



Original Contract Number: **999XSS-CEN-01 / 13DSS0903ED**
 Maximum Contract Value: **\$14,479,837.00**
 Contractor Contact Person: **Contracts Department** Tel: **(703) 891--8700**
 DSS Contact - Contract: **Tina McGill** Tel: **(860) 424-5082**
 Program: **Kristin Krawetzky** Tel: **(860) 424-5756**

**STATE OF CONNECTICUT
 PURCHASE OF SERVICE CONTRACT
 ("POS", "Contract" and/or "contract")
 Revised September 2011**

The State of Connecticut DEPARTMENT OF SOCIAL SERVICES

Street: 25 SIGOURNEY STREET

City: HARTFORD State: CT Zip: 06106

Tel#: (800) 842-1508 ("Agency" and/or "Department"), hereby enters into a Contract with:

Contractor's Name: XEROX STATE & LOCAL SOLUTIONS, INC.

Street: 8260 WILLOW OAKS CORPORATE DRIVE

City: FAIRFAX State: VA Zip: 22031

Tel#: (703) 891-8779

("Contractor"), for the provision of services outlined in Part I and for the compliance with Part II. The Agency and the Contractor shall collectively be referred to as "Parties". The Contractor shall comply with the terms and conditions set forth in this Contract as follows:

Contract Term	This Contract is in effect for seven (7) years, with a 2 year extension option from date of Attorney General's signature.
Statutory Authority	The Agency is authorized to enter into this Contract pursuant to § 4-8 and 17b-3 of the Connecticut General Statutes ("C.G.S.").
Set-Aside Status	Contractor <input type="checkbox"/> IS or <input checked="" type="checkbox"/> IS NOT a set aside Contractor pursuant to C.G.S. § 4a-60g.
Effective Date	This Contract shall become effective only as of the date of signature by the Agency's authorized official(s) and, where applicable, the date of approval by the Office of the Attorney General ("OAG"). Upon such execution, this Contract shall be deemed effective for the entire term specified above.
Contract Amendment	Part I of this Contract may be amended only by means of a written instrument signed by the Agency, the Contractor, and, if required, the OAG. Part II of this Contract may be amended only in consultation with, and with the approval of, the OAG and the State of Connecticut, Office of Policy and Management ("OPM").

All notices, demands, requests, consents, approvals or other communications required or permitted to be given or which are given with respect to this Contract (collectively called "Notices") shall be deemed to have been effected at such time as the Notice is hand-delivered, placed in the U.S. mail, first class and postage prepaid, return receipt requested, or placed with a recognized, overnight express delivery service that provides for a return receipt. All such Notices shall be in writing and shall be addressed as follows:

If to the Agency:	STATE OF CONNECTICUT DEPARTMENT OF SOCIAL SERVICES 25 SIGOURNEY STREET HARTFORD, CT 06106 Attention: Tina McGill	If to the Contractor:	XEROX STATE & LOCAL, INC. SOLUTIONS 8260 WILLOW OAKS CORPORATE DRIVE, 6TH FLOOR, FAIRFAX, VA 22031 Attention: Contracts Department
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A party may modify the addressee or address for Notices by providing fourteen (14) days' prior written Notice to the other party. No formal amendment is required.

THIS AGREEMENT, entered into by and between the State of Connecticut Department of Social Services (hereinafter referred to as the "Contracting State Agency", "CSA", the "State" or the "Department"), located at 25 Sigourney Street, Hartford, CT 06106, and Xerox State & Local Solutions, Inc. (hereinafter referred to as the "Contractor"), a New York Corporation qualified to do business in the State of Connecticut, having its principal offices at 8260 Willow Oaks Corporate Drive, Fairfax, VA 22031.

WHEREAS, the states of Connecticut, New Hampshire, New York, Rhode Island and Vermont and the Commonwealth of Massachusetts joined together to form the Northeast Coalition of States (NCS) for the purpose of procuring a cost effective regional Electronic Benefit Transfer (EBT) System; and

WHEREAS, the NCS issued a Request for Proposal entitled "Northeast Coalition of States (NCS) Regional Management Council (RMC) Request for Proposal 2012" (referred to as the RFP) to secure the services of a contractor to deliver EBT services; and

WHEREAS, the Contractor having reviewed and analyzed the NCS and Contracting State Agency specific needs and requirements as contained in said RFP was selected as the successful respondent to said RFP; and

WHEREAS, the Contracting State Agency, in reliance upon the expertise of the Contractor, desires to engage the Contractor to provide the services necessary to implement the EBT project under the terms and conditions hereinafter set forth.

NOW, THEREFORE, the Contracting State Agency and the contractor mutually agree as follows:

ARTICLE 1 - Agreement, Duration, and Amendment

A. Contract Duration

1. This Agreement shall commence upon approval of the Attorney General of the State of Connecticut, or his designated representative, and continue for seven years from the Agreement commencement date subject to the terms and conditions contained herein.
2. One two-year extension or two one-year extensions each may be offered at the sole discretion of the CSA. Any extension will be subject to necessary approvals by the CSA's approval agencies. Except as set forth in paragraphs B and C of this Article, the terms and conditions of this Agreement shall remain unchanged throughout the duration of any such extension. Contractor will be informed by the CSA of its decision to exercise such extension(s) no less than 90 calendar days prior to the expiration date of the contract (for the first extension), and no less than 90 calendar days prior to the termination of the first extension (for the second extension if CSA opts for two one-year extensions).

B. This Agreement is subject to amendment only upon mutual consent of the parties, reduced to writing and approved as required by the CSA.

C. Notwithstanding Section A of this Article, the CSA and the Contractor shall have the right to renegotiate the terms and conditions of the Agreement in the event applicable State legislative or administrative policy, rules, regulations, actions and guidelines are altered from those existing at the time this Agreement is executed in order to be in continuous compliance therewith to the extent this Agreement is impacted by any

such change. It shall be understood that, in the event the CSA and the Contractor are unable to mutually agree to a set of terms and conditions through renegotiations, the terms and conditions required to continue this Agreement in compliance with revised State legislative or administrative policy, rules, regulations, actions and guidelines shall be decided by the head of the CSA having executed this Agreement or his/her duly authorized representative(s) or designee(s). However, should such changes to laws or regulation result in a reduction in the Contractor's responsibilities/efforts in providing services, a like reduction in pricing will be negotiated in good faith, based upon an equal sharing of contract-related savings. If it enlarges Contractor's responsibility/efforts in providing services, a like increase in pricing will be negotiated in good faith.

- D. In the event that applicable Federal, Quest, or applicable cash access network policy, rules, regulations and guidelines are altered from those existing at the time this Agreement is executed and in order to be in continuous compliance therewith the Contractor must alter its performance under this Agreement, the Contractor shall not have the right to renegotiate the terms and conditions of this Agreement.

ARTICLE 2 - Document Incorporation and Order of Precedence

1. This Agreement consists of:

The body of this Agreement (i.e., that portion preceding the signatures of the parties in execution);

Appendices A, and B attached to this Agreement;

Appendix 1 CT standard terms for zip codes

Xerox's response to the NCS EBT RFP.

2. In the event of any inconsistency in or conflict among the document elements of this Agreement identified in this Article, such inconsistency or conflict shall be resolved by giving precedence to the document elements in the following order:

First, Article 15- Mandatory Terms and Conditions of this agreement;

Second, of the remainder of this Agreement;

Third, the RFP and any related attachments, exhibits, appendices, amendments, and the procurement questions and answers (incorporated as Appendix A); and

Fourth, the Contractor's Proposal, as amended by clarification correspondence (incorporated as Appendix B).

3. This Agreement as defined in this Article constitutes the entire agreement between the parties with respect to the subject matter. All prior agreements, representations, statements, negotiations and undertakings are superseded hereby. The terms, provisions, representations and warranties contained in this Agreement shall survive performance hereunder.

ARTICLE 3 - Standard Contract Provisions

- A. The CSA and the Contractor acknowledge and agree that time is of the essence in the Contractor's performance hereunder. "Time is of the essence" shall be defined to mean that the Contractor will adhere to the mutually agreed upon schedule for performance.
- B. This Agreement, as defined in Article 1, Section A, and the Exhibits and Appendices attached hereto and incorporated by reference herein, constitute the entire agreement between the parties with respect to the subject matter. All other prior agreements, representations, statements, negotiations, and undertakings are superseded hereby. Unless otherwise provided, the terms, provisions, representations and warranties contained in this Agreement shall survive performance hereunder. It is understood that unless the context clearly indicates otherwise, all references herein to this Agreement shall be deemed to include the Exhibits and Appendices attached hereto and incorporated fully herein.
- C. **Change and Release Management:** The Contractor must propose a formal process that addresses change and release management in the project design phase based on specifications and functional requirements of the RFP and as specified during detail design. Such a process is critical to the CSA and must ensure the integrity of the EBT system and minimize the risks of operational disruptions for the CSA. The Contractor and the CSA will agree on the format and content to be included in each deliverable document prior to the Contractor submitting the first draft of any document.

Subsequent to the acceptance of the CSA's EBT Interface Design Document, or any other deliverable design document and extending throughout the term of the Contract, all Contractor-initiated design changes, corrective actions, or system enhancements must be described to the CSA through a formal Change Request Form that is included in the Contractor's proposed Change and Release Management Plan. The CSA will designate all Change Requests as high or low priority and the form must outline the proposed timeframes for initiating changes based on priority ranking. At a minimum, the plan must address the Contractor's change management approach for the following, as described in this section:

1. Design Issues;
2. Remedial Changes;
3. Conforming Changes;
4. Enhancing Changes;
5. Parameter or Reference Table Changes; and
6. Procedures for changes and updates to design documents and manuals.
7. In addition, the plan must include the Contractor's formal policy for release and distribution of software. The Release Policy must include, but is not limited to, the following:
 - a. Quality assurance practices for testing of new releases;
 - b. Method for tracking changes of code and versions;
 - c. Version numbering schema;
 - d. Frequency of release by type and release type definitions;
 - e. How emergency releases are handled;
 - f. Method of securing master copies of all software; and
 - g. Name of person(s) responsible for release management.

The Contractor must submit a first draft of the Change and Release Management Plan no later than 30 calendar days after each CSA's contract start date and a final 90 calendar days after each CSA's contract start date.

The Contractor must maintain and update as required all documents included in the System Documentation Library (see Appendix A, EBT RFP, Section 11) delivered during the Design, Development, Transition/Conversion, and Operations phases, to reflect any and all changes from the established baseline system.

I. Change Management

The CSA requires the contractor to address the following elements in its change management procedures:

II. Design Issues

Design issues are questions or concerns that arise before the program/system baseline design is finalized, are a part of the development process, and are addressed and resolved prior to finalizing the system design. The resolution of these issues must be incorporated in program specifications, in procedures for EBT participants (e.g., authorized retailers, providers, financial institutions, local and State offices), and in general and detailed system specifications.

III. System Baseline

The system baseline will be established upon acceptance of the conversion and approval of all design, development and transition phase deliverables.

After the initial system baseline is established, any modifications to the system design or functionality will be defined as a change and will be documented, tracked, and managed in accordance with the approved Change and Release Management Plan. As the operational phase proceeds, the definition of the baseline system will expand to include: the finalized work plan, general and detail design documents, training and disaster plans, and other approved/accepted Contractor deliverables. The baseline definition will continue to expand to include system testing results, reports, implementation plans, transition plans and documentation.

IV. Changes to the System Baseline

Contractor-initiated or CSA-initiated changes seek to modify the baseline system, procedures, documentation, or application programs. Such requests alter the initial scope of the program, or add or modify functionality, after the system design baseline has been determined.

All changes are categorized as remedial, conforming, enhancing, or parameter/reference table. The definition for each type of change is provided below. The Contractor must work with the CSA to ensure that sufficient testing is conducted to ensure that no changes will negatively impact the EBT system functionality or the interface with the CSA's eligibility system and that changes do not unintentionally impact, at a minimum, State functionalities, file formats, screens, reporting, or performance. All changes must be fully tested and approved by the CSA before being put into production.

V. Remedial Changes

Remedial changes are defined as changes needed to make the system perform or function in the way it was designed and must not result in additional costs to the CSA. Either the CSA or the Contractor may identify the need for a remedial change and each party must give the other immediate notification of such need for remedial changes. The Contractor must provide immediate oral and written electronic notification and must be followed up with written documentation within five (5) calendar days of the initial notice or sooner if required by the CSA. Remedial changes must be tested and implemented on a schedule to be approved by the CSA.

VI. Conforming Changes

Conforming changes are defined as modifications needed to adapt the EBT system to requirements that result from Federal law, policy, program, or regulation changes, and changes to the Quest Operating Rules, or other applicable network rules. The Contractor must provide conforming changes that affect the benefit programs defined in the RFP in accordance with Article 1D., Agreement, Duration, and Amendment included herein at no additional cost to the CSA. Conforming changes will be CSA-initiated, unless the Contractor is making a multi-state conforming change.

VII. Enhancing Changes

Enhancing changes are defined as changes that are not Remedial or Conforming changes. These include, but are not limited to, changes that will enhance performance, provide new functionality; provide conformity to changes in State or local law, regulations, or policies (not required by the Federal government); improve cost-effectiveness; enhance efficiency and ongoing operation; or improve program maintenance.

System enhancements or other system changes developed by the Contractor for any state, both within and outside the NCS, determined to be advantageous to the CSA must be extended to the CSA at no additional development cost. An implementation fee may be charged by the Contractor for changes that have been developed for other customers. The implementation fee would customize the functionality for the NCS and must be approved by the CSA prior to the implementation commencing. The Contractor must provide the CSA and the NCS with written details on a quarterly basis regarding EBT system changes and enhancements implemented by the contractor in other states within their purview, both within and outside the NCS.

VIII. Parameter or Reference Table Changes for Core Services

The NCS requires that parameter or reference table changes requested by the CSA be included as part of the cost per case month fees. A parameter change or reference table change includes, but is not limited to, the addition and/or modification of regional office information; program type; benefit types; aging criteria; or any other change that accounts for less than 5 hours of billable time annually for the CSA (unless the change is due to adding benefit programs, since that additional service is already required as part of the requirements for Core Services).

IX. CSA –Change Request Process

Change requests initiated by the CSA requesting Conforming or Enhancing changes will be initiated through a Change Request Form. The CSA will designate all Change Requests as high or low priority, and the Contractor must follow the approach outlined in its Technical Proposal in regard to proposed timeframes for initiating changes based on priority ranking. The CSA's EBT Program Director will forward a signed Change Request Form to the Contractor's designee for analysis of the request for potential impacts on existing system processes, other schedule changes, resources, hours, and applicable costs.

The Contractor will return the Change Request Form and the results of the analysis to the CSA's EBT Program Director within 14 calendar days of receipt. The Contractor must provide the CSA with a proposed development and implementation schedule for completing the change. Contractor responses to CSA-initiated change requests must include a price quote utilizing the change request pricing for personal services contained in ARTICLE 13 (Section T EBT Change Request Rates) of this Agreement for the requested change, including the number of hours required to perform the request. However, should such changes result in a reduction in the Contractor's responsibilities/efforts in providing services a like reduction in pricing will be negotiated in good faith based upon an equal sharing of contract related savings.

If the CSA chooses to formally approve the change, the Change Request Form will be signed and dated by the CSA's EBT Program Director and forwarded to the Contractor. The Contractor shall not begin work on a CSA-initiated Change Request until written approval is received from the CSA. The Contractor must provide a final development and implementation schedule within 14 calendar days of receipt of the approved Change Request, and must include specific dates for development and implementation consistent with the schedule being proposed.

If there are any disputes regarding any of the information or pricing provided on the Change Request Form, the dispute resolution process, as defined herein, must be used. The Contractor must proceed with development and implementation of Conforming or Enhancing changes simultaneous to the dispute resolution.

Upon written approval of the change, the Contractor must include the change in work plans, allocate resources as appropriate, and provide ongoing status reports, as part of the regular status report, with hour and cost accounting (if any) to the CSA. Until such time as the change has been completed and accepted by the CSA, the CSA will monitor implementation of the approved changes through scheduled status reports and information provided by the Contractor to the CSA as required by the Release Management provisions below.

X. Changes Initiated by the Contractor

The Contractor must provide the CSA with written, advance notification of all self-initiated, non-remedial changes to the EBT system, including gateway services. The written notification must include, at a minimum, known or anticipated impacts the changes will have on the CSA's functionality, file formats, screens, reporting, performance, and any costs or cost savings to the CSA. The Contractor must coordinate all non-remedial changes to the system with the NCS. Non-remedial changes must be implemented at a time agreed upon with the CSA, so that the availability and participation of CSA program and technical staff can be assured. All Contractor-initiated changes are subject to the prior written approval of the CSA. Upon such approval, the Contractor will provide the CSA requesting the change with a proposed

development and implementation schedule for completing the change, including the number of hours required to perform the request. Upon implementation of the change, Contractor shall provide instruction and training to the CSA on the change.

XI. Updates to Manuals

As specified by the CSA, and *prior* to implementing system and operational modifications into production, the Contractor must provide drafts to the CSA of all applicable manual sections/pages requiring update.

XII. Release Management

The Contractor must manage software releases in a manner that ensures high-quality products with minimal deficiencies. The Contractor must provide releases no less than on a quarterly basis or as otherwise designated and agreed to by the CSA.

Each year within the first quarter and thereafter, the contractor must provide an Annual Release Plan projecting the following:

1. Frequency of releases by type (Delta or Package, see below);
2. Migration schedule (for example, migrate Package releases into production monthly on the first Tuesday);
and
3. Contractor down times, including Continuity of Business testing and code freezes.

