 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A	
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$803,544.00		\$200,000	\$1,003,544	
<b>DESCRIPTION:</b> Effective 11/20/2023, this Contract is increased by \$200,000 for Department of Treasury use.				
Changes made per Amendment No. 1 attachment include:				
The Contract Administrator for the Contractor is amended to James Barkman.				

The Contract Administrator for the State is updated to Kyle Elzinga.

Customer Contact in Schedule A, Section 4.2 Customer Service Number is deleted and replaced with Lisa Churchill.

All other terms, conditions, specifications and pricing remain the same.

CHANGE NOTICE NO. 1 TO CONTRACT NO. 200000000870

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**FOR THE CONTRACTOR:**

**Avenu SLS Holdings, LLC**

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Authorized Agent Signature

**James Barkman**

\_\_\_\_\_  
Authorized Agent (Print or Type)

\_\_\_\_\_  
Date

**FOR THE STATE:**

\_\_\_\_\_  
Signature

**Kyle Elzinga – Department Analyst**

\_\_\_\_\_  
Name & Title

**Treasury**

\_\_\_\_\_  
Agency

\_\_\_\_\_  
Date

**Contract 20000000870**

**Avenu SLS Holdings, LLC**

**State of Michigan**

This first amendment (“Amendment No. 1”) is made by and between **Avenu SLS Holdings, LLC**, 5860 Trinity Parkway, Suite 120, Centreville, VA 20120 (“Avenu”) and **State of Michigan**, 7285 Parsons Drive, Diamondale, MI 48821 (“State”).

**RECITALS**

**WHEREAS**, State and Avenu SLS Holdings, LLC (Avenu) executed the Contract for Unclaimed Property Custodial Services (“Contract”), effective August 1, 2020 through July 31, 2025; and

**WHEREAS**, the parties seek to amend Section 2 Notices, Section 3 Contract Administrator and Schedule A, Statement of Work, Section 4.2, Customer Service Number.

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein, Avenu and State (each individually a “party” and collectively, the “parties”) agree as follows:

1. This Amendment No. 1 is effective on November 20, 2023 (Amendment Effective Date).
2. Section 2 of the Contract (Notices) is hereby deleted in its entirety and replaced with the following:

If to State:	If to Contractor:
Kyle Elzinga 7285 Parsons Dr. Dimondale, MI 48821 elzingak1@michigan.gov 517.614.0956	James Barkman 5860 Trinity Parkway, Suite 120 Centreville, VA 20120 james.barkman@avenuinsights.com 703.470.7764

3. Section 3 of the Contract (Contract Administrator) is hereby deleted in its entirety and replaced with the following:

State:	Contractor:
Kyle Elzinga 7285 Parsons Dr. Dimondale, MI 48821 elzingak1@michigan.gov 517.614.0956	James Barkman 5860 Trinity Parkway, Suite 120 Centreville, VA 20120 james.barkman@avenuinsights.com 703.470.7764

4. Customer Contact in Schedule A, Section 4.2 Customer Service Number is deleted in its entirety and replaced with the following:

Lisa Churchill  
Customer Success Manager  
5860 Trinity Parkway, Suite 120  
Centreville, VA 20120  
Lisa.Churchill@avenuinsights.com  
Cell: 813-765-0941

5. All other terms and conditions of the Contract, except as modified by this Amendment No. 1, shall remain in full force and effect.

**IN WITNESS WHEREOF**, the undersigned authorized representatives of Avenu and State have executed this Amendment No. 1.

**Avenu SLS Holdings, LLC**

**State of Michigan**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: James Barkman

Name: \_\_\_\_\_

Title: CFO

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



# STATE OF MICHIGAN PROCUREMENT

Department of Treasury

7285 Parsons Dr. Dimondale, MI 48821

## CONTRACT CHANGE NOTICE

Change Notice Number 2

to

Contract Number 20000000870

<b>CONTRACTOR</b>	Avenu SLS Holdings, LLC
	100 Hancock St
	Quincy, MA 02171
	Paul Colangelo
	(517) 441-2834 EXT 76606
	Paul.Colangelo@avenuinsights.com
	VS0102516

<b>STATE</b>	Program Manager	Terry Stanton	TREAS
		517.636.5307	
	stantont@michigan.gov		
	Contract Administrator	Andrew Shaver	TREAS
517-420-5328			
ShaverA@michigan.gov			

### CONTRACT SUMMARY

**DESCRIPTION:** Unclaimed Property custodial services for securities

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
8/1/2020	7/31/2025	5, 1-year options	7/31/2025
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

### DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	5 Years	<input type="checkbox"/>	N/A	7/31/2030
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,003,544.00	\$850,000.00	1,853,544.00		

**DESCRIPTION:**

Effective 3/1/2025, the State is exercising all 5 of the available option years and the Contract is increased by \$850,000 for Department of Treasury use.

The Contract Administrator for the State is updated to Andrew Shaver

Schedule B – Pricing updated to reflect firm/fixed 5% price increase for the 5 option years.

Please note the Contractor contact has been updated to Paul Colangelo.

All other terms, conditions, specifications and pricing remain the same.

**FOR THE CONTRACTOR:**

**Avenu SLS Holdings, LLC**

\_\_\_\_\_  
**Company Name**

\_\_\_\_\_  
**Authorized Agent Signature**

**Paul Colangelo**

\_\_\_\_\_  
**Authorized Agent** (Print or Type)

\_\_\_\_\_  
**Date**

**FOR THE STATE:**

\_\_\_\_\_  
**Signature**

**Andrew Shaver – Department Analyst**

\_\_\_\_\_  
**Name & Title**

**Treasury**

\_\_\_\_\_  
**Agency**

\_\_\_\_\_  
**Date**

# STATE OF MICHIGAN

MA 271 200000000870  
Unclaimed Property Custodial Services

## SCHEDULE B PRICING

Tasks	Unit Cost	Estimated Monthly Volume	Estimated Monthly Subtotals	Estimated 5-year Subtotals
1. Monthly Maintenance Fee				
a. for securities held at DTC	\$6.51	300	\$1,953.00	\$117,180.00
b. for physical securities held	\$6.51	30	\$195.30	\$11,718.00
2. Corporate Actions				
a. for securities held at DTC	No Charge (included in Monthly Maintenance Fee)	20	\$0.00	\$0.00
b. for physical securities held	No Charge (included in Monthly Maintenance Fee)	5	\$0.00	\$0.00
3. Receipt of Securities				
a. through DTC account	\$21.00	100	\$2,100.00	\$126,000.00
b. physical securities <sub>3</sub>	\$52.50	20	\$1,050.00	\$63,000.00
4. Liquidation of Securities				
a. for securities held at DTC <sub>1</sub>	\$21.00	100	\$2,100.00	\$126,000.00
b. physical securities*	\$52.50	20	\$1,050.00	\$63,000.00
5. Transfer of Securities to Claimant's name				
a. for securities held at DTC	\$26.25	5	\$131.25	\$7,875.00
b. for physical securities <sub>2</sub>	\$26.25	5	\$131.25	\$7,875.00
6. Medallion Signature Guarantee Requests	No Charge  (Included in Monthly Maintenance Fee)	10	\$0.00	\$0.00
7. Other Charges (please explain)				

a. Monthly Account Administration Fee	\$262.50 (\$3,150 annual pass-through charge)	1	\$262.50	\$15,750.00
b. Wires / Checks	\$15.75	1	\$15.75	\$945.00
c. Mutual Funds – Monthly Maintenance (per position)	\$6.51	122	\$794.22	\$47,653.20
d. Mutual Funds – Receipt	\$26.50	135	\$3,577.50	\$214,650.00
e. Mutual Funds – Transfer to Claimant's Name	\$26.50	0	\$0.00	\$0.00
f. Mutual Funds – Liquidation	\$26.50	28	\$742.00	\$44,520.00
Estimated Totals:			\$14,102.77	\$846,166.20