At the time a newly modified Contractor software version is delivered for testing by the CSA, the Contractor must provide documentation to the CSA that the Contractor has modified the correct software version. This applies to all changes, regardless of type, or whether initiated by the contractor or the CSA. The Contractor must deliver software to the CSA in accordance with the Contractor's Release Management Policy and accompanied by a Release Impact Statement.

XIII. Release Impact Statement

For every release the Contractor must provide a Release Impact Statement that includes the Program release number; the Program release date to baseline; and date of Program release on the production environment. The Impact statement must also include back-out plans for the release; updated reference materials and user manuals; new version(s) of software distribution instructions, if applicable; and expectations and responsibilities of the CSA during the planning and rollout of new releases.

For each individual change within a Release, the contractor must include the following in the Release Impact Statement:

1. Program name;
2. Contact person;
3. Type of change, including individual change #;
4. Brief description;
5. Interdependencies or impacts on other programs;
6. Detailed description of change; and
7. Any applicable costs or cost savings associated with the Release.

XIV. Release Types

The CSA expects releases will generally fall into one of two categories, as described below. However, the Contractor may propose a comparable classification methodology.

i. Delta (Minor or Partial) Release

A delta minor, or partial release is one that includes only those items or modules within the release unit that have actually changed or are new since the last package or delta release. This type of release contains a limited and measurable number of changes. Generally, these are minor changes to code and do not require extensive testing.

ii. Package (Major or Full) Release

A package release involves a more substantial change to the software and may, in fact, be several minor releases combined. A major release would entail changes that involve more than one module or unit of code that have interdependencies. Generally, this type of release requires extensive unit testing as well as complete regression testing. For example, changes to one program or suite will often require changes to be made to others. If all these changes have to be made at the same time, they should be included in the same package release. The CSA will consider limiting the frequency of system changes to protect the system from outages, data corruption, or other negative events. Therefore the CSA and the NCS may call for most releases to occur on a previously approved schedule as a major or full release and as described by the CSA and the NCS.

XV. Authorized Releases

Contractor must release into production only versions authorized by the CSA, and that conform to the Contractor's established migration policy. The Contractor must obtain prior written authorization from the CSA EBT Program Director or his/her designee.

XVI. Release Security

Master copies of all software must be kept in a secure compound in which the definitive authorized versions of all software are stored and protected. A secure compound is one or more software libraries or file-storage areas that are separate from development, test, or live file-store areas.

Contractor will secure all software licenses at no cost to the CSA.

ARTICLE 4 - Assurances

- A. The Contractor warrants that it has carefully reviewed the needs of the CSA as described in the RFP and its attachments and as otherwise communicated in writing by the CSA to the Contractor, and that it has familiarized itself with the RFP, the Contractor’s proposal, and the other documents incorporated into the Agreement.
- B. The Contractor agrees that it will perform its obligations hereunder in accordance with all applicable laws, rules and regulations now or hereafter in effect.
- C. The Contractor shall at all times during the Contract term remain in compliance with the terms of the contract. The Contractor agrees, if requested by the Commissioner of DSS or his designee, to present evidence of its continuing legal authority to do business in Connecticut, experience, prior performance, and organizational and financial capacity.
- D. The Contractor warrants and affirms that the terms of this Agreement do not violate any contracts or agreements to which it is a party and that its other contractual obligations will not adversely influence its capabilities to perform under this Agreement.
- E. Within fifteen (15) business days of the CSA’s approval contemplated under Article 1 of this Agreement and after contract signing, the Contractor will provide the CSA with and will maintain in force and effect for the benefit of the CSA a Performance Bond, which may be fulfilled on an annually renewable basis issued by a surety carrier providing said Performance Bond on behalf of the Contractor, in the amount(s) listed below for the life of the term of this Agreement on an annually renewable basis. Should the CSA exercise its option to extend the Agreement, the Contractor will maintain in force and effect for the benefit of the CSA, a Performance Bond issued by a surety carrier providing said Performance Bond on behalf of the Contractor, in the amount(s) listed below for the remaining life of the Agreement on an annually renewable basis,. In the event that damages exceed the liquidated damages allocable in a single month’s invoice occurring as a result of non-performance the CSA may make a claim against the Performance Bond to recover said damages . Such claim against the Performance Bond may be effected by the CSA’s submission of written notice(s) to the institution that issued the Performance Bond on behalf of the Contractor. Partial disbursement(s), pursuant to demand, shall not terminate the Performance Bond, but the balance shall be diminished by any amounts disbursed and shall otherwise remain in effect. Said Performance Bond will automatically expire at the end of this Agreement. Such surety bond may be issued on annually renewable bond forms to be provided by the Contractor’s surety bond broker.

State	Performance Bond	Amount
Connecticut	Performance Bond	\$2,500,000

- F. In consideration of the within premises, the Contractor represents to the CSA that:
 - 1. The Contractor and/or any subcontractors have corporate authority to perform all duties required of it by this agreement.
 - 2. The Contractor and/or any subcontractors are qualified to do business in the State of Connecticut.
 - 3. The Contractor shall give immediate notice to the NCS/CSA of any event or circumstance that may affect the validity of the representations contained herein and shall take any and all actions required to preserve its legal authority to perform this Agreement.

G. The Contractor warrants that:

1. The system to be used for delivery of core services, functionality, and associated technology as required and described in the EBT RFP must be comparable among all CSAs.
2. New functionality paid for by federal or state funds will be transferable between systems and between states, as applicable and as required by said systems and/or states, without additional charge for development for such transfer. However, additional costs may apply and be charged to the NCS states for testing, installation and other related work effort specific to such transfer in accordance with the change order pricing described herein.
3. New functionality will comply with the provisions and requirements of the Quest Operating Rules as adopted and amended by the Electronic Benefits and Services (EBS) Council and as approved by the NCS Regional Management Council, the CSA, the United States Department of Agriculture Food and Nutrition Services (FNS) and the United States Health and Human Services Administration for Children and Families.

ARTICLE 5 - Obligations of the Parties to this Agreement

A. Contractor Obligations

1. The Contractor must develop, convert, implement, and operate the EBT system and services as outlined in the RFP, the Contractor's proposal, and this Agreement. Transition/Conversion must be completed by the Contractor in time to provide all required EBT processing services on or before the date specified in the approved project work plan. The EBT system must be fully functional and operational on or before the date specified in the approved project work plan.
2. The Contractor assumes sole and complete responsibility for the cost and timely accomplishment of all of its activities and duties required by this Agreement and detailed in the approved project plan and will carry out those activities and duties in a competent and timely manner.
3. The Contractor warrants that the services provided using the equipment and software identified in its proposal, or required follow-on products (software and hardware), along with support for said services and products, will be available for the term of this Agreement at no additional cost to the CSA.
4. The Contractor agrees that no aspect of Contractor performance under this agreement will be contingent upon State personnel or the availability of State resources with the exception of:
 - a. Any actions of the Contractor specifically identified in this Agreement that require CSA acquisition, approval, policy decisions, or policy approvals. Such actions by the CSA will not be unreasonably delayed, and except as stated specifically herein, the Contractor shall not be liable for any damages for delays caused by the CSA or other Federal, State or local agencies.
 - b. All actions required to be performed by the CSA in the authorization and approval of benefits as contemplated by this Agreement.
 - c. Exceptions stated in this Agreement.

- d. Duties, tasks, and obligations subsequently agreed to by the parties in writing and completed as a change order or amendment to the contract.
5. The Contractor recognizes and agrees that any and all work performed outside the scope of this agreement or without the written consent of the CSA shall not be subject to charge by the Contractor.
6. The Contractor will cooperate fully with any other contractors who may be engaged by the CSA to carry out responsibilities directly or indirectly associated with this Agreement.
7. The Contractor will provide authorized representatives of the State or Federal government, with appropriate notice by the CSA to the Contractor, access at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Agreement. All such inspections shall be in conformity with the Contractor's reasonable security procedures.
8. The Contractor will cooperate as reasonably required with the NCS Regional Management Council including attendance at NCS RMC meetings.
9. The Contractor will provide all necessary travel expenses for two state personnel or their designees per CSA during system acceptance testing. Such travel must be compliant with the Contractor's travel policies and procedures.
10. The CSA reserves the right to request replacement of key staff, regardless of their employer (Contractor or subcontractor) during the contract period if their continued presence would be detrimental to the CSA or the success of the EBT project. All requests shall comply with applicable anti-discrimination and employment laws. CSA will submit such requests in writing stating its reasons for the request and will not be unreasonable in its request(s).

The Contractor will, within seven (7) calendar days of the request, either respond with detailed objections to the CSA's request or have said person(s) removed from the project and immediately replaced with a qualified employee acceptable to the CSA.

In the event that the Contractor objects and the CSA does not withdraw its request within seven (7) calendar days of receipt of the Contractor's objections, the dispute shall be resolved by the signatories to this contract.

11. The Contractor will provide all necessary services to comply with P.L. 112-96 which requires states, by February 22, 2014, to implement and maintain policies and practices to prevent access to federal Temporary Assistance to Needy Families (TANF) benefits through any electronic benefit transfer transaction at casinos, liquor stores and retail establishments which provide adult-oriented entertainment in which performers disrobe or perform in an unclothed state. The CSA will work with the contractor to define procedures and processes to identify, monitor and maintain a current list of prohibited locations and any modifications to support other restrictive processes as mandated by Federal or State statute. Specific control methods and/or system enhancements may include, but not be limited to:
 - a) Identifying locations where EBT transactions are prohibited;
 - b) Blocking ATM transactions at specified locations; and
 - c) Blocking EBT cash purchase transactions at specified locations.

Both parties acknowledge that in the event the CSA provides to the Contractor only a category for deactivation or reactivation, the Contractor may not be able to identify all ATM and POS devices associated with that category. The Contractor will perform due diligence by working with the ATM owners and/or processors to disable EBT cash access within the identified category.

The CSA shall, at its expense, hold harmless the Contractor, including its officers, employees and agents from and against any losses, liability, damages, penalties, costs, fees, including, without limitation, reasonable attorneys' fees, or expenses arising from any claim or action that alleges injury caused by an inability to access the ATM and POS devices deactivated in accordance with this paragraph to the degree such losses, liability, damages, and fees directly arise from erroneous CSA instructions pertaining to compliance with P.L. 112-96. Any claim or action not specifically described in this paragraph shall continue to be subject to the terms and conditions of this Contract.

The liquidated damages provisions will not apply to this Paragraph 11 to the extent that any delay in deactivating or reactivating an ATM or POS device is caused by a third party (not to include subcontractors).

12. The Contractor recognizes that the services provided under this Agreement are vital to the CSA and must continue without interruption, and that upon the expiration or termination of this Agreement as specified herein, a successor contractor other than the Contractor may be chosen to continue these services. Contractor agrees to continue performance of the services under the terms and conditions set forth herein during the pendency of any ongoing process of selecting a successor contractor. The Contractor must cooperate fully with the transition for the provision of EBT services by a different contractor prior to current contract expiration and for one hundred and eighty (180) calendar days after the expiration of the contract. The provisions of this section shall survive the end of the term of this Agreement.
13. Contractor shall, upon written notice provided by the CSA, (1) furnish phase-in, phase-out services for a period to be determined by the CSA or NCS, and (2) negotiate in good faith the plan developed by the successor with the NCS/CSA and the successor to determine the nature and extent of the phase-in, phase-out services required. The plan must specify a set date for transferring responsibility for each division of work described in the plan, including, but not limited to, a detailed schedule of jobs that will be run for the conversion and the place during the schedule when balance and reconciliation activities will take place. The plan shall be subject to the prior written approval of the CSA. The Contractor must provide sufficient experienced personnel during the phase-in, phase-out period to ensure that the services called for by this Agreement are maintained at the required level of performance. Such plan must include, but not be limited to, the following transition items:
 - a. Retailers/Acquirers/TPPs and EBT-Only Merchants
Incumbent contractor will provide current lists of merchants, locations of EBT-only equipment, and supplemented phone lines.
 - b. AMA/ASAP
Incumbent contractor will work with FNS, CSA and successor contractor to transfer authority to post to AMA and ASAP.
 - c. Pseudo-retailer numbers
Upon CSA and FNS approval, incumbent contractor will provide pseudo-retailer numbers to the successor contractor.
 - d. Database conversion, with provisions for check-point and back-out
Incumbent contractor will share file layouts and coordinate with the successor contractor to complete a database conversion to the successor contractor.

- e. Database clean-up
Incumbent contractor will work with FNS, CSA and the successor contractor to create a final version of the existing database suitable for conversion.
- f. ALERT
Incumbent contractor will coordinate with FNS, CSA and the successor contractor a switchover from the incumbent to the successor contractor input to the ALERT system.
- g. STARS
Incumbent contractor will coordinate with FNS, CSA and the successor contractor a switchover from the incumbent to the successor contractor input to the STARS system.
- h. Administrative functionality access
Incumbent contractor will continue to provide administrative functionality access to the CSA for the duration of the conversion to a successor contractor.
- i. Manual authorization “holds”
Incumbent contractor will coordinate with the CSA and the successor contractor the timing of a transition of handling manual vouchers and cooperate in coordinating the routing and clearing of manual vouchers during the transition.
- j. Reserved.
- k. PIN retention
Upon CSA approval, the incumbent contractor will share the PIN encryption algorithm so that existing PIN offsets can be loaded onto the successor contractor’s host.
- l. Help Desk
Incumbent contractor will transfer the recipient help desk phone number to the successor contractor but retain the retailer help desk phone number.
- m. Reconciliation
Incumbent contractor will coordinate with the CSA and the successor contractor reconciliation information and procedures to ease the transition from the incumbent contractor to the successor contractor.
- n. Settlement
Incumbent contractor will coordinate with the CSA and the successor contractor to transfer settlement responsibilities from the incumbent to the successor contractor.

All conversion activities that are the responsibility of the Contractor must take place at times and using methods that will provide the least impact on retailers, recipients and state operations.

Any imbalances in the database values found after conversion and due to conversion that result in any liability must be the liability of the Contractor assuming responsibility for EBT host processing.

- 14. All phase-out costs associated with core services that are the responsibility of the Contractor must be included in the Cost Per Case Month. The Contractor will not be compensated for any additional phase-out costs.
- 15. The Contractor must provide oral and written email notification in the form of an Impact Statement to the CSA of any incidents, issues, or problems including, but not limited to, system outages, customer service delays, non-compliance with performance standards or deliverable due dates. This oral and written Impact Statement must be made as soon as reasonably possible after Contractor management is aware of, or should have reasonably been aware of the incident, issue or problem, not to exceed fifteen (15) minutes. Problem notification and resolution must provide immediate and open communication between the Contractor and the individual CSA personnel to allow for maximum CSA involvement in the planning, execution, and evaluation of any action(s) taken. The Impact Statement must include date and time of discovery, manner of discovery, nature of the incident or problem, affected service across the NCS member states, the category and severity of the system disruption, responsible individual(s) in

charge of resolving the problem(s), and the next steps identified to cure the problem in the most immediate fashion to minimize any continued system disruption in services. Immediate oral and written notification must be followed up within a reasonable amount of time, but in no instance more than five (5) calendar days from the initial oral and electronic written notification, with specific written information documenting the nature of the problem, event triggers, the necessary actions/steps to resolve/correct the problem; estimated timeframes for implementation of the resolution; and the lead Contractor personnel to assure resolution of the problem. Events or problems identified by the CSA must also adhere to the aforementioned standards and must be addressed by the contractor with the same expectations specified above. In the event the contractor fails to comply with the requirements specified above, the affected CSA reserves the right to apply any applicable liquidated damages as set forth in Article 25, Performance Standards.

16. Unscheduled events or systems operations, incidents and problems which interrupt or prevent system operations at the client/retailer interface which are within the Contractor's control must be reported to the CSA as soon as reasonably possible after Contractor management is aware of, or should have reasonably been aware of such occurrences, not to exceed fifteen (15) minutes. Such events, incidents and problems which 1) have a duration of more than 15 minutes and 2) occur over a geographic area appearing likely to constitute as much as or more than a zip code, if those events/incidents/problems are not immediately reported to the CSA, shall be cause for assessment of liquidated damages as set forth in Article 25, Performance Standards.
17. The Contractor must submit adequate advance written notification to the CSA of any planned changes that may result in any potential operational disruption to the services provided under this agreement. Operational disruptions may include, but are not limited to, the EBT system (host processing, network, settlement, etc.) the EBT gateway, retailer management, cardholder and/or retailer customer service. The required notification must include a project plan that outlines the activities, timelines, and dependencies that ensure that the proposed changes will not jeopardize or impact the operations or services of the NCS or CSA. Such project plan must have approval by the CSA prior to implementation.

B. Contracting State Agency Obligations

1. The CSA shall ensure elements of the EBT system not provided by the Contractor are delivered in a timely manner and comply with the minimum standards as set forth in the EBT Quest Operating Rules.
2. The CSA warrants that adequate funds to meet non-federally reimbursed obligations will be available for daily settlement.
3. Any CSA that uses a separate card production system must ensure card production services are performed in a timely manner and comply with the minimum standards as set forth in the EBT Quest Operating Rules. If the Contractor incurs expenses as a result of defects in the card system or other systems that affect the delivery of EBT services by the Contractor, the Contractor is entitled to negotiate in good faith with the CSA for reimbursement of expenses incurred or expense to mitigate the problems.

ARTICLE 6 - Payment Provisions

- A. Monthly invoicing will be submitted to the CSA in arrears by the Contractor on a form acceptable to the CSA. The CSA will make best efforts to process all vouchers within 30 calendar days of their receipt; however, failure to make payment within said timeframes shall not be considered a breach of contract. Timeliness of payment and any interest to be paid to the Contractor for late payment shall be governed by the laws of the State of Connecticut.
- B. The CSA may only be billed for active cases that have benefit authorizations made available during the billing month. Monthly benefits transmitted prior to the availability date shall not constitute an active case until the benefit has been made available to the cardholder (e.g., availability date of the benefit has been reached).
- C. For invoicing purposes, an active case is defined as a case for which one or more benefit(s) has been authorized and transmitted to the EBT Contractor to be made available during the billing month. A single cardholder who has benefits authorized for both a cash program and SNAP is billable at the applicable cash cost per case-month and the applicable SNAP cost per case-month. Where optional services are chosen by the CSA and those services are priced on a cost per case month (CPCM) basis, the incremental CPCM will be added to the applicable cash CPCM and SNAP CPCM.
- D. The Contractor must provide monthly invoicing to the CSA in arrears on a standard voucher in a form acceptable to the CSA. The monthly invoicing must be accompanied by supporting documentation.
- E. The documentation must provide detailed information in support of all billing charges for EBT services and for pass-through expenses. Data must be provided on unduplicated active case counts for cases in which benefits are made available during the billing month. Data must be broken down by benefit program (SNAP), cash and other programs as determined by the CSA.
- F. Core services are those services that each NCS member must receive. These services include, but are not limited to, account creation and management, transaction processing, financial accounting, retailer management, card services and customer service call centers/support. Offerors are also encouraged to describe additional enhancements in their proposals to the core services, at no additional cost to the states.
 - a. Pricing for core services is volume based. Monthly billings to the CSA shall be based on the quoted Cost per Case-Month (CPCM) in the pricing tier that corresponds to the total actual number of cases per case category (SNAP and cash) across the NCS.
 - b. Core services pricing for cash and SNAP benefits shall be in accordance with ARTICLE 13.
 - c. A single cardholder who has benefits made available by the CSA from both a cash program and SNAP will be billed at the applicable cash CPCM and the applicable SNAP CPCM.
 - d. Surcharged transactions may not incur usage transaction fees (interchange and switch fees) billable to the CSA or to the Cardholder.
 - e. Unlimited ATM balance inquiries under the Quest network service mark will be provided by the Contractor at no additional cost to the CSA or the cardholder.

- f. From time to time the CSA will require the contractor to place emergency or benefit program Automated Response Unit/Speech Interactive Voice Response (ARU/SIVR) broadcast messages. The contractor will be required to expedite this request within a reasonable amount of time, and at no additional cost to the CSA. The definition of an emergency message and a broadcast message are as follows:
- i. Emergency messages are unplanned informational messages for cardholders at the time of a disaster or other urgent situation. They will be requested and provided by the CSA in English and Spanish. The message must be posted to the ARU/SIVR system within two hours once the CSA provides the details of the message.
- g. Benefit program broadcast messages are messages for cardholders that are informational and planned in advance. They will be provided to the contractor in the same manner as emergency messages and implemented as mutually agreed between the parties.. The contractor will be instructed to post a benefit program message during certain periods where the CSA will be required to issue EBT payments for specific benefit programs. Advance notification will be provided to the Contractor once the benefit issuance period is identified by the CSA.
- G. Core Optional Services may be considered for purchase under the procurement by any member State or group of member State(s), at any time during contract negotiation or during the contract period.
- a. Monthly bills must discretely delineate any optional services provided to the CSA.
 - b. Optional services may be required by the CSA at any time during the contract period in conformance with the Change Management section 11.9 of the RFP. Such services may also be discontinued by the CSA with 60 days written notice at any time during the contract period, including any extensions. Implementation shall be in accordance with the requirements outlined in the RFP – Change Management, Section 11.9.
 - c. Optional services pricing shall be in accordance with ARTICLE 13.
 - d. The Contractor will be reimbursed by the CSA for the interexchange rate for SNAP retailer calls to the 1-800 Toll Free Customer Service number during a single service month if the call originates from a public payphone. The CSA will pay the Contractor, as a pass through in arrears on a monthly basis, the lower of 1) the Contractor’s bid rate of \$.494; or 2) the Federal Communications Commission (FCC) Default rate.
The Contractor must provide the CSA with information concerning payphone call volumes and other information available to the Contractor. Such information must be submitted monthly in support of the invoicing for payphone interexchange charges. At any point during the CSA’s review of payphone information available to the Contractor, the CSA may require detail reporting of the originating phone numbers from payphone locations.
 - e. For cash cases, the CSA agrees to compensate the Contractor for up to two (2) ATM/POB withdrawals per case per month in the amount of \$.40 each.

Balance inquiry transactions, as well as transactions that are denied, reversed, voided or adjusted either partially or completely, will not be counted toward the allotted 2 CSA withdrawals and shall not be billable to the CSA or the Cardholder.

Any ATM usage transaction fee deducted from the cardholder’s cash account accompanying a balance inquiry denied, reversed, voided or adjusted transactions either partially or completely must be credited back to the cardholder account immediately with no expense to the CSA or the client.

Surcharged ATM cash transactions may not incur usage transaction fees (interchange and switch fees) billable to the State or to the cardholder. Once the cardholder has performed two (2) CSA compensated ATM/POB withdrawals per month, the cardholder will be charged by the contractor for any additional ATM usage fees associated with cash withdrawals at the rate of \$.45 per withdrawal for the remainder of the calendar month.

The number of free ATM usage transactions (two per month per client) is based on a calendar month and is not affected by the status of the account, nor whether the benefits were posted/deposited to the account during the calendar month.

The Contractor will include a monthly report listing all transaction fees incurred by the CSA and a separate report for cardholder incurred fees containing the number of transactions processed for each of the following illustrated examples.

For avoidance of doubt, the following example illustrates the accounting of billable transactions but is not exhaustive of scenarios that could arise:

- i. Cardholder withdrawal #1 is surcharge free. This transaction is counted toward the allotted 2 CSA compensated withdrawals and is billable to the CSA in the amount of \$.40.
 - ii. Cardholder withdrawal #2 is surcharged. This transaction is not counted toward the allotted 2 CSA compensated withdrawals and is not billable to the CSA or the Cardholder.
 - iii. Cardholder withdrawal #3 is surcharge free. This transaction is billable toward the allotted 2 CSA compensated withdrawals in the amount of \$.40.
 - iv. Cardholder withdrawal #4 is surcharged and the withdrawal fee of \$.45 is not billable to the Cardholder or the CSA.
 - v. Cardholder withdrawal #5 is surcharge free and the withdrawal fee of \$.45 is billable to the Cardholder.
 - vi. The ATM/POB withdrawal process counting the number of CSA compensated withdrawals must be reset to "0" for each cash account at 11:55 PM EST on the final calendar day of each month.
- H. EBT processing for all core, core optional, and State specific services selected as of the date of commencement of this Agreement (as specified in Article 1.A.1.) under the terms and conditions of this Agreement must include transition and all required activities to provide a fully operational EBT system that meets the specifications included in this Agreement no later than the date specified in the approved project work plan, in accordance with the obligations of the parties to this Agreement specified in Article 4 of this Agreement, unless an earlier date is mutually agreed upon by both the Contractor and the CSA.
- I. Performance Bond. The Contractor shall supply at its own cost, a \$2,500,000 irrevocable Performance Bond to the CSA.
- J. All pricing is firm over the entire term of this Agreement including the one two-year optional extension or two one-year extension options and therefore will not be subject to escalation.

- K. Reimbursable postage charges shall be made by CSA monthly in arrears and subject to Contractor-provided documentation validating all such charges. Reimbursable charges shall be payable at cost and not subject to Contractor mark-up.
- L. The Contractor must take advantage of all available postal bulk rate schedules, including as appropriate ZIP pre-sort, bar coding, ZIP plus 4, and any other relevant postal price offerings. The CSA will make monthly payments based on the number of pieces mailed during the month at the ZIP pre-sort rate in effect at the time of mailing. Daily reports from the contractor must detail the postage rate based on ZIP pre-sort requirements (residual mail as defined by the Post Office will be paid for as first class mail). Reports of the postage used for each mailing must accompany each month's billing for postage.
- M. The CSA shall not be liable for the payment of any taxes under this Agreement however designated, levied or imposed.
- N. The CSA may reduce payment or cancel the contract in the event that federal funds are reduced or rescinded.
- O. Change and Release Management. The CSA may authorize the Contractor to perform changes as described in the RFP, Section 11.9.6.:
- P. From time to time, the CSA may also require the Contractor to perform projects or other EBT-related tasks which are not in the general scope of work required by this Agreement, are not required to be performed within the current pricing structure. For personal services, payments to the Contractor shall be based on the change request rates specified in ARTICLE 13. Any applicable non-personal services charges shall be billed at cost as evidenced by invoicing or other such reasonable documentation to be submitted by the Contractor plus a mark-up/administrative fee of not more than 4% as specified in ARTICLE 13. The mark-up/administrative fee shall not apply to personal service charges as defined in ARTICLE 13. Prior written approval from the CSA shall be required for all such tasks and total expenditures within any given contract year. Prior to providing written approval, the CSA reserves the right to require reasonable evidence, including the requirement that the Contractor follow formal bidding procedures, that all tasks performed hereunder are obtained from the best available source, price and all other factors considered.
- Q. Settlement and Reconciliation Procedures. The Contractor shall initiate a process of crediting local merchants and debiting the state's account for cash assistance benefits redeemed. The state will be responsible for maintaining adequate funds in the bank account used for electronic funds transfers.

The Contractor must draw from the Federal Letter of Credit and make payments to merchants for SNAP benefits.

Once each business day the Contractor must initiate an electronic funds transfer from the bank account that has been designated by the State. The amount of the draw must be equal to the total of cash transactions for the previous day, plus or minus any adjustments.

- R. The Contractor shall be liable for interest payable to the CSA at a rate equal to the then-current prime rate plus 3% APR for errors made by the Contractor regarding transfers as described in the Contractor's response to Section 6 Settlement and Reconciliation Procedures of the RFP (e.g. Contractor removes funds from county funding accounts twice for the same transaction).

- S. The Contractor shall comply with the State Comptroller's procedures to authorize electronic payments. Authorization forms shall be provided by the CSA at issuance of this contract.
- T. The Contractor shall also comply with the State Comptroller's requirement to file an IRS Form W-9. The form and the instructions for completing the W-9 shall be provided.
- T. U. Price Protection - The Contractor confirms that the prices and warranties granted by the Contractor herein are comparable to or better than the equivalent terms being offered by the Contractor to other state government customers using similar scope and volume of services under like terms and conditions. If the Contractor, during the term of this Agreement, enters into agreements for similar scope and volume of services with any other state government customers providing better prices and warranties inconsistent with the commitments of this contract, at the option of the CSA, following consideration of any comments provided by Contractor, this Agreement shall thereupon be deemed amended to provide the same to the CSA. All financial adjustments related to this amendment will be amended on a prospective basis only.

ARTICLE 7: Miscellaneous Provisions

1. Notwithstanding the provisions set forth in Section 15, Credit and Rights in Data, the parties agree that the United States Department of Health and Human Services and the United States Department of Agriculture shall be granted a royalty-free, non-exclusive and irrevocable license to produce, publish or otherwise use such documents and software and to authorize others to do so for government purposes to the extent that the services which resulted in the production of such documents and software are Federally funded. The grant excludes the proprietary products, documentation, materials and information (and derivative works thereto) of Contractor, Contractor's sub-contractors and third party product providers.
 - a. The CSA acknowledges that the provision of Contractor services under this Agreement does not create a license by the CSA to use any software generally licensed by the Contractor to end-users and if any such software is to be used in connection with the provision of Services hereunder, a separate license is necessary. Ownership of software modifications, improvements, and enhancements does not create any interest in or right to use underlying software, absent ownership of the underlying software or an express conveyance of rights or grant license from the party owning the underlying software.
 - b. The above provisions shall not preclude the Contractor from developing materials, including software, which are similar to that furnished to the CSA in the course of providing services under this Agreement.
 - c. This Article will survive termination or cancellation of this Agreement.
2. In determining the fitness of an employee to perform duties under the terms of this Agreement, the Contractor will conduct a criminal history/ security background check on all employees working on this Agreement. The Contractor shall determine the method and frequency by which it conducts and confirms the fitness of its employees to perform duties under this Agreement, which determinations shall be incorporated into a comprehensive plan. Contractor's comprehensive plan for the conduct of criminal history/ security background checks will be submitted to the CSA within 90 days of the approval of this agreement by the State Comptroller and shall be subject to approval by the CSA, which approval shall not be unreasonably withheld; CSA may request revisions to the comprehensive plan from time to time, as it determines appropriate. If the Contractor is unable to determine an employee's fitness due to the results of a criminal history/ security background check, as discussed herein, the Contractor shall forward a

description of the results to the CSA, for review and determination. The Contractor's agreement to comply with the provisions of this section is a material representation of fact upon which reliance was placed when the CSA determined to enter into this Agreement. In conducting a criminal history/ security background check, the Contractor is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings. If it is later determined that the Contractor knowingly, rendered an false positive determination of an employee's fitness, failed to conduct a criminal history/ security background check, or failed to reasonably interpret the results in confirming an employee's fitness to perform duties under the terms of this Agreement, in addition to any other remedies available to the CSA, such as liquidated damages, the CSA may terminate this Agreement for cause. The Contractor shall provide immediate written notice to the CSA if at any time the Contractor learns that its determination of an employee's fitness to perform duties under the terms of this Agreement was erroneous or has become erroneous by reason of changed circumstances.

The Contractor will ensure that the provisions of this section are incorporated within all sub-contracts, and accepts the responsibility for ensuring that these provisions are fully complied with by all subcontractors.

ARTICLE 8 - Notification

A. All notices permitted or required hereunder shall be in writing and shall be transmitted either:

1. via certified or registered United States mail, return receipt requested;
2. by facsimile transmission;
3. by personal delivery;
4. by expedited delivery service; or
5. by e-mail.

Such notices shall be addressed as follows or to such different addresses as the parties may from time-to-time designate:

Craig S. Zimmerman,
 Manager of Resources and Recoveries
 State of Connecticut
 Department of Social Services
 25 Sigourney St
 Hartford, CT 06106
 Telephone Number: 860-424-5617
 Fax Number: 860-424-5617
 E-Mail: craig.zimmerman@ct.gov

Kristin Krawetzky
 Accountant
 State of Connecticut
 Department of Social Services
 25 Sigourney St
 Hartford, CT 06106
 Telephone Number: 860-424-5756
 Fax Number: 860-424-5678
 E-Mail: kristin.krawetzky@ct.gov

Margaret Janowski, PMP®
 Program Manager –
 Xerox State & Local Solutions, Inc.
 Office Number: use cell phone number
 Cell Number: 785-554-3029
 Fax Number: N/A
 E-Mail: Margaret.janowski@xerox.com

Contracts Department
 Xerox State & Local Solutions, Inc.
 8260 Willow Oaks Corporate Drive
 6th Floor
 Fairfax, VA 22031
 Telephone Number: 703-891-8700
 Fax Number: 703-891-8857

Teri Rietfort, PMP®
 Regional Director, Card Services
 Xerox State & Local Solutions, Inc.
teri.rietfort@xerox.com
 p 303.465.2512

m 720.253.4313

- B. Any such notice shall be deemed to have been given either at the time of personal delivery or, in the case of expedited delivery service or certified or registered United States mail, as of the date of first attempted delivery at the address and in the manner provided herein, or in the case of facsimile transmission or email, upon receipt.
- C. The parties may, from time to time, specify any new or different address in the United States as their address for purpose of receiving notice under this Agreement by giving fifteen (15) days written notice to the other party sent in accordance herewith. The parties agree to mutually designate individuals as their respective representatives for the purposes of receiving notices under this Agreement. Additional individuals may be designated in writing by the parties for purposes of implementation and administration/billing, resolving issues and problems and/or for dispute resolution.

ARTICLE 9 - Other Agency Use

Upon request by any other Connecticut State Agency, the Contractor shall enter into a statement of work with such agency for the purchase of the goods and services that are the subject of this Agreement, including but not limited to EBT, debit, prepaid debit, or other payment card services. Such statement of work shall be appended to this agreement and shall be legally binding between the parties involved in the statement of work. Such statement of work shall provide that the cost of such goods and services to the agency entering into such agreement shall be the same as defined under this Agreement in the Price Schedules, except that Contractor shall be permitted to negotiate an increase in the price to the extent it can show an increase in the cost of providing goods and services which can be attributed to the fact that the agency requires the Contractor to be obligated to contractual provisions that are more onerous than those contained herein.

ARTICLE 10- Warranty for Deliverables/Workmanship

Contractor guarantees that any required deliverables, tangible or intangible, regardless of form, shall be unconditionally guaranteed for the duration of the contract and a minimum of ninety calendar days from the contract completion date. This warranty will be voided by the CSA's misuse, accident, operation in other than the Specified Operating Environment, unauthorized modification of the source code, improper maintenance or failure caused by a product for which Contractor is not responsible.

ARTICLE 11 - Performance Standards

It is the expectation of the NCS that the integrity and responsiveness of the EBT system be of the highest quality and that the requirements throughout this Agreement and the RFP are met. This section outlines the performance standards and the methods and potential dollar amounts for the assessment of liquidated damages for failure to meet performance standards.

A. Performance Standards

To ensure the Contractor provides uninterrupted services to clients and SNAP merchants, and meets the performance standards set forth in USDA FNS regulation, the CSA has defined and provided in this Agreement and the RFP a set of EBT system and service performance standards. The Contractor must adhere to the performance standards as set forth below and in the requirements of this Agreement.

The Contractor must provide a consolidated report or individual specific reports of their performance as described in the RFP. Each report, or section of the consolidated report, must provide in detail the actual measures of performance for that standard. For example, if the standard requires daily or weekly conformity, then the report will detail actual daily or weekly performance. The report(s) must also detail the degree to which the contractor either satisfied or did not satisfy the requirements of the standard. The detail must be sufficient so as to allow the CSA to calculate potential liquidated damages in the event of failure to perform.