## Footnotes:

- The following brokerage fees will apply for all DTC, Physical and Foreign Sale of Securities. All commissions/fees set out below are deducted from gross sale proceeds prior to trade settlement:

- \$0.05 per share commission
- \$5.00 flat commission for any position (lot) under 100 shares
- SEC Section 31 Fee of \$0.0218/\$1,000.00 of principal value of trade
- Commission is waived for any sale where the gross proceeds are less than or equal to the calculated commission rate
- No commission for worthless sales. RJA will purchase worthless securities for \$0.01/block of shares
- Corporate and Government Bonds – 1% per \$1,000.00 bond
- No commission for the sale of Mutual Fund Shares, however some mutual fund companies might charge liquidation/processing fee that varies from fund to fund
- Physical Securities (Not DTC Eligible)
  - Transactions with Value. FINRA Rules require the return of the securities to state
  - Worthless Transactions: RJA will purchase worthless securities for \$0.01/block of shares within the transaction

Additional Brokerage Fees – UP can make decision prior to processing transactions:

- Restricted Securities: \$150.00 for Legal Opinion to lift the restriction
- Foreign Securities that need to be deposited to a foreign market prior to sale: Fixed Exchange Cost: \$250.00 per transaction

- This fee applies only for securities that are not DRS Eligible and therefore do not participate in the DRS Program. For Securities that are DRS Eligible but do not participate in the DRS program—the indicated cost will apply:

DRS Eligible Not Participating – Physical Cert Issuance to Claimant: \$682.00

Non-DRS Eligible Securities – Physical Cert issuance to Claimant: \$532.00

Avenu attempts to avoid this fee for its clients by issuing all transfers in DRS form and therefore the volume should be minimal. This fee is largely a pass through.

With regard to the increasing cost of issuing certificates, DTC has issued a number of fee increases to register positions in certificate form. As this is primarily a pass-through fee, Avenu has increased its fees accordingly.

Whether a security is issued as DRS or in physical form is a decision that is made at the transfer agent, however Avenu has a standing procedure in place for all transfers to owners in which DRS is the default as this is far less costly than issuing physical certificates.

Some companies still offer a choice between DRS and physical, though most companies offer exclusively one or the other and only a small number of companies issue physical certificates only.

3. Transfer Agents have implemented fees related to certificates submitted to them by the Depository Trust and Clearing corporation (DTCC) on behalf of the brokers to move shares into the DTCC balance account. Avenu will pass-through to UP, DTCC 'pass-through' costs related to registering and depositing physical certificates to DTCC. Avenu will notify UP prior to depositing these certificates to DTCC and UP can make decision prior to processing these transactions.



# STATE OF MICHIGAN PROCUREMENT

## Department of Treasury

7285 Parsons Dr.  
Dimondale, MI 48821

### NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **200000000870**

between

THE STATE OF MICHIGAN

and

Avenu SLS Holdings, LLC
100 Hancock St.
Quincy, MA 02171
Mike Melka
571.313.5155
Mike.melka@avenuinsights.com
VS0102516

Program Manager	Terry Stanton	TREAS
	517.636.5307	
	stantont@michigan.gov	
Contract Administrator	Andy Marple	TREAS
	517.636.6819	
	marplea@michigan.gov	

### CONTRACT SUMMARY

**DESCRIPTION: Unclaimed Property custodial services for securities**

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
8/1/2020	7/31/2025	5, 1-year options	7/31/2025
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			<b>\$803,544.00</b>

**FOR THE CONTRACTOR:**

Avenu SLS Holdings, LLC

**Company Name**



**Authorized Agent Signature**

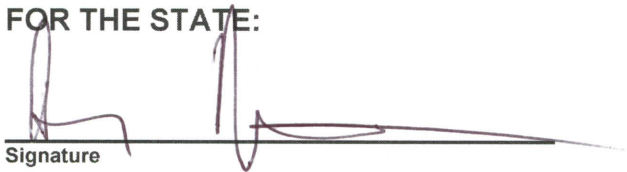
Mike Melka

**Authorized Agent** (Print or Type)

6/29/2020

**Date**

**FOR THE STATE:**



**Signature**

ANDI MARBLE - PURCHASING

**Name & Title**

DEPT. OF TREASURY

**Agency**

7/14/2020

**Date**



# STATE OF MICHIGAN

## STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and Avenu SLS Holdings, LLC (“**Contractor**”), a Massachusetts LLC. This Contract is effective on August 1, 2020 (“**Effective Date**”), and unless terminated, expires on July 31, 2025.

This Contract may be renewed for up to five (5) additional 1-year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

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

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

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

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

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

<b>If to State:</b> Andy Marple 7285 Parsons Dr. Dimondale, MI 48821 <a href="mailto:marplea@michigan.gov">marplea@michigan.gov</a> 517.636.6819	<b>If to Contractor:</b> Mike Melka 5860 Trinity Parkway, Suite 120 Centreville, VA 20120 <a href="mailto:mike.melka@avenuinsights.com">mike.melka@avenuinsights.com</a> 571.313.5155
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- 3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “**Contract Administrator**”):

<b>State:</b> Andy Marple 7285 Parsons Dr.	<b>Contractor:</b> Mike Melka 5860 Trinity Parkway, Suite 120
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Dimondale, MI 48821 <a href="mailto:marplea@michigan.gov">marplea@michigan.gov</a> 517.636.6819	Centreville, VA 20120 <a href="mailto:mike.melka@avenuinsights.com">mike.melka@avenuinsights.com</a> 571.313.5155
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4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “**Program Manager**”):

<b>State:</b> Terry Stanton 7285 Parsons Dr. Dimondale, MI 48821 <a href="mailto:stantont@michigan.gov">stantont@michigan.gov</a> 517.636.5307	<b>Contractor:</b> Vilka Markovich 100 Hancock St., 10 <sup>th</sup> Floor Quincy, MA 02171 <a href="mailto:Vilka.markovich@avenuinsights.com">Vilka.markovich@avenuinsights.com</a> 617.722.9657
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5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Schedule A) if, in the opinion of the State, it will ensure performance of the Contract.
6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A-" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
<b>Commercial General Liability Insurance</b>	
<u>Minimum Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations  <u>Deductible Maximum:</u> \$50,000 Each Occurrence	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 04.
<b>Umbrella or Excess Liability Insurance</b>	
<u>Minimum Limits:</u> \$5,000,000 General Aggregate	Contractor must have their policy follow form.
<b>Automobile Liability Insurance</b>	
<u>Minimum Limits:</u> \$1,000,000 Per Accident	Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
<b>Workers' Compensation Insurance</b>	
<u>Minimum Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
<b>Employers Liability Insurance</b>	
<u>Minimum Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	

<b>Privacy and Security Liability (Cyber Liability) Insurance</b>	
<p><u>Minimum Limits:</u>                  \$1,000,000 Each Occurrence                  \$1,000,000 Annual Aggregate</p>	<p>Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.</p>
<b>Crime (Fidelity) Insurance</b>	
<p><u>Minimum Limits:</u>                  \$1,000,000 Employee Theft Per Loss</p>	<p>Contractor must have their policy: (1) cover forgery and alteration, theft of money and securities, robbery and safe burglary, computer fraud, funds transfer fraud, money order and counterfeit currency, and (2) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as Loss Payees.</p>
<b>Professional Liability (Errors and Omissions) Insurance</b>	
<p><u>Minimum Limits:</u>                  \$3,000,000 Each Occurrence                  \$3,000,000 Annual Aggregate</p> <p><u>Deductible Maximum:</u>                  \$50,000 Per Loss</p>	