Should Contractor performance fall below the predefined standard, as measured by either Contractor reporting or the result of CSA monitoring, the CSA reserves the right to assess liquidated damages and/or require that the Contractor develop and fully implement a corrective action plan. The corrective action plan must be delivered within five business days of the determination that the performance standard is not being met. Upon approval by the CSA, the corrective action must be implemented no later than five days from the date the plan is approved by the CSA.

The Contractor must provide oral and written email notification in the form of an Impact Statement as soon as reasonably possible after Contractor management is aware of the issue, or should have reasonably been aware of it, not to exceed fifteen (15) minutes to the CSA of any incidents, issues, or problems including, but not limited to, system outages, customer service delays, non-compliance with performance standards or deliverable due dates. Notification must provide immediate and open communication between the Contractor and the CSA personnel to allow for maximum CSA involvement in the planning, execution, and evaluation of any action(s) taken.

The Impact Statement must include date and time of discovery, manner of discovery, nature of the incident or problem, affected service, category and severity, responsible individual, and next steps identified.

Incident or problem investigation must be followed up within a reasonable amount of time, but in no instance more than five (5) calendar days from the initial Impact Statement, with a written resolution report, including specific information documenting the nature of the problem and event triggers, the necessary actions/steps to resolve/correct the problem; estimated timeframes for implementation of the resolution; and the lead Contractor personnel responsible for assuring resolution of the problem.

Events or problems identified by the CSA must also adhere to the aforementioned standards and must be addressed by the Contractor with the same expectations specified above. In the event the contractor fails to comply with the requirements specified above, the affected CSA reserves the right to apply any applicable liquidated damages as set forth in this article and withhold 1% of the most current monthly voucher or \$10,000, whichever is greater.

B. Liquidated Damage Calculation Description

Liquidated damages specified in this Article are intended for the Contractor's failure to meet its proposed timeframe commitments stated in the following performance standards (when not otherwise caused by a Force Majeure event, the CSA, or by a third party not under the control of the Contractor (excluding Subcontractors of the Contractor). As described below, each CSA has authority to assess full or partial liquidated damages at its discretion for non-compliance with performance standards. In the event of contractor deficiencies in meeting performance standards, the CSA will recover said damages or liquidated damages by the deduction of such costs from monthly billing payments for up to sixty (60) days in an amount sufficient to cover the liquidated damages that exceed the monthly invoice amounts.

As stated below, the CSA may opt to withhold a percentage of the monthly billing times the "State Multiplier" until such time as the deficiency is cured. The State Multiplier for the CSA is indicated below and will be used to determine the total dollar amount to assess the liquidated damage value if the Benchmark/Threshold falls below the standard. To clarify, for each standard below where the benchmark/threshold measurement is given as a percentage, damages may be assessed when actual performance falls one whole percentage point or more below or above the standard as applicable. Such action shall not affect the CSA's right to assess liquidated damages per the terms of the contract.

Liquidated Damage Calculation Example:

\$2,500 = dollar value;

1 = the whole point below the standard. In this case the contractor failed to meet the benchmark/threshold of 99.9%, and was reported @98.9%;

\$2,500 = the dollar value multiplied by the State multiplier;

\$2,500 X 2 (CT State Multiplier).

\$5,000 = assessed damage value.

Host and Transaction Processing, Communications Facilities, and Hot Backup *for items with an asterisk, the CSA is not utilizing this feature at this time but reserves the right to utilize it in the future			
#	Performance Standard	Benchmark/ Threshold Measurement and Frequency	Liquidated Damages / Calculations
1	% of Availability (Uptime): 1a.) EBT System Availability (Uptime): 24 hrs a day, 7 days a week, 365 days a year, except for scheduled downtime, measured per month, for EBT Processor, transaction switch, and EBT Third Party Processors.	<ul style="list-style-type: none"> • 99.9% Processor • Monthly • 98% Transaction Switch • Monthly 	<ul style="list-style-type: none"> • 1st outage- 1% of monthly bill. For each additional hour segment an additional ½ % will be added. Result for each state multiplier. • 2nd outage- 2% of monthly bill. For each additional hour segment an additional ½ % will be added. An additional ½ % for each subsequent outage >2 will be added. Result for each state multiplier. • SM: CT=10
	1b.) Client Web Portal Availability (Uptime): 24 hrs a day, 7 days a week, 365 days a year, except for scheduled downtime.	<ul style="list-style-type: none"> • 99% • Daily 	<ul style="list-style-type: none"> • \$2500 for each whole % point below standard times state multiplier • SM: CT=1
	*1c.) SOAP Communication Availability: 24 hrs a day, 7 days a week, 365 days a year, except for scheduled downtime. Currently this communication protocol is specific to NYS and Massachusetts and liquidated damages stated herein are applicable. During the contract term other CSA's may choose to develop and implement this technology at which time liquidated damages may be assessed should the contractor fail to meet the benchmark once the CSA's ability to support this communication has been developed and implemented on the System Baseline.	<ul style="list-style-type: none"> • 99% • Daily 	<ul style="list-style-type: none"> • \$2500 for each whole % point below the standard, except for scheduled down time, for each state multiplier • SM: CT=1
	1d.) EBT Administrative System Availability (Uptime): 24 hrs a day, 7 days a week, 365 days a year, except for scheduled downtime.	<ul style="list-style-type: none"> • 99 % • Daily 	<ul style="list-style-type: none"> • \$2500 for each whole % point below standard times state multiplier • SM: CT=1
2	2a.) EBT POS Transactions via Leased Lines: % of System Transactions Executed Within Response Time Threshold	<ul style="list-style-type: none"> • 98% executed within 10 seconds • 100% executed within 15 	<ul style="list-style-type: none"> • \$2500 for each whole % point below standard times state multiplier • SM: CT=1

		<ul style="list-style-type: none"> seconds Monthly 	
	2b.) EBT POS Transactions via Dial Up Systems:	<ul style="list-style-type: none"> 95% executed within 15 seconds 100% executed within 20 seconds Monthly 	<ul style="list-style-type: none"> \$2500 for each whole % point below standard times state multiplier SM: CT=1
	2c.) EBT Administrative Functionality Transactions These transactions include, but are not limited to posting of a benefit, account set up records, and account repayment.	<ul style="list-style-type: none"> 99% processed within 2 seconds Monthly 	<ul style="list-style-type: none"> \$5000 for each whole % point below standard times state multiplier. SM: CT=1
	2d.) EBT Cardholder Web or IVR Transactions: Includes any transaction initiated via the cardholder web portal or IVR.	<ul style="list-style-type: none"> 99% executed within 3 seconds Monthly 	<ul style="list-style-type: none"> \$5000 for each whole % point below standard times state multiplier. SM: CT=1
	*2e.) SOAP Record Communication Transmission Rate Number: No less than 1500 records, incoming and outgoing, transferred per hour or maximum records sent. Currently this communication protocol is specific to NYS and Massachusetts and liquidated damages stated herein are applicable. During the contract term other CSA's may choose to develop and implement this technology at which time liquidated damages may be assessed should the contractor fail to meet the benchmark once the CSA's ability to support this communication has been developed and implemented on the System Baseline.	<ul style="list-style-type: none"> Processes 99% Monthly 	<ul style="list-style-type: none"> \$5000 for each whole % point below the hourly standard times state multiplier. SM: CT=1
	*2f.) Incoming SOAP Communication: Records received via SOAP communication This communication protocol is specific to NYS and Massachusetts. At state option, each CSA may choose to develop and implement this technology during the contract term. Liquidated Damages may be assessed upon the contractor's failure to meet the benchmark once the CSA's ability to support this communication has been developed and implemented on the System Baseline.	<ul style="list-style-type: none"> 99% of records are processed within 3 seconds of receipt Monthly 	<ul style="list-style-type: none"> \$5000 for each whole % point per day below standard times state multiplier. SM: CT=1
	2g.) Data File Processing: All data file records, including but not limited to Benefit Files and CBIC Batch Update Files received via FTP or any other means.	<ul style="list-style-type: none"> 99% of files are processed within 1 hour of receipt Monthly 	<ul style="list-style-type: none"> \$5000 for each whole % point below standard times state multiplier. SM: CT=1
3	# of Inaccurate Transactions 3a.) Inaccurate EBT Financial Transactions: This includes any transactions made directly by the contractor and any of its sub-contractors acquiring networks. For example, transactions incorrectly (or	<ul style="list-style-type: none"> 99.9% accuracy assessed per 	<ul style="list-style-type: none"> \$5000 times number of days under standard times state multiplier.

	<p>erroneously) denied, funds drawn from an incorrect account; overdraws of benefit accounts; incorrect debits and credits; failure to apply requested benefit cancelations; and/or incorrect postings of benefits to cardholder EBT accounts.</p>	<p>day.</p> <ul style="list-style-type: none"> • Reported Monthly 	<ul style="list-style-type: none"> • SM: CT=1
	<p>3b.) Inaccurate EBT Transactions processed via the IVR or Client Web Portal.</p>	<ul style="list-style-type: none"> • 99.9% accuracy assessed per day • Reported Monthly 	<ul style="list-style-type: none"> • \$5000 times number of days under standard times state multiplier. • SM: CT=1

4	Data Files and Reports Accuracy and Transmission 4a.) Data File Transmission: Data files are sent according to the daily/monthly schedule as defined in this RFP.	<ul style="list-style-type: none"> • 100% of data files are sent within 1 hour • Monthly 	<ul style="list-style-type: none"> • \$5000 for each whole % point below standard times state multiplier. • SM: CT=2
	4b.) Data File Transmission Accuracy: Data files are accurately formatted and data is accurate.	<ul style="list-style-type: none"> • 100% of data files are accurate • Monthly 	<ul style="list-style-type: none"> • \$5000 for each whole % point below standard times state multiplier. • SM: CT=2
	4c.) Report Transmission: Reports are sent according to the daily/monthly schedule as defined in Appendix 15 of the RFP.	<ul style="list-style-type: none"> • 99.9% of reports are sent within 1 hour of the defined deliverable. • Monthly 	<ul style="list-style-type: none"> • \$2500 for each whole % point below standard times state multiplier. • SM: CT=1
	4d.) Report Accuracy: Reports are accurately formatted and data is accurate.	<ul style="list-style-type: none"> • 99.9% of reports are accurate • Monthly 	<ul style="list-style-type: none"> • \$2500 for each whole % point below standard times state multiplier. • SM: CT=1
	4 e.) File Accuracy: Timely FNS file transmissions of ALERT, AMA, and STARS in accordance to Appendix 15 of the RFP.	<ul style="list-style-type: none"> • 100% of data files are accurate. • Daily/Monthly 	<ul style="list-style-type: none"> • \$1,000 per instance for files that are delayed more than two (2) days. • An additional \$1,000 for each additional day after the first two days the files are delayed. • \$1,000 each time the “ALERT” file is entirely rejected by FNS. This also applies when the “ALERT” file is entirely rejected multiple times in a month/day exceeding the permitted number of file rejections. • SM: CT=1
5	Cards and PINS *5a.) Mailed Card Turn Around Time: Mailed cards are produced and mailed within 3 calendar days. The calendar date of receipt of the data by the Contractor will be considered day zero. Following day zero, the first business day will be considered Day 1. Day 2 will be the first business day following day one, and Day 3 will be the first business day following day two. Cards will be measured as delayed if produced on Day 3 or greater.	<ul style="list-style-type: none"> • 100% of cards produced within 3 calendar days. • Monthly 	<ul style="list-style-type: none"> • Cards produced on day 3 and any subsequent delayed days, the CSA will not be charged for those cards and corresponding postage. • Cards produced on or after day 3, an additional charge will be calculated as the total card cost times the number of cards times the number of days delayed minus 1. Example: 5,000 cards delayed for 3 days will be assessed at the rate of the cost of <i>one</i> card x 5,000 x 2. The cost per card in place within the contract cycle will be used to determine the damages.
	*5b.)OTC Card Turnaround Time:	<ul style="list-style-type: none"> • 90% of cards produced 	<ul style="list-style-type: none"> • \$300 for each whole % point below

	OTC cards are produced within 1 hour from a client arriving at the CSA designated site.	<ul style="list-style-type: none"> within 1 hour Monthly 	<ul style="list-style-type: none"> standard times state multiplier. SM: CT=1
	*5c.) Bulk Shipment Card Turnaround Time: Cards are delivered within State time frame. NY/VT= 20 days CT/NH/RI/MA=5 days	<ul style="list-style-type: none"> 100% on time card delivery Monthly 	<ul style="list-style-type: none"> \$1000 for each business day a bulk shipment is late.
	*5d.) Card Standards: Cards meet ISO standards as defined in this RFP.	<ul style="list-style-type: none"> 100% ISO compliance Monthly 	<ul style="list-style-type: none"> \$10 times number of non-compliant cards.
	*5e.) PIN Mailer Turnaround Time: PIN Mailers are produced and mailed within 1 business day.	<ul style="list-style-type: none"> 90% of PIN Mailers produced and mailed within 1 business day. Monthly 	<ul style="list-style-type: none"> PIN mailers produced and mailed on 2nd business and any subsequent delayed days, the CSA will not be charged for those PIN mailers and corresponding postage. PIN mailers produced and mailed on or after 3rd business day an additional charge will be calculated as follows; total number of delayed PIN Mailers times the number of days delayed minus 1.
	*5f.) PIN Mailer Accuracy: PIN Mailers are accurately formatted and the data contained within the PIN Mailer is accurate.	<ul style="list-style-type: none"> 100% of PIN Mailers are accurate Monthly 	<ul style="list-style-type: none"> \$1000 for each whole % point below standard times state multiplier. SM: CT=1 Additionally, CSA will not be charged for inaccurate PIN mailers and corresponding postage.
	5g.) PIN Selection Device Availability: PIN selection devices will be available and working as defined in this RFP.	<ul style="list-style-type: none"> 100% of PIN Selection Uptime Monthly 	<ul style="list-style-type: none"> \$2500 for each whole % point below standard times state multiplier SM: CT=1
	5h.) PIN Selection Transaction Processing: Timing begins upon entry of client PIN for processing.	<ul style="list-style-type: none"> 98% executed within 45 seconds or less Monthly 	<ul style="list-style-type: none"> \$2500 for each whole % point below standard times state multiplier SM: CT=1
6	Direct Deposit and Direct Deposit Returns *6a.) Direct Deposit and Direct Deposit Accuracy: Direct Deposits and Direct Deposit Returns are accurate and formatted and data is accurate.	<ul style="list-style-type: none"> 100% of direct deposits and returns are accurate Monthly 	<ul style="list-style-type: none"> \$5000 for each whole % point below standard times state multiplier SM: CT=1
	*6b.) Direct Deposit and Direct Deposit Timeliness: Direct Deposits Direct Deposit Returns are processed in the time as specified Section 5.2.1.	<ul style="list-style-type: none"> 100% of direct deposits and returns are on time 	<ul style="list-style-type: none"> \$5000 for each whole % point below standard times state multiplier

		<ul style="list-style-type: none"> Monthly 	<ul style="list-style-type: none"> SM: CT=1
7	Settlement and Reconciliation 7a.) SNAP: EBT contractor must provide credits to the financial institution holding the accounts for retailers or third party processors within two business days of the daily cutover period for retailer settlements in accordance with Federal regulations and AMA and ASAP standards.	<ul style="list-style-type: none"> 100% compliance with regulations and standards Monthly 	<ul style="list-style-type: none"> \$1000 per occurrence beyond the measured cutover settlement, times state multiplier SM: CT=1 Additionally, contractor is liable for the value of benefits incorrectly applied and any bank costs, charges, or damages that government or retailers may accrue from missed or incorrect settlement processing.
	7b.) Cash: EBT contractor must provide credits to the financial institution holding the accounts for retailers or third party processors according to applicable network rules and QUEST Operating Rules.	<ul style="list-style-type: none"> 100% compliance with regulations and standards Monthly 	<ul style="list-style-type: none"> \$1000 per occurrence beyond the applicable network or QUEST settlement rules, times state multiplier SM: CT=1 Additionally, contractor is liable for the value of benefits incorrectly applied and any bank costs, charges, or damages that government or retailers may accrue from missed or incorrect settlement processing.
8	Disaster Preparation and Contingency Planning 8a.) Continuation of Business (COB) Testing: COB test conducted annually on mutually agreed upon date.	<ul style="list-style-type: none"> COB is conducted on annual scheduled date. 	<ul style="list-style-type: none"> \$2500 per month delayed from scheduled date, times state multiplier SM: CT=2
	8b.) Continuation of Business (COB) Reporting: Complete COB reporting as described in this RFP.	<ul style="list-style-type: none"> Received within 30 days of completion of COB test. 	<ul style="list-style-type: none"> \$2500 per month if delayed beyond the 30 days of completion, times state multiplier SM: CT=2
	8c.) Continuation of Business (COB) Accuracy: COB is conducted as specified in this RFP with no unexpected disruptions to normal EBT processing.	<ul style="list-style-type: none"> 100% Accuracy (0 incidents) 	<ul style="list-style-type: none"> \$2500 per incident times state multiplier SM: CT=2 Any actual damages in excess of the liquidated damages cited by the CSA as a result of the failure of the COB or unexpected incidents as a result of the COB, including, but not limited to, additional costs incurred by the CSA.
9	Transition/Conversion Plan 9a.) Transition/Conversion Timeliness: contractor must assume EBT processing in accordance with	<ul style="list-style-type: none"> 98% of deadlines daily/ weekly during conversion in 	<ul style="list-style-type: none"> \$500 per day times the number of days delayed for each individual deliverable described in the plan.

	the approved project workplan. The ensuing EBT contractor must prepare a Transition and Conversion Plan that complies with the FNS EBT System Transition Guide, Version 2.0, June 6, 2005 or the most recent version issued by FNS. Upon termination of the contract, the contractor must cooperate with the future EBT contractor to ensure a timely and accurate conversion of a the 3-Year on-line transaction history.	accordance to the plan.	<ul style="list-style-type: none"> • Additionally, actual damages in excess of the liquidated damages cited above incurred by the CSA as a result of the failure by the Offeror to convert the EBT systems and processing by the scheduled conversion date, including, but not limited to, additional costs for the continuation of EBT services. • SM: CT=2
	9b.) Transition/ Conversion Plan Accuracy: contractor must accurately transition and convert EBT data and processes as defined in the RFP.	<ul style="list-style-type: none"> • 100% (0 incidents) • daily/ weekly during transition/ conversion 	<ul style="list-style-type: none"> • \$2500 per incident times state multiplier. • SM: CT=2 • Additionally, actual damages in excess of the liquidated damages cited above incurred by the CSA as a result of the incident.
10	Retailer Management, Customer Service and Training 10a.) Answer Timeliness: Cardholder and retailer calls answered by automated system as defined in this RFP.	<ul style="list-style-type: none"> • 98.5% within 20 seconds • Monthly 	<ul style="list-style-type: none"> • 1% of the total EBT monthly billing as defined in the RFP times state multiplier. • SM: CT=1
	<ul style="list-style-type: none"> ▪ 10b.) IVR Calls Answered: Cardholder and retailer calls answered by IVR after menu selection 	<ul style="list-style-type: none"> • 100% within 5 seconds • Monthly 	<ul style="list-style-type: none"> • For each whole % point above the standard, 1% of the total EBT monthly billing times state multiplier. • SM: CT=1
	<ul style="list-style-type: none"> ▪ 10c.) Call Selection Wait Period: Cardholder or retailer calls answered by live operator. 	<ul style="list-style-type: none"> • 99.8% answered by live operator within 2 minutes. • 3% answered by live operator within 30 seconds. • Monthly 	<ul style="list-style-type: none"> • 1% of the total EBT monthly billing times state multiplier for <i>each</i> standard. • SM: CT=5
	<ul style="list-style-type: none"> ▪ 10d.) Abandon Call Rate: Cardholder and retailer calls abandon call rate 	<ul style="list-style-type: none"> • < 5% • Monthly 	<ul style="list-style-type: none"> • For each whole % point above the standard, 1% of the total EBT monthly billing times state multiplier • SM: CT=1
	<ul style="list-style-type: none"> ▪ 10e.) Blocked/ Busy Signals: Cardholder 	<ul style="list-style-type: none"> • 0% for first 400 	<ul style="list-style-type: none"> • For each whole % point above the standard, 1% of the total EBT

	or retailer calls.	concurrent callers <ul style="list-style-type: none"> • < 2% after the first 400 concurrent callers • Monthly 	monthly billing times state multiplier for <i>each</i> standard. <ul style="list-style-type: none"> • SM: CT=1
	10f.) Cardholder Service Line Availability: Customer Service toll free line is available 24 hours per day, 7 days per week.	<ul style="list-style-type: none"> • 100% • Monthly 	<ul style="list-style-type: none"> • \$2500 for each whole % point below standard times state multiplier. • SM: CT-1
11	Incident, Problem, Change and Release Management 11a.) Incident/Problem Management; Incident/Problem Response Time: Contractor documents and submits an impact statement to incidents/problems reported by the CSA or the Contractor.	<ul style="list-style-type: none"> • Immediate for CSA and Contractor detected/reported incidents/problems. • Quarterly 	Events, incidents or problems identified by the CSA must also adhere to the following standards and must be addressed by the contractor with the same expectations specified in Section 11.7.2 of the RFP. In the event the contractor fails to comply with the specified requirements, the affected CSA reserves the right to withhold 1% of the most current monthly voucher or \$10,000, whichever is greater. <ul style="list-style-type: none"> • \$1,000 per problem per month delayed reporting times state multiplier. • SM: CT=2
	Incident and Problem Notification 11.a.1.) Incident and Problem Notification Response Time: Contractor notifies the CSA of system operating incidents, problems or outages.	<ul style="list-style-type: none"> • As soon as reasonably possible after Contractor management is aware of, or should have reasonably been aware of the incident, issue or problem, not to exceed fifteen (15) minutes for CSA and Contractor detected/reported incidents and problems or outages. • Daily 	Unscheduled events or systems operations, incidents and problems which interrupt or prevent system operations at the client/retailer interface must be reported to the CSA immediately. Such events, incidents and problems which 1) have a duration of more than 15 minutes and 2) occur over a geographic area appearing likely to constitute as much as or more than a zip code, if those events/incidents/problems are not immediately reported to the CSA, shall be cause for assessment of liquidated damages, which damages shall be computed in the following manner. <p>The CSA may assess damages in the amount of \$10.00 for each projected disrupted transaction. The number of projected disrupted transactions (which shall not be computed if notice of the disruption is communicated within the first 15 minutes after the contractor initially becomes or should have</p>

		<p>become aware of the systemic interruption in benefit processing) shall consist of the average number of approved and logged SNAP and Cash transactions that occurred in the fifteen days prior to the day in which the disruption occurs for the period of disruption in which there was no notification to the CSA.</p> <p>Initial notification may consist merely of an identification of the geographical area in which the problem is occurring, to the extent that is known, and a general description of the nature of the incident/problem/interruption.</p> <ul style="list-style-type: none"> • \$10.00 per affected approved and logged transaction. <p>SM: CT=2</p>
<p>11b.) Incident/Problem Written Resolution Report: Contractor investigates and provides written resolution report for Contractor or CSA reported incidents and problems as described in Section 11.7.2 of the RFP.</p>	<ul style="list-style-type: none"> • Within 5 calendar days for Contractor and CSA detected and/or reported incidents/problems. 	<ul style="list-style-type: none"> • \$1,000 per reported incident/problem per month where a written resolution is not provided times the state multiplier. • SM: CT=2
<p>11c.) Incident Management: % of Repeat Incidents: % of incidents that can be classified as a repeat incident, relative to all incidents.</p>	<ul style="list-style-type: none"> • 2% • Quarterly 	<ul style="list-style-type: none"> • Number of repeat incidents times \$500 times state multiplier • SM: CT=2
<p>11d.) Incident Management: % of Incidents Resolved within target/deadline: # of incidents closed within allowed time frame, relative to the total number of incidents.</p>	<ul style="list-style-type: none"> • 99% • Quarterly 	<ul style="list-style-type: none"> • \$500 per incident not resolved times month(s) delayed times state multiplier • SM: CT=2
<p>11e.) Problem Management: % of Repeat Problems: % of problems that can be classified as a repeat problem, relative to all incidents.</p>	<ul style="list-style-type: none"> • 0% • Quarterly 	<ul style="list-style-type: none"> • Number of repeat problems times \$2500 times state multiplier • SM: CT=1
<p>11f.) Problem Management: % of Problems Resolved within target/deadline: # of problems closed within allowed time frame, relative to the total number of problems.</p>	<ul style="list-style-type: none"> • 99% • Quarterly 	<ul style="list-style-type: none"> • \$2500 per problem not resolved times month(s) delayed times state multiplier • SM: CT=2
<p>11g.) Change Management: Time (Days) Request for Change Response: Change Request Form and the results are returned as defined</p>	<ul style="list-style-type: none"> • 14 calendar days • Quarterly 	<ul style="list-style-type: none"> • \$250 per day delayed times state multiplier • SM: CT=1

	in this RFP.		
	11h.) Change Management: % of Changes Implemented within target/deadline: # of changes implemented within allowed time frame, relative to the total number of changes.	<ul style="list-style-type: none"> • 99% • Quarterly 	<ul style="list-style-type: none"> • \$2500 per change not implemented times month(s) delayed times state multiplier • SM: CT=2
	11i.) Change Management: % of Unauthorized Implemented Changes: # of implemented changes that were not authorized by the CSA relative the total implemented changes.	<ul style="list-style-type: none"> • 0% • Quarterly 	<ul style="list-style-type: none"> • \$5000 per change not authorized times state multiplier • SM: CT=2
	11j.) Change Management: % of Changes that Cause Incidents: # of implemented changes that have caused incidents relative the total implemented changes.	<ul style="list-style-type: none"> • 0% • Quarterly 	<ul style="list-style-type: none"> • \$2500 per unique incident times state multiplier • SM: CT=2
	11k.) Change Management: % of Backed Out Changes: # of closed changes which were rolled back relative to the total number of changes.	<ul style="list-style-type: none"> • 0% • Quarterly 	<ul style="list-style-type: none"> • \$2500 per backed out change times state multiplier • SM: CT=2
	11l.) Release Management: % of Unauthorized implemented Releases: # of releases that were not authorized by the CSA relative the total releases.	<ul style="list-style-type: none"> • 0% • Quarterly 	<ul style="list-style-type: none"> • \$5000 per release not authorized times state multiplier • SM: CT=2
	11m.) Release Management: % of Backed Out Releases: # of releases which were backed out relative to the total number of releases.	<ul style="list-style-type: none"> • 0% • Quarterly 	<ul style="list-style-type: none"> • \$2500 per backed out release times state multiplier • SM: CT=2
	11n.) Release Management: % of Releases Implemented on Schedule: # of releases implemented within allowed time frame, relative to the total number of releases.	<ul style="list-style-type: none"> • 99% • Quarterly 	<ul style="list-style-type: none"> • \$2500 per release not implemented times month(s) delayed times state multiplier • SM: CT=2
	11o.) Release Management: % of Releases that Cause Incidents: # of releases that have caused incidents relative to the total releases.	<ul style="list-style-type: none"> • 0% • Quarterly 	<ul style="list-style-type: none"> • \$2500 per unique incident times state multiplier • SM: CT=2
12	Cash Access 12a.) Cash Access Availability: Contractor provides continuous cash access as defined in this RFP.	<ul style="list-style-type: none"> • 100% • Quarterly 	<ul style="list-style-type: none"> • 10% of monthly EBT billing will be withheld until Contractor meets cash access standard.
13	Adjustment Processing 13a.) The contractor must adjust cardholder accounts, as applicable by FNS regulation or QUEST Rules, to correct auditable, out-of-balance settlement conditions that result from	<ul style="list-style-type: none"> • 100% • Monthly 	<ul style="list-style-type: none"> • \$250 per deadline missed times state multiplier. • SM: CT=2

<p>a system error. A system error is defined as an auditable processing failure at any point in the redemption process that results in the improper crediting or debiting of an account or the failure to credit or debit an account. The adjustment transaction must reference the original transaction that is completely or partially erroneous.</p>		
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ARTICLE 12 – Selected Core Optional Services

The following is a list of EBT optional services that the Contractor shall provide in accordance with the pricing in ARTICLE 13. ARTICLE 13

- A. EBT RFP Section 4.2.3.4, ATM/POB Usage Transaction Fees incurred by CSA. For cash cases, the CSA agrees to compensate the Contractor for up to two (2) ATM and/or POB non-surcharged withdrawals per case per month in the amount of \$0.40 per transaction fee (interchange and switch fees).
- B. EBT RFP Section 4.2.3.4, ATM/POB Usage Transaction Fees incurred by Cardholder. Any ATM and/or POB non-surcharged withdrawals in excess of two per case per month will be payable by the cardholder in an amount equal to \$0.45 per withdrawal.
- C. EBT RFP Section 9.3.2, ARU PIN Restriction.
- D. EBT RFP Section 10.1, Cash Access Network.
- E. EBT RFP Section 14.3.1, Public Payphone Charges

The following is a listing of services initially selected by the CSA and provided at no charge by Xerox pursuant to Appendix A:

- A. EBT RFP Section 4.2.3.3, ATM Balance Inquiry
- B. EBT RFP Section 5.3, Data Warehouse Functionality and additional Ad-Hoc reporting functionality.

ARTICLE 13: Pricing Schedule

A. Pricing for NCS EBT Core Price per Case Month – Cash

NCS Caseload	Price per Case-Month: Cash
<100,000	\$0.51
100,000-200,000	\$0.47
200,001-300,000	\$0.47
300,001-400,000	\$0.45
400,001-500,000	\$0.45
500,001-600,000	\$0.44
600,001-700,000	\$0.44
700,001-800,000	\$0.39

NCS Caseload	Price per Case-Month: Cash
800,001-1,000,000	\$0.39
1,000,001-1,100,000	\$0.39
1,100,001-1,200,000	\$0.39
1,200,001-1,300,000	\$0.39
1,300,001-1,400,000	\$0.39
1,400,001-1,500,000	\$0.39
1,500,001-1,750,000	\$0.39
1,750,001-2,000,000	\$0.39
2,000,001>	\$0.39

B. Pricing for NCS EBT Core Price per Case-Month – SNAP

NCS Caseload	Price per Case-Month: SNAP
<100,000	\$0.57
100,000-200,000	\$0.56
200,001-300,000	\$0.55
300,001-400,000	\$0.52
400,001-500,000	\$0.50
500,001-600,000	\$0.48
600,001-700,000	\$0.46
700,001-800,000	\$0.45
800,001-1,000,000	\$0.45
1,000,001-1,100,000	\$0.45
1,100,001-1,200,000	\$0.45
1,200,001-1,300,000	\$0.45
1,300,001-1,400,000	\$0.45
1,400,001-1,500,000	\$0.44
1,500,001-1,750,000	\$0.44
1,750,001 – 2,000,000	\$0.44
2,000,001 – 2,500,000	\$0.44
2,500,001>	\$0.44

C. Pricing for NCS EBT Rate Escalators

Contract Year	Escalator
Year 2	0%
Year 3	0%
Year 4	0%
Year 5	0%
Year 6	0%
Year 7	0%
1st Optional Extension	0%
2nd Optional Extension	0%

D. Pricing for NCS EBT – Core Optional Requirements - Selected

Description	Pricing Format	One-Time Charge or Start-up Costs	Price Offer
4.2.3.3 - ATM Balance Inquiry	Cost per transaction	n/a	\$0.00
4.2.3.4 - ATM/POB Usage Transaction Fees ATM Withdrawals provided by CSA to cardholder up to pre- determined quantity See c) below under Notes	Fee per ATM/POB withdrawal (not subject to escalation/increases)	n/a	\$0.40 per ATM withdrawal. No charge for surcharged transactions
4.2.3.4 - ATM/POB Usage Transaction Fees (in Excess of CSA determined Quantity per Month) – Paid by Cardholder See c) below under Notes	Fee per ATM/POB withdrawal (not subject to escalation/increases)	n/a	\$0.45 per ATM withdrawal in Excess of CSA quantity. No charge for surcharged transactions. Fee is \$0.05 higher than fee charged to CSA because of higher administrative costs for transactions greater than two.
5.3 - Data Warehouse Functionality and additional Ad-Hoc reporting functionality	One-time charge	\$0.00	No charge
5.3 - Data Warehouse Functionality and additional Ad-Hoc reporting functionality	Recurring monthly price	n/a	\$0.00
9.3.2 - ARU PIN Restriction	One-time charge	\$15,000 per State	N/A
9.3.3 - ARU Card Replacement	One-time charge	\$0.00 No charge	N/A
10.1 – Cash Access Network	Incremental price per case month (cash only).	N/A	\$0.01 per cash only case. Includes Quest and NYCE networks.
14.3.1 – Public Payphone Charges	Base payphone charge per call (subject to change in accordance with FCC regs)	N/A	\$0.494

Pricing for NCS EBT – Core Optional Requirements - Reserved

4.2.3.1 – SNAP contractor managed adjustment process.	Adjustment Process including cardholder notices, telephone inquiries and system updates. Price must be an incremental price per case-month to participating CSA	n/a	\$0.003 per SNAP case
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	exclusive of reimbursable postage.		
4.2.3.1 – Cash contractor managed adjustment process.	Adjustment Process including cardholder notices (per notice), telephone inquiries and system updates. Price must be an incremental price per case-month to participating CSA exclusive of reimbursable postage.	n/a	\$0.003 per Cash case
4.2.3.2 - Card Authentication Value	One-Time Charge	\$0.00	Included at no charge
4.5.9 - Retention of Current Card Production Process	One-Time Charge	\$0.00	No charge
4.5.15 - Local District, Group Home or Congregate Care PIN Selection via Hardware Device- CSA	Monthly price per device inclusive of lease, maintenance, shipping and installation	n/a	\$10.00 per device per month
5.2.1 - Direct Deposit Services	Price per deposit	n/a	\$0.05 per deposit
5.2.2 - Direct Deposit Enrollment Management Services	Price per month for each case enrolled in direct deposit for which a deposit is made	n/a	\$0.08 per month for each case enrolled in direct deposit
5.2.3 - Alternate Direct Deposit Proposals: Electronic Payment Cards	Monthly account fee paid by Cardholder	n/a	\$0.00
5.2.17. - Branded Debit Card Services – fees to Cardholder	Price per ATM withdrawal (exclusive of surcharge) paid by Cardholder	n/a	\$0.00 For the first two ATM withdrawals at MoneyPass and Comerica Bank ATMs. \$1.35 for each subsequent ATM and each out of network ATM withdrawal. One of the unused 2 free in network withdrawals each month will rollover to the following month and expire at the end of the month.
5.2.17. Branded Debit Card Services – fees to Cardholder	Price per account balance inquiry paid by Cardholder	n/a	\$0 - for the first five balance inquires calls per month at the ARU, \$0.35 for each subsequent ARU call in a month \$0 - No Fee at website \$0 for the first text inquiry each month, \$0.10 for each subsequent text inquiry in a month