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

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or delivery order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver. This Section is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

- 7. **Reserved.**
- 8. **Reserved.**
- 9. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor.
- 10. **Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation and provide the State any information it requests to determine whether the delegation is in its best interest. If

approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

11. **Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.
12. **Background Checks.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.
13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
14. **Change of Control.** Contractor will notify within 30 days of any public announcement or otherwise once legally permitted to do so, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

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

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

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

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

17. **Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Schedule A. All containers and packaging become the State's exclusive property upon acceptance.
18. **Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.
19. **Reserved.**
20. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Schedule A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. All prices are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

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

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

21. **Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in Schedule A.
22. **Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or delivery order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.
23. **Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

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

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

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

- 24. Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.
- 25. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.
- 26. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

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

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

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

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

- 28. Limitation of Liability and Disclaimer of Damages. IN NO EVENT WILL THE STATE'S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT.** The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.
- 29. Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.
- 30. Reserved.**
- 31. State Data.**
- a. Ownership. The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.
  - b. Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.
  - c. Extraction of State Data. Contractor must, within five (5) business days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.
  - d. Backup and Recovery of State Data. Unless otherwise specified in Schedule A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Schedule A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.
  - e. Loss or Compromise of Data. In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) with approval and assistance from the State, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally

required notification period, within five (5) calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within ten (10) calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. The parties agree that any damages relating to a breach of this **Section 31** are to be considered direct damages and not consequential damages. This section survives termination or expiration of this Contract.

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

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

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

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

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

### **33. Data Privacy and Information Security.**

- a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.
- b. Audit by Contractor. No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.
- c. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.
- d. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

### **34. Reserved.**

### **35. Reserved.**

- 36. Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor

general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension (“**Audit Period**”). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

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

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

- 37. Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (i) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.
- 38. Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.
- 39. Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
- 40. Reserved.**
- 41. Reserved.**
- 42. Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and [Executive Directive 2019-09](#). Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.
- 43. Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
- 44. Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of

Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.

- 45. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
- 46. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
- 47. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

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

- 48. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
- 49. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
- 50. **Schedules.** All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

<b>Schedule A</b>	Statement of Work
<b>Schedule B</b>	Pricing
<b>Attachment A</b>	Security Requirements, Form 4621, Form 4000
<b>Appendix A</b>	Organizational Charts

- 51. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and schedules and exhibits which are hereby expressly incorporated, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

- 52. Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
- 53. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 54. Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
- 55. Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

# STATE OF MICHIGAN

Contract 20000000870  
Unclaimed Property Custodial Services

## SCHEDULE A STATEMENT OF WORK CONTRACT ACTIVITIES

### BACKGROUND

This Contract entails a qualified Contractor serving as custodian for securities received from holders that report unclaimed property. The property consists of securities and the dividends or interest associated with these securities. The Contractor will also be involved in the liquidation or transfer of securities as instructed by the Program Manager or designee.

### SCOPE

To account for securities, related dividends and interest remitted by holders of unclaimed property to the Michigan Department of Treasury, Unclaimed Property (UP). This includes, but is not limited to, the following:

- A. To accept and deposit securities and related dividends/interest remitted to UP
- B. To account for securities and related dividends/interest remitted to UP
- C. To liquidate or transfer securities to unclaimed property owners at the direction of the Program Manager or designee
- D. To account for all corporate actions, including mergers, stock splits, cash and stock dividends, spinoffs, etc.

### 1. Requirements

#### 1.1. General Requirements

1. The Contractor must establish a custodian account for UP. Contractor will not deduct charges and fees from the custodian account, except in those instances where the charges stem from redemption or sale transactions. These charges and fees shall be billed separately.
2. The Contractor must use the same account for the duration of Contract.
3. The Contractor must provide the UP staff with access to NEXEN®, the Contractor's internet-based inquiry and reporting product, which is available 24 hours a day, 7 days a week. NEXEN® runs completely via the internet and requires no extra software to be installed by UP staff. It is secured by a unique user ID and password for each user. Each user is set up only on the Program Manager's authorization.
4. The Contractor must be able to accept securities through the Depository Trust Company (DTC) from holders and reporting entities.
5. The Contractor must provide accounting for the following types of securities: stocks, mutual funds, bonds, debentures and warrants (see section 5.3 for report requirements).
6. The Contractor must record each security received by the Committee on Uniform Securities Identification Procedures (CUSIP) number, name of issue or security, number of shares, type of security, date received and the method of receipt. This information will be recorded and maintained for each unique security position received to ensure ease of reconciliation and allowing anyone the ability to view the relevant information about a position at any time via NEXEN®.
7. The Contractor must accept, and deposit securities registered in either custodian's name, State of Michigan's name, its nominee name, or unclaimed property owner's name.
8. The Custodial Service must account for all corporate actions, such as mergers, stock splits, cash and stock dividends, etc.
9. The Contractor must collect and record dividends, interest, and other cash receipts.

10. The Contractor must deposit dividends, interest, securities liquidation proceeds, and other cash receipts in an interest-bearing money market account.
11. The Contractor must be able to secure physical stock and bond certificates in a vault.
12. The Contractor must conduct research as requested by the Program Manager or designee, on corporate actions such as mergers, name changes, discontinued corporations, etc., (see section 5.3 for report requirements).
13. The Contractor must liquidate securities at the direction of the Program Manager or designee.
14. The Contractor will initiate the reissuance of a security to an owner within 24 hours of receiving authorized instructions from the UP, electronically, in an agreed upon format. The reissuance, delivery and settlement process will usually be completed within 5-7 business days for all DTC and Direct Registration System (DRS) positions but may take longer if a physical certificate is requested or necessary. UP staff will be able to see the trade date, which is the date the trade was entered, and verify that the trade was entered according to our procedures and timeline via NEXEN®.
15. The Contractor must provide for medallion signature guarantee.
16. Security lending is not allowed in this Contract.

### **1.2 Transition**

Refer to Section 25, Transition Responsibilities of the Standard Contract Terms for transition language

### **1.3. Training**

The Contractor must provide any and all onsite, offsite, or internet-based training documentation and materials and be available to conduct training sessions, in any of the forms noted above, as requested by the Program Manager.

## **2. Service Levels**

### **2.1. Time Frames**

1. The Contractor must inventory securities at the current market value no later than 48 hours after receipt.
2. The Contractor must inventory securities at par value for those that do not have a market value upon receipt.
3. The Contractor must return to the holder or reporting entities, any worthless or non-transferable securities with an explanation within 30 calendar days after the Contractor becomes aware of the issue.
4. The Contractor must hold securities for 45 days before they are eligible for sale.
5. The Contractor must provide to the Program Manager a list of securities eligible for sale no later than the 20<sup>th</sup> of each month in Excel format.
6. The Contractor must liquidate securities within three working days after request.
7. The Contractor must transmit, via wire transfer, by the 3<sup>rd</sup> business day of each calendar month to the Michigan Department of Treasury all liquidation proceeds, dividends, interest and other cash receipts plus interest earned on such funds.
8. The Contractor must conduct research of old securities for potential value within 30 days of request.
9. The Contractor must assist Program Manager or designee in determining market value of securities not maintained by the Contractor, within 30 days of request.
10. The Contractor must conduct research as requested by the Program Manager or designee, on corporate actions such as mergers, name changes, discontinued corporations, etc., within 30 days of request.
11. At the direction of the Program Manager or designee, the Contractor must re-register shares from State of Michigan's name to unclaimed property owners. Such registration change shall be requested from transfer agent within 3 days of request from Program Manager.

### 3. Acceptance

#### 3.1. Acceptance, Inspection and Testing

The following criteria will be used by the State to determine Acceptance of the Services and/or Deliverables provided under this SOW and will be approved by the Program Manager or designee.