			\$0.50 for each balance inquiry at an ATM
5.2.17. - Branded Debit Card Services – fees to Cardholder	Price per card paid by Cardholder	n/a	No fee for initial card
5.2.17. - Branded Debit Card Services – fees to Cardholder	Price per replacement card paid by Cardholder	n/a	No fee for expired cards; no fee for 1st replacement per year; \$5.00 for subsequent replacements. Optional Expedited card delivered by overnight service- \$15.00 each
5.2.25 - Electronic Funds Transfer for Contractor Payments	Price per successfully completed transfer	n/a	\$0.05 per item
5.2.26 - Electronic Funds Transfer for Contractor Payments	Price per successfully completed transfer	n/a	\$0.05 per item
7.2.1 - Disaster Vault Card and PIN Inventory.	Price per 10,000 cards, excluding postage	n/a	\$3,000 per 10,000 cards
7.2.2 - Drop-Ship Delivery for States Utilizing Contractor Issued Disaster Vault Cards.	Price per 10,000 cards,	n/a	\$550 per 10,000 cards
9.1.2.1 - Hand-held Wireless POS Device	Monthly price per device inclusive of lease, maintenance, shipping, installation, and all transaction processing fees.	n/a	\$53.00 per device per month
9.1.2.1 - Card Reading Wedge	Monthly price per device inclusive of lease, maintenance, shipping and installation	N/A	\$3.00 per device per month
9.1.2.2 – Funds Transfer Support for Certain Facilities – Set-Up Charge	One-Time cost per facility	\$95,000 one-time cost	N/A
9.1.2.2 - Support for Certain Facilities - On-Going Charge	Recurring monthly price per facility	N/A	\$250 per month per facility
9.3.1 - Interpreter Options	Monthly price per language	\$5,000 one-time per language for ARU change.	\$2,000 per month per language
9.3.4 - Cardholder Training Brochure	Price per thousand	N/A	\$100.00 per thousand
9.3.4 - Cardholder Video (English and Spanish)	Initial One-time charge	\$50,000 one-time charge per State	N/A
9.3.4 - Cardholder Video-	Initial One-time charge per	\$10,000 one-time charge	N/A

Additional Language	language	per language per State	
9.3.4 Cardholder Video (for English, Spanish or other languages)	Unit price per video	N/A	\$8.00 per video
9.3.4.1 - One-Time Translation Fee Per Language for Cardholder Printed Materials	Initial one-time charge per language	\$1,000.00 per language	N/A
9.3.4.2 - Cardholder Training Brochure	Price per hundred thousand	N/A	\$7,600 per 100,000
9.3.4.3 - State/Local District Training Materials	Initial One-time charge including updates	\$2,000 per State	N/A
9.3.4.3 - State/Local District Training Materials	Unit price per hard copy	N/A	\$2.65 per hard copy
9.3.4.3 - State/Local District Training Materials	Unit price per CD	N/A	\$8.00 per CD
9.4 - Mass Mailing (excludes pass-through postage. Postage will be reimbursable and is not subject to any markup)	Per 1,000 pieces with one page inserted	N/A	\$328 per 1,000
9.4 Mass Mailing (excludes pass-through postage. Postage will be reimbursable and is not subject to any markup)	Per 1,000 pieces for each additional page	N/A	\$53 per 1,000 pieces for each additional page

E. EPC Cardholder Account Services - Reserved

Fee Description	Xerox Fee
In-Network ATM Withdrawals	Two Free ATM Withdrawals at all MoneyPass and Comerica Bank ATMs Nationwide. \$1.35 for each subsequent withdrawal. One unused in-network ATM withdrawal each month will roll over to the following month and will expire at the end of the month.
Out of Network ATM Withdrawals	\$1.35 per transaction
International ATM withdrawals	\$1.35 per transaction plus any applicable currency conversion fee.
In-Network ATM Surcharges	Unlimited free ATM surcharge fees at all MoneyPass and Comerica Bank ATMs Nationwide.
Out of network ATM Surcharges	Charge by the ATM owner. Xerox does not set this fee
Customer Service Calls (live CSR)	Unlimited free calls to live Xerox CSRs.
Customer Service Calls (IVR)	\$0.00 for the first five calls per month. \$0.35 for subsequent call per month
Web Inquiries	Unlimited free web-based inquiries on Xerox's secure website – www.goprogram.com
ATM Balance Inquiries	\$0.50 per transaction
POS Signature Transactions	Unlimited free approved POS signature transactions – including online purchases, telephone purchases, at all retailers and merchants accepting MasterCard.
POS PIN Transactions	Unlimited free approved POS PIN transactions – including purchases with cash back purchases at all retailers and merchants accepting MasterCard.
Foreign Currency Conversion Fee	3% of transaction
Bank Teller Withdrawal	\$2.00 per withdrawal
Account Maintenance	\$0.00
Proactive Deposit Notification Alert	\$0.00
Low Balance Alert	\$0.00
High Balance Alert	\$0.00
Mobile Balance Alert	\$0.00 for the first text inquiry each month. \$0.10 for each subsequent inquiry text in the month.
Card Replacement Fee	One free per year; \$4.00 thereafter
Expedited Card Replacement Fee	\$15.00
Overdraft Fee	\$0.00
Account Closing Fee	\$0.00
Funds Transfer from card to bank account	\$1.50 per transfer
Pay Perks (Financial literacy program)	\$0.00
MasterCard Marketplace	\$0.00

F. Card Production Pricing for NCS EBT Card Issuance - Reserved

Monthly NCS Card Volume Tier	Finished Product Non-Photo Mailed directly to cardholder (USPS, 1st class, presorted by zip code) (per card) Produced and mailed within New England States	Finished Product Non-Photo Mailed directly to cardholder (USPS, 1st class, presorted by zip code) (per card) Produced and Mailed from location (within the Continental U.S.A.) chosen at contractor's discretion	Finished Product Non-Photo Mailed directly to cardholder (USPS, 1st class, presorted by zip code) (per card) Saturday or non-business day card production	Finished Product Non-Photo Mailed directly to cardholder overnight (per card)	Finished Product Photo Mailed directly to cardholder (USPS, 1st class, presorted by zip code) (per card)	Finished Product Photo- Mailed Directly to cardholder overnight (per card)	Cards Returned Undeliverable
RFP Section Requirement	4.5.4	4.5.4	4.5.4	4.5.4	4.5.4	4.5.4	4.5.11
1-1,000	N/A	\$ 1.02	\$ 1.05	\$ 11.55	\$ 2.77	\$ 14.32	\$ 0.59
1,001 – 5,000	N/A	\$ 0.99	\$ 1.03	\$ 11.52	\$ 2.75	\$ 14.27	\$ 0.59
5,001 – 10,000	N/A	\$ 0.99	\$ 1.03	\$ 11.52	\$ 2.75	\$ 14.27	\$ 0.59
10,001 – 15,000	N/A	\$ 0.94	\$ 0.97	\$ 11.47	\$ 2.69	\$ 14.16	\$ 0.59
15,001 – 20,000	N/A	\$ 0.94	\$ 0.97	\$ 11.47	\$ 2.69	\$ 14.16	\$ 0.59
20,001 – 50,000	N/A	\$ 0.82	\$ 0.85	\$ 11.35	\$ 2.57	\$ 13.92	\$ 0.59
50,001 – 100,000	N/A	\$ 0.81	\$ 0.84	\$ 11.34	\$ 2.56	\$ 13.90	\$ 0.59
100,001 – 150,000	N/A	\$ 0.79	\$ 0.83	\$ 11.32	\$ 2.55	\$ 13.87	\$ 0.59
150,001 +	N/A	\$ 0.78	\$ 0.82	\$ 11.31	\$ 2.54	\$ 13.85	\$ 0.59

G. EBT Conversion to New Card Stock Services - Reserved

Conversion to New EBT Card Stock		
Conversion to New EBT Card Stock 4.5.2	One-Time Charge	\$0.00 one-time charge for conversion, per card rates will be billed at the per card rates in table 4.5.12 EBT card stock production plus postage and cardholder materials if applicable.
Card Design 4.5.12	One-Time Charge	\$0.00

H. EBT Card Stock Production Services – Both Blank Card Stock & Customized Cards - Reserved

4.5.12 – EBT Card Stock Production	
Monthly NCS Card Volume Tier	State Design Blank EBT Card Stock (per Card)
1-1,000	\$ 0.23
1,001 – 5,000	\$ 0.20
5,001 – 10,000	\$ 0.20
10,001 – 15,000	\$ 0.15
15,001 – 20,000	\$ 0.15
20,001 – 50,000	\$ 0.12
50,001 – 100,000	\$ 0.10
100,001 – 150,000	\$ 0.09
150,001 +	\$ 0.09

I. EBT Card Stock Production Services – Customized Cards - Reserved

4.5.12 – EBT Card Stock Production	
Monthly NCS Card Volume Tier	Cardholder Customized Cards -Card Bulk Delivery (Finished Product)
1-300	\$0.11
301-500	\$0.11
501-1,000	\$0.11
1,001-2,000	\$0.11
2,001-3,500	\$0.11
3,501-5,500	\$0.11
5,501-6,500	\$0.11
6,501-9,000	\$0.11
9,001-9,500	\$0.11
9,501 – 11,000	\$0.11
11,001 – 13,000	\$0.11
13,001 – 15,000	\$0.11
15,001 – 17,000	\$0.11
17,001 +	\$0.11

J. Over-The-Counter (OTC) Card Production Equipment - Reserved

4.5.8 – Over-the-Counter (OTC) Cards			
Scenario #1 – A La Carte State Options			
Item Description	Pricing Format	One-Time Charge or Start-up Cost	Price Offer
Create Software to Link Card printing and/or embossing equipment to card production process.	One Time Cost.	\$0.00	No charge
Lease of Embossing Equipment (similar to or the same as Datacard 295)	Price per year for the life of the contract.	n/a	\$1,320.00 per unit per year for similar or same as Datacard 295
Purchase of Embossing Maintenance Contract	Price per year for the life of the contract.	n/a	\$1,200.00 per unit per year
Purchase of Embossing Equipment (similar to or the same as Datacard 295)	One Time Cost.	n/a	\$5,000.00 per unit for similar or the same as Datacard 295

4.5.8 – Over-the-Counter (OTC) Cards			
Purchase of Card Printer (similar to the Datacard SD260)	One Time Cost.	n/a	\$1,950 per unit for Datacard CD800
Lease of Card Printer (similar to the Datacard SD260)	Price per year for the life of the contract.	n/a	\$369.25 per unit per year for Datacard CD800
Purchase of Card Printer Maintenance Contract	Price per year for the life of the contract.	n/a	\$437 per unit per year for Datacard CD800 maintenance contract
Scenario #2 – Contractor Provides Issuance Location, Equipment, Software & Staff			
Item Description	Pricing Format	One-Time Charge or Start-up Cost	Price Per Card
Internal and External Network Capabilities	Per location and per card	\$20,000 per location one time	\$1.75 per card
Scenario #3 – State Provides Issuance Location & Staff, Contractor Provides Equipment & Software			
Item Description	Pricing Format	One-Time Charge or Start-up Cost	Price Per Card
Internal and External Network Capabilities	Per location and per card	\$12,000 per location one time	\$1.00 per card
Scenario #4 – State Provides Issuance Location, Equipment, Software and Staff			
Item Description	Pricing Format	One-Time Charge or Start-up Cost	Price Per Card
Internal and External Network Capabilities	Per location and per card	\$0.00	\$0.19 per card

K. EBT Card Production Services Incremental Pricing for All Forms of Issued Cards (excluding Vault and Emergency) - Reserved

4.5.12 – Card Design		
Description	Pricing Format	Price Offer
4 Color Printing	Incremental Cost per Card	\$ 0.06
Embossing	Incremental Cost per Card	\$ 0.04
Holographic Overlay	Incremental Cost per Card	\$ 0.04
Embedded Hologram	Incremental Cost per Card	\$ 0.06

L. EBT Card Type Production Services - Reserved

4.5.13 – Card Types – Vault Card		
Monthly NCS Card Volume Tier	Vault Card with No Pin Established	Vault Card with Pin Embedded
1-1,000	\$ 0.11	\$ 0.11
1,001 – 5,000	\$ 0.11	\$ 0.11
5,001 – 10,000	\$ 0.11	\$ 0.11
10,001 – 15,000	\$ 0.11	\$ 0.11
15,001 – 20,000	\$ 0.11	\$ 0.11
20,001 – 50,000	\$ 0.11	\$ 0.11
50,001 – 100,000	\$ 0.11	\$ 0.11
100,001 – 150,000	\$ 0.11	\$ 0.11
150,001 +	\$ 0.11	\$ 0.11

M. Card Sleeves – EBT Card Production Services - Reserved

4.5.146 – Card Sleeves – Low Grade		
Description	Pricing Format	Price Offer
1 – 10,000	Price per Sleeve	\$ 0.053
10,001 – 50,000	Price per Sleeve	\$ 0.050
50,001 – 100,000	Price per Sleeve	\$ 0.047
100,001 – 250,000	Price per Sleeve	\$ 0.047
250,001 – 500,000	Price per Sleeve	\$ 0.041
500,001 – 750,000	Price per Sleeve	\$ 0.041
750,001 – 1,000,000	Price per Sleeve	\$ 0.041

N. Card Sleeves – EBT Card Production Services - Reserved

4.5.14 – Card Sleeves – High Grade		
Description	Pricing Format	Price Offer
1 – 10,000	Price per Sleeve	\$ 0.082
10,001 – 50,000	Price per Sleeve	\$ 0.079
50,001 – 100,000	Price per Sleeve	\$ 0.076
100,001 – 250,000	Price per Sleeve	\$ 0.070
250,001 – 500,000	Price per Sleeve	\$ 0.059
500,001 – 750,000	Price per Sleeve	\$ 0.059
750,001 – 1,000,000	Price per Sleeve	\$ 0.059

O. EBT Mailed PIN Production Services - Reserved

4.5.16 – Mailed PIN		
Monthly NCS Card Volume Tier	PIN Mailer Mailed directly to Cardholder Postage Included (per mailer)	PIN Mailer Bulk Delivery (Finished Product) Postage Not Included (per mailer)
1-1,000	\$ 0.66	\$ 0.234
1,001 – 2,000	\$ 0.66	\$ 0.234
2,001 – 2,500	\$ 0.66	\$ 0.234
2,501 – 3,000	\$ 0.65	\$ 0.222
3,001 – 3,500	\$ 0.63	\$ 0.211
3,501 – 4,000	\$ 0.60	\$ 0.176
4,100 – 5,000	\$ 0.58	\$ 0.152
5,100 – 6,000	\$ 0.56	\$ 0.140
6,100 – 7,000	\$ 0.56	\$ 0.140

P. NCS WIC Transition/Conversion & Start Up Pricing

WIC TRANSITION, CONVERSION AND START UP PRICING	
Transition and Conversion Pricing	Firm Fixed Price Per State
New York	\$0.00
Massachusetts	\$0.00
Connecticut	\$0.00
New Hampshire	\$0.00
Vermont	\$0.00
Rhode Island	\$0.00
WIC START UP PRICING	
Start Up Pricing	Firm Fixed Pricing Per State
New York	\$250,000.00
Massachusetts	\$250,000.00
Connecticut	\$250,000.00
New Hampshire	\$250,000.00
Vermont	\$250,000.00
Rhode Island	\$250,000.00

Q. NCS WIC CPCM (Household)

OPTIONAL WIC CPCM PRICING	
CSA Active WIC Cases for the Billing Month	WIC CPCM
Less than 60,000	\$0.95
60,001 to 70,000	\$0.85
70,001 to 80,000	\$0.65
80,001 – 90,000	\$0.65
90,0001 – 100,000	\$0.65
90,001 to 100,000	\$0.65
100,001 to 110,000	\$0.65
110,001 to 120,000	\$0.65
120,001 to 130,000	\$0.52
130,001 to 140,000	\$0.52
140,001 to 150,000	\$0.48
150,001 to 160,000	\$0.48
160,001 to 170,000	\$0.45
170,001 to 180,000	\$0.45

OPTIONAL WIC CPCM PRICING	
CSA Active WIC Cases for the Billing Month	WIC CPCM
180,001 to 190,000	\$0.45
190,001 to 200,000	\$0.45
200,001 to 210,000	\$0.45
210,001 to 220,000	\$0.45
220,001 to 230,000	\$0.45
230,001 to 240,000	\$0.45
240,001 to 250,000	\$0.45
250,001 to 260,000	\$0.45
260,001 to 270,000	\$0.45
270,001 to 280,000	\$0.45
280,001 to 290,000	\$0.45
290,001 to 300,000	\$0.45
300,001 to 310,000	\$0.45
310,001 to 320,000	\$0.45
320,001 to 330,000	\$0.45
330,001 to 340,000	\$0.45
340,001 to 350,000	\$0.45
350,001 to 400,000	\$0.45
401,000 to 450,000	\$0.45
450,001 to 500,000	\$0.44
Over 500,000	\$0.44

R. NCS WIC Per-Unit Hardware Prices

WIC PER UNIT HARDWARE PRICES	
Description	Installed Price Per Unit
WIC POS Terminal with Integrated PIN Pad	
Purchase price per WIC EBT-only POS terminal with Integrated PIN pad, printer and scanner.	\$572.00
Monthly maintenance fee, including supplies, per WIC EBT-only POS terminal with integrated PIN pad, printer and scanner.	\$1.70
Monthly lease price, including maintenance and supplies, per WIC POS terminal with integrated PIN pad, printer and scanner.	\$15.00
WIC POS Terminal with Hand Held PIN Pad	
Purchase price per WIC EBT-only POS	\$621.00

WIC PER UNIT HARDWARE PRICES	
Description	Installed Price Per Unit
terminal with hand-held PIN pad, printer and scanner.	
Monthly maintenance fee, including supplies, per WIC EBT-only POS terminal with hand-held PIN pad, printer and scanner.	\$1.70
Monthly lease price, including maintenance and supplies, per WIC EBT-only POS terminal with hand-held PIN pad, printer and scanner.	\$15.00
Magnetic Stripe Card Reader Device	
Purchase Price per magnetic stripe card reader.	\$40.00
Monthly maintenance fee, including supplies, per magnetic stripe card reader.	\$1.00
Monthly lease price, including maintenance and supplies, per magnetic stripe card reader.	\$2.00
PIN Selection/Change Terminal	
Purchase price per PIN selection/change terminal.	\$165.00
Monthly maintenance fee per PIN selection/change terminal, including supplies.	\$1.00
Monthly lease price, including maintenance and supplies, per PIN selection/change terminal.	\$12.00
WIC-Specific Card Design	
Card Design Fee for WIC-Specific Card.	\$0.00

S. NCS Additional Pricing - Reserved

4.2.2.1.2 – Network Responsibilities		
Description	Pricing Format	Price Offer
Wide Area Network Charges Included in Conversion/ Start-Up Price on Schedule 14.5 (Amended 12/28/12).	One-time charge included in 14.5(Amended 12/28/12)	\$0.00
Wide Area Network Charges Included in Core Pricing on Schedules 14.7 and 14.8 (Amended 12/28/12).	Recurring monthly charge included in 14.7 and 14.8 (Amended 12/28/12)	\$0.00
Cost of Money – Inadequate County Settlement Funds	Percentage plus or minus then- current prime rate	3%

T. EBT Change Request Rates

Personal Services		
Position Title	Daily Rate – Normal Status	Daily Rate – Travel Status
Technical Director	\$840	\$1,190
Technical Manager	\$760	\$1,110
Technical Project Leader	\$720	\$1,070
Database Analyst	\$560	\$910
Training Specialist	\$480	\$830
Sr. Systems Analyst	\$720	\$1,070
System Analyst/ Programmer	\$560	\$910
Other (please list)	n/a	n/a
Non-Personal Services		
	Percentage	N/A
Administrative/ Mark- Up Rate*	4%	N/A

ARTICLE 14 - Federal Requirements

- A. The Parties acknowledge that this contract must be approved by the federal granting agency.
- B. The Contractor agrees to provide a written document stating compliance with Federal Executive Order 11246, the Copeland “Anti-Kickback Act” (18 USC 874), Section 508 of the Federal Clean Air Act, Section 306 of the Federal Clean Water Act. This document must also certify that neither the Contractor nor its principals are debarred or suspended from Federal financial assistance programs and activities and to complete and return in pursuit of such certification any appropriate form required by the CSA (see Federal Executive Order 12549 and 7 CFR Part 3017).
- C. The Contractor agrees to comply with the provisions of Section 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), and further agrees to have their representative execute the certification provided to the Contractor.