1. Verification that the unit price charged for each service matches the fees listed in Schedule B and a confirmation that the calculations are correct.
2. A confirmation that the quantity for each transaction charged (i.e. receipt of securities, liquidation of securities, receipt of mutual funds/DRP transactions, etc.) is accurate and matches the share position and valuation reporting provided by the Contractor for the month.

### 4. Staffing

#### 4.1. Contractor Representative

The Contractor must appoint one individual, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc., (the "Contractor Representative").

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

The Contractor Representative for this Contract is:

David Lemoine  
 Managing Director, Finance & Revenue Solutions  
 Avenu Insights & Analytics  
 100 Hancock Street, 10<sup>th</sup> Floor  
 Quincy MA 02171  
[David.Lemoine@avenuinsights.com](mailto:David.Lemoine@avenuinsights.com)  
 Office 617.722.9673  
 Cell 207.229.4322

#### 4.2. Customer Service Number

The Contractor must specify a number for the State to make contact with Customer Service. The Customer Service contact must be available for calls during the hours of 8 am to 5 pm EST. The Contractor service number is:

David Milby  
 Customer Success Manager  
 201 E. Main St. Suite 300  
 Lexington, KY 40507  
[David.milby@avenuinsights.com](mailto:David.milby@avenuinsights.com)  
 Office 859.309.5886  
 Cell 859.948.4714

#### 4.3. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 7:00 a.m. to 6:00 p.m. EST, and possible night and weekend hours depending on the requirements of the project.

#### 4.4. Key Personnel

The Contractor must appoint one individual who will be directly responsible for the day-to-day operations of the Contract ('Key Personnel'). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours

The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Program Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons

beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel’s employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an “Unauthorized Removal Credit”):

(i) For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be \$25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30 calendar days before the Key Personnel’s removal.

(ii) If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 calendar days, in addition to the \$25,000.00 credit specified above, Contractor will credit the State \$833.33 per calendar day for each day of the 30 calendar-day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30 calendar days of shadowing will not exceed \$50,000.00 per individual.

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

Vilka Markovich  
 Vice President  
 100 Hancock St. 10<sup>th</sup> Floor  
 Quincy, MA 02171  
[Vilka.markovich@avenuinsights.com](mailto:Vilka.markovich@avenuinsights.com)  
 Office 617.722.9657  
 Cell 617.304.9327

**4.5. Organizational Chart**

Appendix A – Organization Chart includes the Contractor’s overall organizational chart that details staff members, by name and title.

**4.6. Disclosure of Subcontractors**

The Contractor intends to utilize the subcontractors as described below for this Contract.

<b>Subcontractor 1</b>	
Legal business name and full address.	<b>The Bank of New York Mellon</b> 240 Greenwich Street New York, NY 10286
State in which business was incorporated.	The Bank of New York Mellon Corporation is incorporated in Delaware.
Phone number.	212-495-1784
Description of subcontractor’s organization and the services it will provide.	Banking and brokerage services.
Description of the Contract Activities that will be performed or provided by the subcontractor.	Avenu has a longstanding partnership with Bank of New York Mellon (BNY Mellon) to provide premier cash management, custody, safekeeping.

Information concerning subcontractor's ability to provide the identified Contract Activities for their business.	BNY Mellon is a global investments company that delivers informed investment management and investment services in 35 countries. As of December 31, 2019, BNY Mellon had \$37.1 trillion in assets under custody and/or administration, and \$1.9 trillion in assets under management.
Website address.	<a href="http://www.bnymellon.com">www.bnymellon.com</a>
The relationship of the subcontractor to the Contractor.	Subcontractor to provide assistance with some of the services required in this contract.
If the Contractor has a previous working experience with the subcontractor, provide the details of that previous relationship.	BNY Mellon has a longstanding relationship with Avenu Insights & Analytics, LLC.
Of the total bid, the price of the subcontractor's work.	Undetermined.

<b>Subcontractor 2</b>	
Legal business name and full address.	<b>Raymond James Financial, Inc.</b> 800 Carillon Parkway St. Petersburg, FL 22716
State in which business was incorporated.	Florida
Phone number.	804-225-1148
Description of subcontractor's organization and the services it will provide.	Banking and brokerage services
Description of the Contract Activities that will be performed or provided by the subcontractor.	Liquidation of securities, research on value of securities, and purchase of worthless securities if directed by the State of Michigan.
Information concerning subcontractor's ability to provide the identified Contract Activities for their business.	Currently provide services to 33 states including the State of Michigan Department of the Treasury.
Website address.	<a href="http://www.raymondjames.com">www.raymondjames.com</a>
The relationship of the subcontractor to the Contractor.	Subcontractor for liquidation and brokerage services.
If the Contractor has a previous working experience with the subcontractor, provide the details of that previous relationship.	15 Years of providing security liquidation services.
Of the total bid, the price of the subcontractor's work.	Subcontractor charges \$0.05/share to liquidate equity securities. Fixed income securities is 1% per \$1,000 bond value. Pass-Through SEC Section 31 Fees: \$0.0218/\$1,000 of principal value of trade.

#### 4.7. Security

The Contractor will be subject the security procedures identified in Attachment A – Security Requirements Version 6.1.

### 5. Project Management

#### 5.1. Meetings

Program Manager may request meetings as needed. No required meetings are scheduled at the time of Contract execution.

## **5.2. Reporting**

The Contractor must submit to the Program Manager or make available via NEXEN®, the following reports:

1. Monthly reports required by the State must be electronically accessible by designated UP staff. Designated UP staff will also require access to generate custodial holdings and financial reports throughout the month, on an as-needed basis.
2. Monthly Transaction Report
  - a. The Monthly Transaction Report must list all transactions/corporate actions during the month.
  - b. The listing must be in an Excel format, allowing the data to be manipulated.
  - c. The Monthly Transaction Report must indicate the total cash receipts for the month.
3. Monthly Securities Inventory

The Monthly Securities Inventory report must include the month-end inventory and be in an Excel format, allowing the data to be manipulated. The Monthly Securities Inventory report must list all securities held as of the last day of the month and must include the following:

- a. Name of issue
- b. CUSIP number
- c. Number of shares per issue
- d. Market value per share of each issue
- e. Total market value of each issue
- f. Total market value of all securities in portfolio.

## **6. Pricing**

### **6.1. Price Term**

Pricing is firm for the entire length of the Contract.

## **7. Ordering**

### **7.1. Authorizing Document**

The appropriate authorizing document for the Contract will be a Purchase Order (PO) or Delivery Order (DO) issued through the State of Michigan SIGMA system.

## **8. Invoice and Payment**

### **8.1. Invoice Requirements**

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

### **8.2. Payment Methods**

The State will make payment for Contract Activities via EFT.

## **9. Liquidated Damages**

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of \$10,000 and an additional \$200 per day for each day Contractor fails to remedy the late or improper completion of the Work.

# STATE OF MICHIGAN

MA 271 200000000870  
Unclaimed Property Custodial Services

## SCHEDULE B PRICING

Tasks	Unit Cost	Estimated Monthly Volume	Estimated Monthly Subtotals	Estimated 5-year Subtotals
1. Monthly Maintenance Fee				
a. for securities held at DTC	\$6.20	300	\$1,860.00	\$111,600.00
b. for physical securities held	\$6.20	30	\$186.00	\$11,160.00
2. Corporate Actions				
a. for securities held at DTC	No Charge (included in Monthly Maintenance Fee)	20	\$0.00	\$0.00
b. for physical securities held	No Charge (included in Monthly Maintenance Fee)	5	\$0.00	\$0.00
3. Receipt of Securities				
a. through DTC account	\$20.00	100	\$2,000.00	\$120,000.00
b. physical securities <sub>3</sub>	\$50.00	20	\$1,000.00	\$60,000.00
4. Liquidation of Securities				
a. for securities held at DTC <sub>1</sub>	\$20.00	100	\$2,000.00	\$120,000.00
b. physical securities*	\$50.00	20	\$1,000.00	\$60,000.00
5. Transfer of Securities to Claimant's name				
a. for securities held at DTC	\$25.00	5	\$125.00	\$7,500.00
b. for physical securities <sub>2</sub>	\$25.00	5	\$125.00	\$7,500.00
6. Medallion Signature Guarantee Requests	No Charge  (Included in Monthly Maintenance Fee)	10	\$0.00	\$0.00
7. Other Charges (please explain)				

a. Monthly Account Administration Fee	\$250.00 (\$3,000 annual pass-through charge)	1	\$250.00	\$15,000.00
b. Wires / Checks	\$15.00	1	\$15.00	\$900.00
c. Mutual Funds – Monthly Maintenance (per position)	\$6.20	122	\$756.40	\$45,384.00
d. Mutual Funds – Receipt	\$25.00	135	\$3,375.00	\$202,500.00
e. Mutual Funds – Transfer to Claimant’s Name	\$25.00	0	\$0.00	\$0.00
f. Mutual Funds – Liquidation	\$25.00	28	\$700.00	\$42,000.00
Estimated Totals:			\$13,392.40	\$803,544.00

## Footnotes:

- The following brokerage fees will apply for all DTC, Physical and Foreign Sale of Securities. All commissions/fees set out below are deducted from gross sale proceeds prior to trade settlement:
  - \$0.05 per share commission
  - \$5.00 flat commission for any position (lot) under 100 shares
  - SEC Section 31 Fee of \$0.0218/\$1,000.00 of principal value of trade
  - Commission is waived for any sale where the gross proceeds are less than or equal to the calculated commission rate
  - No commission for worthless sales. RJA will purchase worthless securities for \$0.01/block of shares
  - Corporate and Government Bonds – 1% per \$1,000.00 bond
  - No commission for the sale of Mutual Fund Shares, however some mutual fund companies might charge liquidation/processing fee that varies from fund to fund
  - Physical Securities (Not DTC Eligible)
    - Ø Transactions with Value. FINRA Rules require the return of the securities to state
    - Ø Worthless Transactions: RJA will purchase worthless securities for \$0.01/block of shares within the transaction

Additional Brokerage Fees – UP can make decision prior to processing transactions:

- Restricted Securities: \$150.00 for Legal Opinion to lift the restriction
  - Foreign Securities that need to be deposited to a foreign market prior to sale: Fixed Exchange Cost: \$250.00 per transaction
- This fee applies only for securities that are not DRS Eligible and therefore do not participate in the DRS Program. For Securities that are DRS Eligible but do not participate in the DRS program– the indicated cost will apply:

DRS Eligible Not Participating – Physical Cert Issuance to Claimant:	\$682.00
Non-DRS Eligible Securities – Physical Cert issuance to Claimant:	\$532.00

- Transfer Agents have implemented fees related to certificates submitted to them by the Depository Trust and Clearing corporation (DTCC) on behalf of the brokers to move shares into the DTCC balance account. Contractor will pass-through to UP, DTCC ‘pass-through’ costs related to registering and depositing physical certificates to DTCC. Contractor will notify UP prior to depositing these certificates to DTCC and UP can make decision prior to processing these transactions.

**Attachment A**  
Security Requirements  
Version 6.1

On award of the Contract, the Contractor must comply with State and Federal statutory and regulatory requirements and rules; National Institute of Standards and Technology (NIST) publications; Control Objectives for Information and Related Technology (COBIT); all other industry specific standards; national security best practices and all requirements herein.

The Contractor must perform annual testing of all security control requirements to determine if they are working as intended. Annual certification must be provided, in writing, to the Program Manager (PM) or designee, in the form of a SOC 1, Type 2, or similar independent report, as requested by the PM.

The Contractor must make the Department of Treasury (Treasury) aware when utilizing any cloud-based solution. Treasury must approve the use of any cloud-based solution and the solution must be FISMA compliant and FedRAMP certified, with enabled continuous monitoring.

**A. Governing Security Standards and Publications**

The Department of Treasury's information is an asset that must be protected from unauthorized disclosure, modification, use, or destruction. Prudent steps must be taken to ensure that its integrity, confidentiality, and availability are not compromised.

The Contractor must collect, process, store, and transmit Department of Treasury personal, confidential or sensitive data in accordance with the contractual agreement, State of Michigan policies, standards, and procedures (PSPs), and the laws of the State of Michigan and the United States, including, but not limited to the following:

1. The Michigan Identity Theft Protection Act, MCL 445.61 et seq;
2. The Michigan Social Security Number Privacy Act, MCL 445.82 et seq.
3. Family Educational Rights and Privacy Act
4. National Institute of Standards and Technology 800-53 (most current version)
5. State of Michigan: The Contractor must comply with the State of Michigan information technology PSPs
6. If the data consists of Federal Tax Information (FTI), the Contractor agrees to comply with the requirements identified in IRS Publication 1075's Exhibit 7, Safeguarding Contract Language.
7. Treasury PSPs

**B. Security Accreditation Process**

The Contractor must develop, document, and implement a security plan that provides detailed security controls implemented within the information system. If a security plan does not exist, the Contractor shall provide a description of the security controls planned for implementation. The security plan must be reviewed annually, or when there is a significant change, and revised to address system/organizational changes or problems.

The Contractor must conduct assessments of risks and identify the damage that could result from unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems that support the operations and assets of the Department of Treasury. Security controls should be implemented based on the potential risks. The Contractor must ensure that reassessments occur whenever there are significant modifications to the information system and that risk assessments are reviewed annually and updated as necessary.

Each Treasury business owner is responsible for completing a Data Classification Declaration (Form DTMB-3544). Data classification is a process that prioritizes the risk level or resources. Data

classification identifies and categorizes the business area's information and information system based on the data's sensitivity, criticality, and risk.

### C. Data Security

The Contractor has the responsibility to protect the confidentiality, integrity, and availability of Department of Treasury data that is generated, accessed, modified, transmitted, stored, disposed, or used by the system, irrespective of the medium on which the data resides and regardless of format (such as in electronic, and non-electronic format).

The Contractor must ensure compliance with Treasury and State of Michigan PSPs when processing, transmitting or storing confidential or sensitive data on a Treasury-owned application, system or database on Treasury's behalf.

The use of live FTI and production data, in test environments, should generally be avoided and is not authorized unless specifically approved by Treasury's Office of Privacy and Security. Requests will be evaluated on an individual basis.

### D. System Auditing

The Contractor must (i) create, protect, and retain information system audit log records to the extent needed to enable the monitoring, analysis, investigation, and reporting of unlawful, unauthorized, or inappropriate information system activity, and (ii) ensure that the actions of individual information system users can be uniquely traced to those users so they can be held accountable for their actions.

The Contractor must observe the following guidelines regarding system auditing:

1. Audit record should contain the following:
  - a. date and time of the event
  - b. subject identity
  - c. type of event
  - d. source of event (how data changed)
  - e. where the event occurred
  - f. outcome of the event.
2. System alerts if audit log generation fails
3. System protects audit information from unauthorized access
4. Audit record should be reviewed by individuals with a "need to know" on a regular basis
5. Audit logs must be retained either for five years plus current year or in accordance with the applicable Records Retention and Disposal Schedule, whichever is longer.