ARTICLE 15 - Mandatory Terms and Conditions

The Contractor shall comply with the following terms and conditions.

A. **Definitions.** Unless otherwise indicated, the following terms shall have the following corresponding definitions:

1. **“Bid”** shall mean a bid submitted in response to a solicitation.
2. **“Breach”** shall mean a party’s failure to perform some contracted-for or agreed-upon act, or his failure to comply with a duty imposed by law which is owed to another or to society.
3. **“Cancellation”** shall mean an end to the Contract affected pursuant to a right which the Contract creates due to a Breach.
4. **“Claims”** shall mean all actions, suits, claims, demands, investigations and proceedings of any kind, open, pending or threatened, whether mature, unmaturing, contingent, known or unknown, at law or in equity, in any forum.
5. **“Confidential Information”** shall mean any name, number or other information that may be used, alone or in conjunction with any other information, to identify a specific individual including, but not limited to, such individual's name, date of birth, mother's maiden name, motor vehicle operator's license number, Social Security number, employee identification number, employer or taxpayer identification number, alien registration number, government passport number, health insurance identification number, demand deposit account number, savings account number, credit card number, debit card number or unique biometric data such as fingerprint, voice print, retina or iris image, or other unique physical representation. Without limiting the foregoing, Confidential Information shall also include any information that the Department classifies as “confidential” or “restricted.” Confidential Information shall not include information that may be lawfully obtained from publicly available sources or from federal, state, or local government records which are lawfully made available to the general public.
6. **“Confidential Information Breach”** shall mean, generally, an instance where an unauthorized person or entity accesses Confidential Information in any manner, including but not limited to the following occurrences: (1) any Confidential Information that is not encrypted or protected is misplaced, lost, stolen or in any way compromised; (2) one or more third parties have had access to or taken control or possession of any Confidential Information that is not encrypted or protected without prior written authorization from the State; (3) the unauthorized acquisition of encrypted or protected Confidential Information together with the confidential process or key that is capable of compromising the integrity of the Confidential Information; or (4) if there is a substantial risk of identity theft or fraud to the client, the Contractor, the Department or State.
7. **“Contract”** shall mean this agreement, as of its effective date, between the Contractor and the State for Services.
8. **“Contractor Parties”** shall mean a Contractor’s members, directors, officers, shareholders, partners, managers, principal officers, representatives, agents, servants, consultants, employees or any one of them or any other person or entity with whom the Contractor is in privity of oral or written contract (e.g. subcontractor) and the Contractor intends for such other person or entity to perform under the Contract in any capacity. For the purpose of this Contract, vendors of support services, not otherwise

known as human service providers or educators, shall not be considered subcontractors, e.g. lawn care, unless such activity is considered part of a training, vocational or educational program.

9. **“Data”** shall mean all results, technical information and materials developed and/or obtained in the performance of the Services hereunder, including but not limited to all reports, survey and evaluation tools, surveys and evaluations, plans, charts, recordings (video and/or sound), pictures, curricula, electronically prepared presentations, public awareness or prevention campaign materials, drawings, analyses, graphic representations, computer programs and printouts, notes and memoranda, and documents, whether finished or unfinished, which result from or are prepared in connection with the Services performed hereunder.
10. **“Day”** shall mean all calendar days, other than Saturdays, Sundays and days designated as national or State of Connecticut holidays upon which banks in Connecticut are closed.
11. **“Expiration”** shall mean an end to the Contract due to the completion in full of the mutual performances of the parties or due to the Contract’s term being completed.
12. **“Force Majeure”** shall mean events that materially affect the Services or the time schedule within which to perform and are outside the control of the party asserting that such an event has occurred, including, but not limited to, labor troubles unrelated to the Contractor, failure of or inadequate permanent power, unavoidable casualties, fire not caused by the Contractor, extraordinary weather conditions, disasters, riots, acts of God, insurrection or war.
13. **“Records”** shall mean all working papers and such other information and materials as may have been accumulated and/or produced by the Contractor in performing the Contract, including but not limited to, documents, data, plans, books, computations, drawings, specifications, notes, reports, records, estimates, summaries and correspondence, kept or stored in any form.
14. **“Services”** shall mean the performance of Services as stated in Part I of this Contract.
15. **“State”** shall mean the State of Connecticut, including any agency, office, department, board, council, commission, institution or other executive branch agency of State Government.
16. **“Termination”** shall mean an end to the Contract affected pursuant to a right which the Contract creates, other than for a Breach.

B. Contractor Obligations.

1. **Credits and Rights in Data.** Unless expressly waived in writing by the Agency, all Records and publications intended for public distribution during or resulting from the performances of this Contract shall include a statement acknowledging the financial support of the State and the Agency and, where applicable, the federal government. All such publications shall be released in conformance with applicable federal and state law and all regulations regarding confidentiality. Any liability arising from such a release by the Contractor shall be the sole responsibility of the Contractor and the Contractor shall indemnify and hold harmless the Agency, unless the Agency or its agents co-authored said publication and said release is done with the prior written approval of the Agency Head. All publications shall contain the following statement: “This publication does not express the views of the [insert Agency name] or the State of Connecticut. The views and opinions expressed are those of the authors.” Neither the Contractor nor any of its agents shall copyright Data and information obtained under this Contract, unless expressly previously authorized in writing by the Agency. The Agency shall have the right to publish, duplicate, use and disclose all such Data in any manner, and may authorize others to do so. The Agency may copyright any Data without prior Notice to the Contractor. The Contractor does not assume any responsibility for the use, publication or disclosure solely by the Agency of such Data.

2. Federal Funds.

- (a) The Contractor shall comply with requirements relating to the receipt or use of federal funds. The Agency shall specify all such requirements in Part I of this Contract.
- (b) The Contractor acknowledges that the Agency has established a policy, as mandated by section 6032 of the Deficit Reduction Act (DRA) of 2005, P.L. 109-171, that provides detailed information about the Federal False Claims Act, 31 U.S.C. §§ 3729-3733, and other laws supporting the detection and prevention of fraud and abuse.
 - i. Contractor acknowledges that it has received a copy of said policy and shall comply with its terms, as amended, and with all applicable state and federal laws, regulations and rules. Contractor shall provide said policy to subcontractors and shall require compliance with the terms of the policy. Failure to abide by the terms of the policy, as determined by the Agency, shall constitute a Breach of this Contract and may result in cancellation or termination of this Contract.
- (c) Contractor represents that it is not excluded, debarred, suspended or otherwise ineligible to participate in federal health care programs.
- (d) Contractor shall not, for purposes of performing the Contract with the Agency, knowingly employ or contract with, with or without compensation: (A) any individual or entity listed by a federal agency as excluded, debarred, suspended or otherwise ineligible to participate in federal health care programs; or (B) any person or entity who is excluded from contracting with the State of Connecticut or the federal government (as reflected in the General Services Administration List of Parties Excluded from Federal Procurement and Non-Procurement Programs, Department of Health and Human Services, Office of Inspector General (HHS/OIG) Excluded Parties list and the Office of Foreign Assets Control (OFAC) list of Specially Designated Nationals and Blocked Persons List). Contractor shall immediately notify the Agency should it become subject to an investigation or inquiry involving items or services reimbursable under a federal health care program or be listed as ineligible for participation in or to perform Services in connection with such program. The Agency may cancel or terminate this Contract immediately if at any point the Contractor, subcontractor or any of their employees are sanctioned, suspended, excluded from or otherwise become ineligible to participate in federal health care programs.

3. Annual Financial Audit; Audit and Inspection of Plants and Places of Business; and Records.

- a. **Financial Audit Requirements.** For purposes of this paragraph, the word "contractor" shall be deemed to mean "non-state entity," as that term is defined in Section 4-230 of the Connecticut General Statutes. The Contractor shall provide for an annual financial audit to the Department for any expenditure of state-awarded funds made by the Contractor. Such audit shall include management letters and audit recommendations. The State Auditors of Public Accounts shall have access to all records and accounts for the fiscal year(s) in which the award was made. The Contractor will comply with federal and state single audit standards as applicable.
- b. **Audits and Inspections.**
 - i. The State and its agents, including, but not limited to, the Connecticut Auditors of Public Accounts, Attorney General and State's Attorney and their respective agents, may, at reasonable hours, inspect and examine all of the parts of the Contractor's and Contractor

Parties' plants and places of business which, in any way, are related to, or involved in, the performance of this Contract in order to audit the charges on the Contractor's invoices to substantiate their accuracy..

- ii. All audits and inspections described in sections b through h of this section shall be at the State's expense.
- iii. The Contractor shall cooperate fully with the State and its agents in connection with an audit or inspection. Following any audit or inspection, the State may conduct and the Contractor shall cooperate with an exit conference.
- iv. The State shall make all requests for any audit or inspection in writing and shall provide the Contractor with at least seventy-two (72) hours' notice prior to the requested audit and inspection date. If the State suspects fraud or other abuse, or in the event of an emergency, the State is not obligated to provide any prior notice
- v. The Contractor shall incorporate this entire Section verbatim into any contract or other agreement that it enters into with any Contractor Party.

c. **Records.**

- i. The Contractor shall maintain, and shall require each of the Contractor Parties to maintain, accurate and complete Records. The Contractor shall make all of its and the Contractor Parties' Records available at all reasonable hours for audit and inspection by the State and its agents.
- ii. The Contractor shall keep and preserve or cause to be kept and preserved all of its and Contractor Parties' Records until six (6) years after the latter of (i) final payment under this Agreement, or (ii) the expiration or earlier termination of this Agreement, as the same may be modified for any reason. The State may request an audit or inspection at any time during this period. If any Claim or audit is started before the expiration of this period, the Contractor shall retain or cause to be retained all Records until all Claims or audit findings have been resolved.

- 4. **Reports.** The Contractor shall provide the Agency with such statistical, financial and programmatic information necessary to monitor and evaluate compliance with the Contract. All requests for such information shall comply with all applicable state and federal confidentiality laws. The Contractor shall provide the Agency with such reports as the Agency requests as required by this Contract.
- 5. **Delinquent Reports.** The Contractor shall submit required reports by the designated due dates as identified in this Contract. After notice to the Contractor and an opportunity for a meeting with an Agency representative, the Agency reserves the right to withhold payments for services performed under this Contract if the Agency has not received acceptable progress reports, expenditure reports, refunds, and/or audits as required by this Contract with the Agency. The Agency shall release payment immediately after the reports are determined acceptable. This section shall survive any Termination of the Contract or the Expiration of its term.

6. **Related Party Transactions.** The Contractor shall report all related party transactions, as defined in this section, to the Agency on an annual basis in the appropriate fiscal report as specified in Part I of this Contract. “Related party” means a person or organization related through marriage, ability to control, ownership, family or business association. Past exercise of influence or control need not be shown, only the potential or ability to directly or indirectly exercise influence or control. “Related party transactions” between a Contractor or Contractor Party and a related party include, but are not limited to:
 - a. Real estate sales or leases;
 - b. leases for equipment, vehicles or household furnishings;
 - c. Mortgages, loans and working capital loans; and
 - d. Contracts for management, consultant and professional services as well as for materials, supplies and other services purchased by the Contractor or Contractor Party.
7. **Suspension or Debarment.** In addition to the representations and requirements set forth in Section D.4:
 - a. The Contractor certifies for itself and Contractor Parties involved in the administration of federal or state funds that they:
 - i. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any governmental agency (federal, state or local);
 - ii. within a three year period preceding the effective date of this Contract, have not been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (federal, state or local) transaction or contract under a public transaction; for violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;
 - iii. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the above offenses; and
 - iv. Have not within a three year period preceding the effective date of this Contract had one or more public transactions terminated for cause or fault.
 - b. Any change in the above status shall be immediately reported to the Agency.
8. **Subcontracts.** Each Contractor Party’s identity, services to be rendered and prices shall be detailed in Part I of this Contract. Absent compliance with this requirement, no Contractor Party may be used or expense paid under this Contract unless expressly otherwise provided in Part I of this Contract. No Contractor Party shall acquire any direct right of payment from the Agency by virtue of this section or any other section of this Contract. The use of Contractor Parties shall not relieve the Contractor of any responsibility or liability under this Contract. The Contractor shall make available copies of all subcontracts to the Agency upon request.
9. **Independent Capacity of Contractor.** The Contractor and Contractor Parties shall act in an independent capacity and not as officers or employees of the state of Connecticut or of the Agency.

10. Sovereign Immunity. The parties acknowledge and agree that nothing in the Solicitation or the Contract shall be construed as a modification, compromise or waiver by the State of any rights or defenses of any immunities provided by Federal law or the laws of the State of Connecticut to the State or any of its officers and employees, which they may have had, now have or will have with respect to all matters arising out of the Contract. To the extent that this section conflicts with any other section, this section shall govern.

11. Indemnification; Insurance.

- a. The Contractor shall indemnify, defend and hold harmless the State and its officers, representatives, agents, servants, employees, successors and assigns from and against any and all (1) Claims arising directly in connection with the Contract, including the negligent acts of commission or omission (collectively, the "Acts") of the Contractor or Contractor Parties; and (2) liabilities, damages, losses, costs and expenses awarded by a court of competent jurisdiction, arising directly in connection with the Contract. The Contractor shall use counsel in carrying out its obligations under this section. The Contractor's obligations under this section to indemnify, defend and hold harmless against Claims includes Claims concerning confidentiality of any part of or all of the Contractor's bid, proposal or any Records, any intellectual property rights, other proprietary rights of any person or entity, copyrighted or uncopyrighted compositions, secret processes, patented or unpatented inventions, articles or appliances furnished or used in the Performance.
- b. The Contractor shall not be responsible for indemnifying or holding the State harmless from any liability arising due to the negligence of the State or any third party acting under the direct control or supervision of the State.
- c. The Contractor shall reimburse the State for any and all damages to the real or personal property of the State caused by the Acts of the Contractor or any Contractor Parties. The State shall give the Contractor reasonable notice of any such Claims.
- d. The Contractor's duties under this section shall remain fully in effect and binding in accordance with the terms and conditions of the Contract, without being lessened or compromised in any way, even where the Contractor is alleged or is found to have merely contributed in part to the Acts giving rise to the Claims unless the State gave specific direction to the Contractor which led to the Acts giving rise to the Claims
- e. The Agency shall be entitled to recover under the insurance policy in total, in the event that the Contractor is found liable, or up to the percentage of negligence caused by the Contractor, even if a body of competent jurisdiction determines the Agency or the State is contributorily negligent.

Insurance. The Contractor shall carry and maintain at all times during the term of the Contract, and during the time that any provisions survive the term of the Contract, sufficient commercial general liability insurance to satisfy its obligations under this Contract. The Contractor shall include the State as an additional insured for claims caused by the negligent acts or omission of Contractor on the policy and shall provide a standard ACORD form certificate of insurance to the Agency prior to the effective date of the Contract. The additional insured requirement may be met through a blanket type basis, so long as the State is specifically referenced on the certificate of insurance as an additional insured for commercial general liability. The Contractor shall not begin Performance until the delivery of the certificate of insurance to the Agency.

- a. The indemnification; insurance section shall survive the Termination of the Contract and shall not be limited by reason of any insurance coverage.