### E. Incident Reporting

1. The Contractor must immediately notify the Program Manager of any security incidents and/or breaches; see **Exhibit 2**, Form 4621, *What is an Incident?* (brochure).
2. The Contractor must have a documented and implemented Incident Response Policy and Procedure.
3. In the event a security incident occurs, the Contractor must complete Form 4000\* and submit it to the Department of Treasury, Office of Privacy and Security.

**Note:** \*Another form may be substituted for Form 4000 if all pertinent information is included.

4. The Contractor must have an incident response resource identified to assist users in handling and reporting incidents.
5. Personnel is trained, at least annually, in their incident response roles and responsibilities.

#### **F. Physical and Environmental Security**

The Contractor must have established physical and environmental security controls to protect systems, the related supporting infrastructure and facilities, against threats associated with their physical environment.

1. The Contractor must have established environmental protection, for magnetic and other media, from fire, temperature, liquids, magnetism, smoke, and dust.
2. The Contractor must control all physical access points to facilities containing information systems (except those areas within the facilities officially designated as publicly accessible), review physical security logs periodically, investigate security violations or suspicious physical access activities, and initiate remedial actions.
3. The Contractor must periodically review the established physical and environmental security controls to ensure that they are working as intended.

#### **G. Disaster Recovery and Business Continuity Plan**

The Contractor must have developed, periodically update, and regularly test disaster recovery and business continuity plans designed to ensure the availability of Department of Treasury's data in the event of an adverse impact to the Contractor's information systems due to a natural or man-made emergency or disaster event.

#### **H. Security Awareness Training**

The Contractor must ensure their staff having access to Treasury information are made aware of the security risks associated with their activities and of applicable laws, policies, and procedures related to security identified in Section A of this document and ensuring that personnel are trained to carry out their assigned information security related duties.

Contracted employees must obtain Department of Treasury-provided security awareness training. (On-line training to be identified by the Program Manager).

# Incident Report

**INSTRUCTIONS:** Complete Parts 1 and 2 and immediately submit Initial Report to the Office of Privacy and Security. After incident resolution, submit Final Report (Parts 1, 2 and 3) to the Office of Privacy and Security. Refer to Procedure PT-03253, Incident Reporting and Handling.

<b>PART 1: A. CONTACT INFORMATION (Reporting Entity)</b>			
Full Name (Last, First, Middle Initial)		Division/Office	
Telephone Number	Fax Number	E-Mail Address	
<b>B. CONTACT INFORMATION (Affected Entity)</b>			
Full Name (Last, First, Middle Initial)		Division/Office	
Telephone Number	Fax Number	E-Mail Address	
<b>PART 2: INCIDENT INFORMATION</b>			
Whose information was involved in the incident?			
<input type="checkbox"/> Treasury <input type="checkbox"/> Federal Tax Information <input type="checkbox"/> Other State Agency, specify _____ <input type="checkbox"/> Other _____			
Incident Category (select all that apply)			
<input type="checkbox"/> Passwords Shared/Stolen	<input type="checkbox"/> Computer Virus/Spam	<input type="checkbox"/> Paper Archives Compromised	
<input type="checkbox"/> Misrouted Communications	<input type="checkbox"/> Data Destruction/Deletion	<input type="checkbox"/> Safe/Lockbox/other Compromise	
<input type="checkbox"/> Unauthorized Access	<input type="checkbox"/> Backups Missing or Stolen	<input type="checkbox"/> Delivery of Documents Lost	
<input type="checkbox"/> Fraudulent Actions	<input type="checkbox"/> Hacking of Networks/Systems	<input type="checkbox"/> Inappropriate Destruction Paper	
<input type="checkbox"/> Lost/Stolen Information/Data	<input type="checkbox"/> Improperly Secured Sys/Web	<input type="checkbox"/> Inappropriate Destruction Media	
<input type="checkbox"/> Lost/Stolen Cash/Checks	<input type="checkbox"/> Circumvention of Security Protocols	<input type="checkbox"/> Lost/Stolen Equipment	
<input type="checkbox"/> Inappropriate Building Access	<input type="checkbox"/> _____	<input type="checkbox"/> _____	
Incident Affects			
<input type="checkbox"/> Financial Information/Resources	<input type="checkbox"/> Personal Information (SSN, Driver License No. Financial information)	<input type="checkbox"/> Unauthorized/Unlawful Activity	
<input type="checkbox"/> Confidential/Sensitive Information	<input type="checkbox"/> Human Resources (threat)	<input type="checkbox"/> Other _____	
Date Incident Occurred	Time Incident Occurred	Date Incident Discovered	Time Incident Discovered
Incident Location		Number of Individuals Affected	
Involved Parties/Entities		Does this involve personal information (first and last name along with a SSN, driver license number, or credit/debit card account number)?	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Date of Initial Report			
Description of Incident			

**PART 1: CONTACT INFORMATION (Affected Entity)**

Full Name (Last, First, Middle Initial)	Division/Office
---	-----------------

**PART 3: INCIDENT RESOLUTION**

Notification issued to affected individuals? <input type="checkbox"/> Yes <input type="checkbox"/> No	How many notifications were sent?	Breach Notification Method? <input type="checkbox"/> E-mail <input type="checkbox"/> Telephone <input type="checkbox"/> US Mail <input type="checkbox"/> Web	
--	-----------------------------------	---	--

Who was notified?	Date notification was issued
-------------------	------------------------------

Incident Cost  
 Check if incident costs are less than \$250. If \$250 or more, complete the detailed summary of costs below.

<u>Manhours:</u>	<u>Other:</u>
Treasury \$ _____	Postage \$ _____
DTMB-OES \$ _____	Credit Monitoring Service \$ _____
DTMB-Treasury Agency Services \$ _____	_____ \$ _____
<b>Total Cost of Incident \$ _____</b>	

Action Taken

Incident Impact

Post Incident Recommendations

**PART 4: REPORT PREPARER INFORMATION**

Final Report Prepared By:	Date Prepared	Preparer's Title	Preparer's Telephone Number
---------------------------	---------------	------------------	-----------------------------

Administrator's Signature	Date
---------------------------	------

**OFFICE OF PRIVACY AND SECURITY USE ONLY**

Administrator, Office of Privacy and Security Signature	Date
---	------

## What is an Incident? What is a Security Breach?

### What is an Incident?

An incident is any event threatening some aspects of physical or financial security, when financial resources or items valued at \$100 or more are missing or misused, any event violating confidentiality or privacy of information, where data is manipulated or missing, or any event involving unauthorized or unlawful activity.

#### Examples of Incidents:

- Missing computer equipment containing non-personal information
- Missing briefcase that contains non-personal information.

#### Examples of Material Incidents:

- Missing laptop computer, other mobile device, or paper records that do not contain Treasury personal information but do contain confidential or sensitive information
- Missing check stock.

### What makes an incident a Security Breach?

An incident becomes a security breach when an unauthorized person gains access to or acquires:

1. Unencrypted or unredacted (data not altered or truncated) personal information, or
2. The encryption key to an area storing personal information.

**Beware:** If personal information is discovered during the investigative process, an incident will become a potential security breach.

### Examples of a Potential/Actual Security Breach:

- Missing laptop computer, other mobile device, or portable media that contains Treasury personal information
- Missing paper records that contain personal information
- Accessing personal information when there is no business need for it
- Using another individual's User ID and Password to access personal information
- Stealing Treasury records that include personal information
- Hacking into records containing Treasury personal information
- Obtaining Treasury personal information from employees without proper authorization to access the information
- Unauthorized and unescorted persons entering secure areas that house personal information
- Theft of a server.

### What is Personal Information?

The Identify Theft Protection Act, Public Act 452 of 2004, as amended, defines personal information as information containing the first name or initial of the first name and the last name **along with** one of the following:

1. Social Security number
2. Driver's License number or State Personal Identification card number
3. Account number; Credit or Debit Card number **in combination with** any required security code, access code or password that would permit access to a person's financial account.

Personal information may be in written or printed form or may reside electronically on devices or media such as mainframes, servers, personal computers (desktops and laptops), CDs, DVDs,

tapes, flash drives, memory sticks, USB keys, microfiche, PDAs, cell phones, or may exist on other state-of-the-art devices that have been or may be developed.

### What should I do if my laptop is missing or if an incident is suspected?

#### Employee must:

1. File a report with local police immediately if asset valued at \$100 or more is missing.
2. Notify immediate supervisor no later than beginning of the next business day.
3. Complete Parts 1 and 2 of Form 4000, *Incident Report* (available on Treasury's Intranet).
4. Forward the Incident Report (with attached police report, if applicable) to immediate supervisor and a copy to the Department of Treasury, Office of Privacy and Security.

#### Management Staff must:

1. Report the incident immediately through the chain of command to the Treasury Division/Office Administrator and the Office of Privacy and Security. If personal information is involved, follow the guidelines for Security Breach.

**Exception:** If another state agency/governmental entity, report incident to Treasury Disclosure Officer, Office of Privacy and Security. If contractor or vendor, report incident to Program Manager and the Office of Privacy and Security.

2. The Administrator must notify the Bureau Director if it is a material incident or involves non-Treasury information.
3. The Bureau Director must notify the other entity immediately.
4. The Office Administrator/Bureau Director must inform the Department of Technology, Management and Budget (DTMB) Agency Services (Treasury) Director immediately if incident involves information technology resources.
5. Notify other Treasury divisions/offices that may be affected or should be involved with investigation.
6. The Disclosure Officer must notify the IRS Office of Safeguards if federal tax information is involved.
7. Investigate and resolve the incident.
8. Finalize Form 4000\* and submit it to the Department of Treasury, Office of Privacy and Security.

\*Another entity may substitute its internal form for Form 4000 if all pertinent information is included.

### What should I do if I witness, discover, or am informed of a potential security breach?

#### Employee must:

1. Report the security breach immediately (no later than beginning of the next business day) to immediate supervisor.
2. Complete Parts 1 and 2 of Form 4000.
3. Forward Form 4000 (with attached police report if applicable) to immediate supervisor and a copy to the Department of Treasury, Office of Privacy and Security.
4. Office of Privacy and Security contacts Michigan Cyber Security (MCS) within 24 hours, if the suspected breach involves electronic data.

## Management Staff must:

1. If the breach is ongoing, **CONTAIN IT**.
2. Report the potential breach immediately, through the chain of command, to the Bureau Director or Deputy Treasurer, whichever is applicable.
3. The Bureau Director or the Deputy Treasurer, whichever is applicable, must notify the Chief Deputy Treasurer/Treasurer immediately if a breach involves a database of personal information.
4. The Bureau Director must notify the other entity if the potential breach involves non-Treasury information.
5. The Office Administrator/Bureau Director must inform the DTMB Agency Services (Treasury) Director right away if incident involves information technology resources and personal information.
6. The Disclosure Officer must notify the IRS Office of Safeguards if federal tax information is involved.
7. Convene appropriate personnel, so the scope of the breach can be determined, and a plan for appropriate action can be agreed upon.

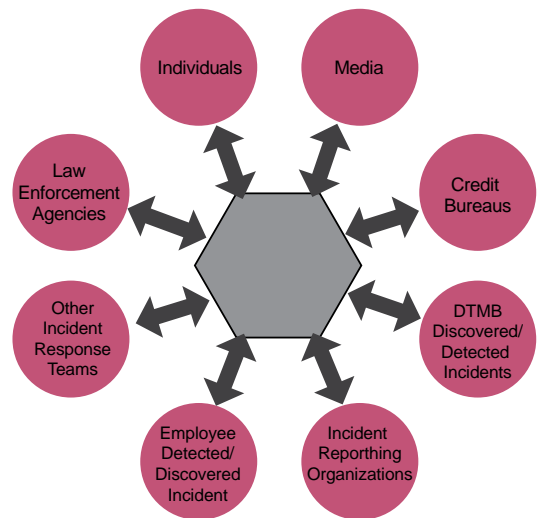
**Note:** If a database of personal information is involved, the Chief Deputy Treasurer/Treasurer must approve the Plan of Action.

8. If appropriate, issue breach notifications by telephone, in writing, on the Web or by e-mail.
  9. Notify the three major credit bureaus of the breach if more than 1,000 residents of the State of Michigan will receive or have received breach notifications.
  10. Finalize Form 4000\* and submit it to the Department of Treasury, Office of Privacy and Security.
  11. Office of Privacy and Security contacts the Social Security Administration (SSA), if the data involves SSA provided personally identifiable information (PII) and Treasury Inspector General for Tax Administration (TIGTA) if Federal Tax Information (FTI) is involved.
- \*Another entity may substitute its internal form for Form 4000 if all pertinent information is included.

## Treasury must protect personal information against risks such as unauthorized access, modification or loss with reasonable security safeguards. Some safeguards are:

- Do not store confidential, personal, or sensitive Treasury information on mobile devices or portable media (including laptops, notebooks, memory sticks, CDs, DVDs, floppies) unencrypted. ENCRYPT files or the full disk. (Refer to DTMB Standard 1340.00.110.03, Storage of Sensitive Information on Mobile Devices and Portable Media; also refer to Treasury Policy ET-03169 Data Security).
- Avoid sending or receiving unencrypted confidential, personal, or sensitive information via e-mail.
- Avoid sending confidential, personal, or sensitive information via fax.
- Secure confidential, personal, or sensitive papers on the fax, printer, or copy machines.
- Keep conversations at a volume level and/or in a location that will protect information.
- Back-up data on a regular basis; make sure data files from an approved portable device are stored on the network server.
- Store data on a "need to know" basis.

- Shred documents with confidential, personal, or sensitive information (see Treasury Policy ET-03115 Confidential Information, Handle and Discard).
- Have computers and hard drives properly wiped or overwritten when discarding or transferring (see DTMB Procedure 1340.00.110.04, Secure Disposal of Installed and Removable Digital Media and Treasury Policy ET-03169).
- Use a log-in password that complies with DTMB's 1340.00.080.01 Identification and Authentication Standard.
- Never set any log-in dialog box to remember your password (see Treasury Policy ET-03175 Passwords).
- Use a password-protected screen saver that comes on after a few minutes of inactivity. Initiate screen lock system (if a Treasury employee, press the key with Microsoft Windows logo and "L" on the keyboard) when you leave your office, even for a short period.
- Limit access to confidential, personal, or sensitive information to those who need to use it to perform their job duties (see DTMB Policy 1340.00.020.01, Information Technology Access Control, and Treasury Policy ET-03164 Access Control).



## For additional information, see the following guidelines in the Security Guide:

- ET-03180, Incident Reporting
- BT-03084, Security Breach Involving Personal Information
- PT-03253, Incident Reporting and Handling
- CT-03070, Incident/Security Breach Examples
- DTMB Operating Procedure, How to Handle a Breach of Personal Identifiable / Sensitive Information Incidents

## Other References:

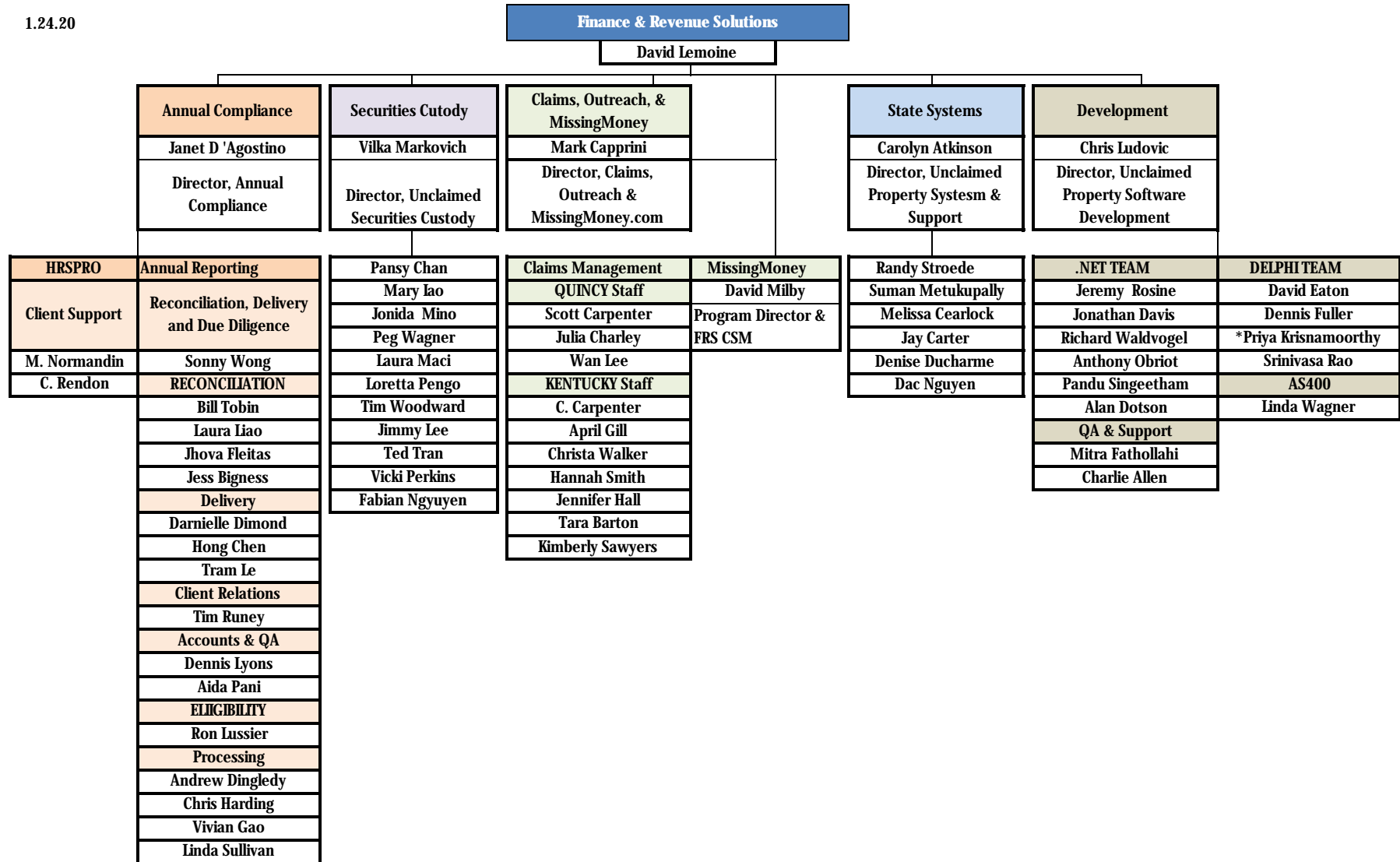
- ET-03204, Employee Conduct, General Guidelines
- BT-03049, Employee Conduct, General Guidelines
- ET-03140 Workplace Safety
- PT-03246, Potential Dangerous Taxpayer/Debtor, Report
- PT-03095, Theft or Irregularities in Public Funds/Property or Violations of Departmental Policies and Procedures, Report and Investigate

## Contact Information:

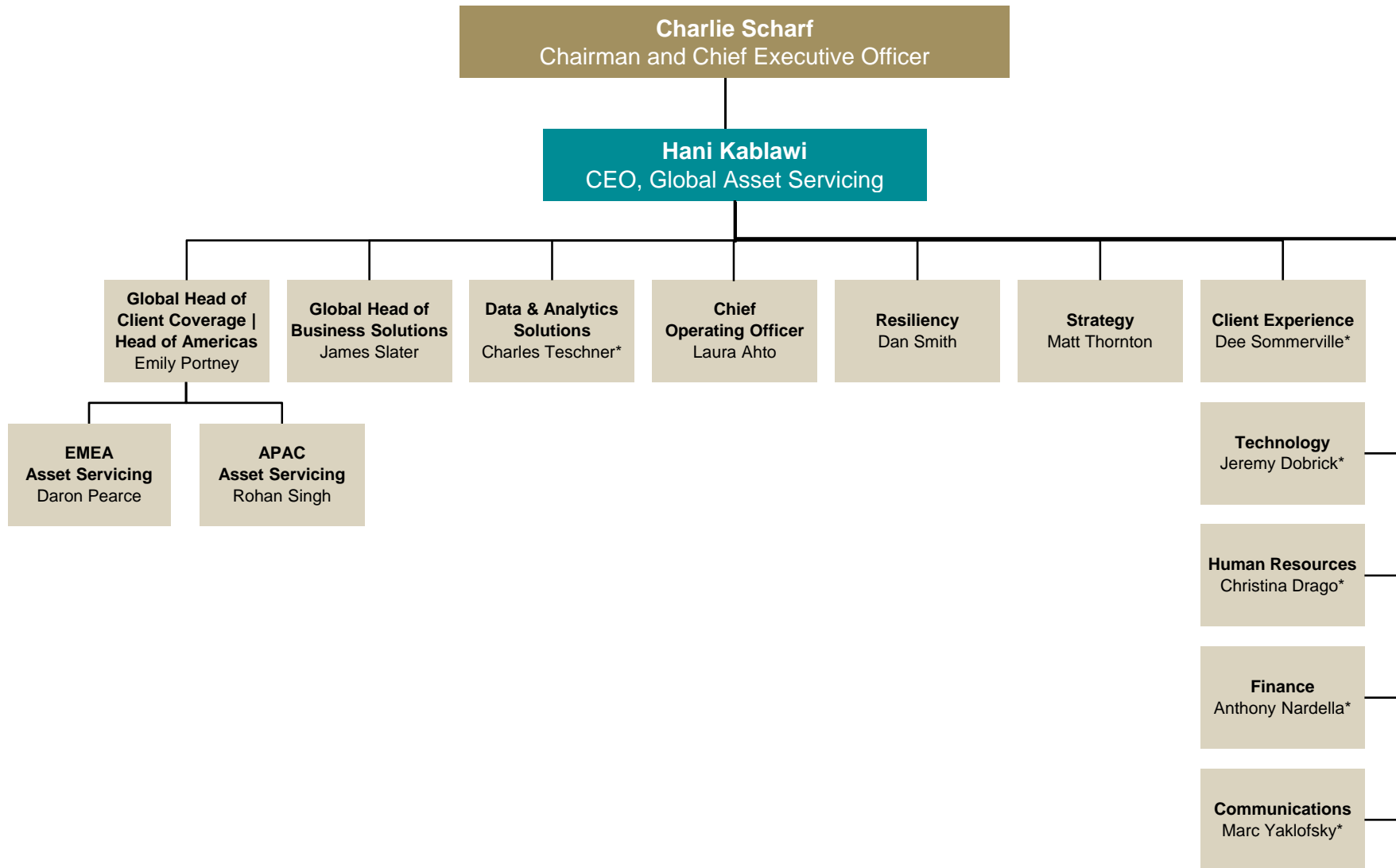
If questions, please contact Office/Division/Bureau Security Liaison or the Office of Privacy and Security at 517 636-4081.



1.24.20



# Asset Servicing Executive Council



\* Denotes dual reporting line or functional reporting

# RAYMOND JAMES ORGANIZATIONAL CHART