12. Choice of Law/Choice of Forum, Settlement of Disputes, Claims Against the State.

- a. The Contract shall be deemed to have been made in the City of Hartford, State of Connecticut. Both Parties agree that it is fair and reasonable for the validity and construction of the Contract to be, and it shall be, governed by the laws and court decisions of the State of Connecticut, without giving effect to its principles of conflicts of laws. To the extent that any immunities provided by federal law or the laws of the State of Connecticut do not bar an action against the State, and to the extent that these courts are courts of competent jurisdiction, for the purpose of venue, the complaint shall be made returnable to the Judicial District of Hartford only or shall be brought in the United States District Court for the District of Connecticut only, and shall not be transferred to any other court, provided, however, that nothing here constitutes a waiver or compromise of the sovereign immunity of the State of Connecticut. The Contractor waives any objection which it may now have or will have to the laying of venue of any Claims in any forum and further irrevocably submits to such jurisdiction in any suit, action or proceeding.
- b. Any dispute concerning the interpretation or application of this Contract shall be decided by the Agency Head or his/her designee whose decision shall be final, subject to any rights the Contractor may have pursuant to state law. In appealing a dispute to the Agency Head pursuant to this section, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final resolution of a dispute, the Contractor and the Agency shall proceed diligently with the performance of the Contract.
- c. The Contractor agrees that the sole and exclusive means for the presentation of any claim against the State arising from this Contract shall be in accordance with Title 4, Chapter 53 of the Connecticut General Statutes (Claims Against the State) and the Contractor further agrees not to initiate legal proceedings, except as authorized by that Chapter, in any state or federal court in addition to or in lieu of said Chapter 53 proceedings.

13. Litigation.

- a. The Contractor shall require that all Contractor Parties, as appropriate, disclose to the Contractor, to the best of their knowledge, any Claims involving the Contractor Parties that might reasonably be expected to materially adversely affect their businesses, operations, assets, properties, financial stability, business prospects or ability to perform fully under the Contract, no later than ten (10) days after becoming aware or after they should have become aware of any such Claims. Disclosure shall be in writing.
- b. The Contractor shall provide written Notice to the Agency of any final decision by any tribunal or state or federal agency or court which is adverse to the Contractor or which results in a settlement, compromise or claim or agreement of any kind for any action or proceeding brought against the Contractor or its employee or agent under the Americans with Disabilities Act of 1990 as revised or amended from time to time, Executive Orders Nos. 3 & 17 of Governor Thomas J. Meskill and any other requirements of federal or state law concerning equal employment opportunities or nondiscriminatory practices.

14. Compliance with Law and Policy, Facility Standards and Licensing. Contractor shall comply with all:

- a. pertinent local, state and federal laws and regulations as well as Agency policies and procedures applicable to contractor's programs as specified in this Contract. The Agency shall notify the

Contractor of any applicable new or revised laws, regulations, policies or procedures which the Agency has responsibility to promulgate or enforce; and

- b. applicable local, state and federal licensing, zoning, building, health, fire and safety regulations or ordinances, as well as standards and criteria of pertinent state and federal authorities. Unless otherwise provided by law, the Contractor is not relieved of compliance while formally contesting the authority to require such standards, regulations, statutes, ordinance or criteria.

15. Representations and Warranties. Contractor shall:

- a. perform fully under the Contract;
- b. pay for and/or secure all permits, licenses and fees and give all required or appropriate notices with respect to the provision of Services as described in Part I of this Contract; and
- c. adhere to all contractual sections ensuring the confidentiality of all Records that the Contractor has access to and are exempt from disclosure under the State's Freedom of Information Act or other applicable law.

16. Protection of Confidential Information

- a. Contractor and Contractor Parties, at their own expense, have a duty to and shall protect from a Confidential Information Breach any and all Confidential Information which they come to possess or control, wherever and however stored or maintained, in a commercially reasonable manner in accordance with current industry standards.
- b. Each Contractor or Contractor Party shall develop, implement and maintain a comprehensive data - security program for the protection of Confidential Information. The safeguards contained in such program shall be consistent with and comply with the safeguards for protection of Confidential Information, and information of a similar character, as set forth in all applicable federal and state law and written policy of the Department or State concerning the confidentiality of Confidential Information. Such data-security program shall include, but not be limited to, the following:
 - i. A security policy for employees related to the storage, access and transportation of data containing Confidential Information;
 - ii. Reasonable restrictions on access to records containing Confidential Information, including access to any locked storage where such records are kept;
 - iii. A process for reviewing policies and security measures at least annually;
 - iv. Creating secure access controls to Confidential Information, including but not limited to passwords; and
 - v. Encrypting of Confidential Information that is stored on laptops, portable devices or being transmitted electronically.
- c. The Contractor and Contractor Parties shall notify the Department and the Connecticut Office of the Attorney General as soon as practical, but no later than twenty-four (24) hours, after they become aware of or suspect that any Confidential Information which Contractor or Contractor Parties have come to possess or control has been subject to a Confidential Information Breach. If a Confidential Information Breach has occurred, the Contractor shall, within three (3) business days after the notification, present a credit monitoring and protection plan to the Commissioner of Administrative Services, the Department and the Connecticut Office of the Attorney General, for review and approval. Such credit monitoring or protection plan shall be made available by the

Contractor at its own cost and expense to all individuals affected by the Confidential Information Breach. Such credit monitoring or protection plan shall include, but is not limited to reimbursement for the cost of placing and lifting one (1) security freeze per credit file pursuant to Connecticut General Statutes § 36a-701a. Such credit monitoring or protection plans shall be approved by the State in accordance with this Section and shall cover a length of time commensurate with the circumstances of the Confidential Information Breach. The Contractors' costs and expenses for the credit monitoring and protection plan shall not be recoverable from the Department, any State of Connecticut entity or any affected individuals.

- d. The Contractor shall incorporate the requirements of this Section in all subcontracts requiring each Contractor Party to safeguard Confidential Information in the same manner as provided for in this Section.
- e. Nothing in this Section shall supersede in any manner Contractor's or Contractor Party's obligations pursuant to HIPAA or the provisions of this Contract concerning the obligations of the Contractor as a Business Associate of the Department.

C. Changes to the Contract, Termination, Cancellation and Expiration.

1. Contract Amendment.

- (a) No amendment to or modification or other alteration of this Contract shall be valid or binding upon the parties unless made in writing, signed by the parties and, if applicable, approved by the OAG.
- (b) The Agency may amend this Contract to reduce the contracted amount of compensation if:
 - (1) the total amount budgeted by the State for the operation of the Agency or Services provided under the program is reduced or made unavailable in any way (the Contractor has no obligation to continue performance if funds become unavailable); or
 - (2) federal funding reduction results in reallocation of funds within the Agency.
- (c) If the Agency decides to reduce the compensation for a reason within its direct control, the Agency shall send written Notice to the Contractor. Within twenty (20) Days of the Contractor's receipt of the Notice, the Contractor and the Agency shall negotiate the implementation of the reduction of compensation unless the parties mutually agree that such negotiations would be futile. If the parties fail to negotiate an implementation schedule, then the Agency may terminate the Contract for convenience effective no earlier than sixty (60) Days from the date that the Contractor receives written notification of Termination and the date that work under this Contract shall cease. In the event of a termination for convenience, the Contractor is entitled to costs incurred through the date of notice and reasonable wind-down expenses agreed upon by the Department.

2. Contractor Changes and Assignment.

- (a) The Contractor shall notify the Agency in writing:
 - (1) at least ninety (90) days prior to the effective date of any fundamental changes in the Contractor's corporate status, including merger, acquisition, transfer of assets, and any change in fiduciary responsibility;

- (2) no later than ten (10) days from the effective date of any change in:
 - (A) its certificate of incorporation or other organizational document;
 - (B) more than a controlling interest in the ownership of the Contractor; or
 - (C) the individual(s) in charge of the performance.
- (b) No such change shall relieve the Contractor of any responsibility for the accuracy and completeness of the performance. The Agency, after receiving written Notice from the Contractor of any such change, may require such contracts, releases and other instruments evidencing, to the Agency's satisfaction, that any individuals retiring or otherwise separating from the Contractor have been compensated in full or that allowance has been made for compensation in full, for all work performed under terms of the Contract. The Contractor shall deliver such documents to the Agency in accordance with the terms of the Agency's written request. The Agency may also require, and the Contractor shall deliver, a financial statement showing that solvency of the Contractor is maintained. The death of any Contractor Party, as applicable, shall not release the Contractor from the obligation to perform under the Contract; the surviving Contractor Parties, as appropriate, must continue to perform under the Contract until performance is fully completed.
- (c) **Assignment.** The Contractor shall not assign any of its rights or obligations under the Contract, voluntarily or otherwise, in any manner without the prior written consent of the Agency.
 - (1) The Contractor shall comply with requests for documentation deemed to be appropriate by the Agency in considering whether to consent to such assignment.
 - (2) The Agency shall notify the Contractor of its decision no later than forty-five (45) Days from the date the Agency receives all requested documentation.
 - (3) The Agency may void any assignment made without the Agency's consent and deem such assignment to be in violation of this Section and to be in Breach of the Contract. Any cancellation of this Contract by the Agency for a Breach shall be without prejudice to the Agency's or the State's rights or possible claims against the Contractor.

3. Breach.

- (a) If either party Breaches this Contract in any respect, the non-breaching party shall provide written notice of the Breach to the breaching party and afford the breaching party an opportunity to cure within ten (10) Days from the date that the breaching party receives the notice. In the case of a Contractor Breach, the Agency may modify the ten (10) day cure period in the notice of Breach. The right to cure period shall be extended if the non-breaching party is satisfied that the breaching party is making a good faith effort to cure, but the nature of the Breach is such that it cannot be cured within the right to cure period. The Notice may include an effective Contract cancellation date if the Breach is not cured by the stated date and, unless otherwise modified by the non-breaching party in writing prior to the cancellation date, no further action shall be required of any party to effect the cancellation as of the stated date. If the notice does not set forth an effective Contract cancellation date, then the non-breaching party may cancel the Contract by giving the breaching party no less than forty-eight (48) hours' prior written Notice after the expiration of the cure period.

- (b) If the Agency believes that the Contractor has not performed according to the Contract, the Agency shall notify the Contractor in writing and provide an opportunity to cure. If the cure is not in conformance with the requirements of the Contract, the Agency may:
- (1) withhold payment in whole or in part pending resolution of the performance issue, provided that the Agency notifies the Contractor in writing prior to the date that the payment would have been due in accordance with the budget;
 - (2) temporarily discontinue all or part of the Services to be provided under the Contract;
 - (3) permanently discontinue part of the Services to be provided under the Contract;
 - (4) assign appropriate State personnel to provide contracted for Services to assure continued performance under the Contract until such time as the contractual Breach has been corrected in conformance with the requirements of the Contract;
 - (5) require that contract funding be used to enter into a subcontract with a person or persons designated by the Agency in order to bring the program into contractual compliance;
 - (6) take such other actions of any nature whatsoever as may be deemed appropriate for the best interests of the State or the program(s) provided under this Contract or both; or
 - (7) any combination of the above actions.
- (c) The Contractor shall return all unexpended funds to the Agency no later than thirty (30) calendar days after the Contractor receives a demand from the Agency.
- (d) In addition to the rights and remedies granted to the Agency by this Contract, the Agency shall have all other rights and remedies granted to it by law in the event of Breach of or default by the Contractor under the terms of this Contract.
- (e) The action of the Agency shall be considered final. If at any step in this process the Contractor fails to comply with the procedure and, as applicable, the mutually agreed plan of correction, the Agency may proceed with Breach remedies as listed under this section.
- (f) **Non-enforcement Not to Constitute Waiver of Breach.** No waiver of any Breach of the Contract shall be interpreted or deemed to be a waiver of any other or subsequent Breach. All remedies afforded in the Contract shall be taken and construed as cumulative, that is, in addition to every other remedy provided in the Contract or at law or in equity. A party's failure to insist on strict performance of any section of the Contract shall only be deemed to be a waiver of rights and remedies concerning that specific instance of performance and shall not be deemed to be a waiver of any subsequent rights, remedies or Breach.

4. **Ending the Contractual Relationship; Termination.**

- a. This Contract shall remain in full force and effect for the duration of its entire term or until such time as it is terminated earlier by either party or cancelled.
- b. If this Contract is terminated for any reason, cancelled or it expires in accordance with its term, the Contractor shall do and perform all things which the Agency determines to be necessary or appropriate to assist in the orderly cessation of Services it performs under this Contract. In order to complete such transfer and wind down the performance, and only to the extent necessary or appropriate, if such activities are expected to take place beyond the stated end of the Contract term

then the Contract shall be deemed to have been automatically extended by the mutual consent of the parties prior to its expiration without any affirmative act of either party, including executing an amendment to the Contract to extend the term, but only until the transfer and winding down are complete.

c. **Termination.**

- i. Notwithstanding any provisions in this Contract, the Agency, through a duly authorized employee, may Terminate the Contract for convenience whenever the Agency makes a written determination that such Termination is in the best interests of the State. The Agency shall notify the Contractor in writing of Termination pursuant to this section, which notice shall specify the effective date of Termination and the extent to which the Contractor must complete its Performance under the Contract prior to such date. The Contractor shall receive compensation for costs incurred through the date of notice and reasonable wind-down expenses as agreed to by the Department.
- ii. The Agency may terminate the Contract at any time without prior notice when the funding for the Contract is no longer available.
- iii. Notwithstanding any provisions in this Contract, the Agency, through a duly authorized employee, may, after making a written determination that the Contractor has breached the Contract, Terminate the Contract in accordance with the provisions in the Breach section of this Contract.
- iv. Notwithstanding any provisions in this Contract, the Agency may immediately terminate or cancel this Contract in the event that the Contractor or any subcontractors becomes financially unstable to the point of threatening its ability to conduct the services required under this Contract, ceases to conduct business in the normal course, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or its assets.
- v. Such Notice of Termination shall be sent in accordance with the Notice provision contained on page 1 of this Contract. Upon receiving the notice from the Agency, the Contractor shall immediately discontinue all services affected in accordance with the notice, undertake all commercially reasonable efforts to mitigate any losses or damages, and deliver to the Agency all Records. The Records are deemed to be the property of the Agency and the Contractor shall deliver them to the Agency no later than thirty (30) days after the Termination of the Contract or fifteen (15) days after the Contractor receives a written request from the Agency for the Records. The Contractor shall deliver those Records that exist in electronic, magnetic or other intangible form in a non-proprietary format, such as, but not limited to, ASCII or .TXT as agreed to by the Department.
- vi. Upon receipt of a written notice of Termination from the Agency, the Contractor shall cease operations as the Agency directs in the notice, and take all actions that are necessary or appropriate, or that the Agency may reasonably direct, for the protection, and preservation of the Goods and any other property. Except for any work which the Agency directs the Contractor to Perform in the notice prior to the effective date of Termination, and except as otherwise provided in the notice, the Contractor shall terminate or conclude all existing subcontracts and purchase orders and shall not enter into any further subcontracts, purchase orders or commitments.
- vii. The Contractor shall return to the Agency any funds not expended in accordance with the terms and conditions of the Contract and, if the Contractor fails to do so upon demand, the

Agency may recoup said funds from any future payments owing under this Contract or any other contract between the State and the Contractor. Allowable costs, as detailed in audit findings, incurred until the date of termination or cancellation for operation or transition of program(s) under this Contract shall not be subject to recoupment.

- viii. The Agency shall, within forty-five (45) days of the effective date of Termination, reimburse the Contractor for its Performance rendered and accepted by the Agency in accordance with Part I in addition to all actual and reasonable costs incurred after Termination in completing those portions of the Performance which the notice required the Contractor to complete. The Contractor shall receive compensation for costs incurred through the date of notice and reasonable wind-down expenses as agreed upon by the Department. However, the Contractor is not entitled to receive and the Agency is not obligated to tender to the Contractor any payments for anticipated or lost profits. Upon request by the Agency, the Contractor shall assign to the Agency, or any replacement contractor which the Agency designates, all subcontracts, purchase orders and other commitments, deliver to the Agency all Records and other information pertaining to its Performance, and remove from State premises, whether leased or owned, all of Contractor's property, equipment, waste material and rubbish related to its Performance, all as the Agency may request.
- ix. For breach or violation of any of the provisions in the section concerning Representations and Warranties, the Agency may terminate the Contract in accordance with its terms and revoke any consents to assignments given as if the assignments had never been requested or consented to, without liability to the Contractor or Contractor Parties or any third party.
- x. Upon Termination of the Contract, all rights and obligations shall be null and void, so that no party shall have any further rights or obligations to any other party, except with respect to the sections which survive Termination. All representations, warranties, agreements and rights of the parties under the Contract shall survive such Termination to the extent not otherwise limited in the Contract and without each one of them having to be specifically mentioned in the Contract.
- xi. Termination of the Contract pursuant to this section shall not be deemed to be a breach of contract by the Agency.

d. **Transition after Termination or Expiration of Contract.**

- i. If this Contract is terminated for any reason or it expires in accordance with its term, the Contractor shall do and perform all things which the Agency determines to be necessary or appropriate to assist in the orderly cessation of Services it performs under this Contract. In order to complete such transfer and wind down the performance, and only to the extent necessary or appropriate, if such activities are expected to take place beyond the stated end of the Contract term then the Contract shall be deemed to have been automatically extended by the mutual consent of the parties prior to its expiration without any affirmative act of either party, including executing an amendment to the Contract to extend the term, but only until the transfer and winding down are complete.
- ii. If this Contract is terminated, cancelled or not renewed, the Contractor shall return to the Agency any equipment, deposits or down payments made or purchased with start-up funds or other funds specifically designated for such purpose under this Contract in accordance with the written instructions from the Agency in accordance with the Notice provision of this Contract. Written instructions shall include, but not be limited to, a description of the equipment to be returned, where the equipment shall be returned to and who is responsible to pay for the delivery/shipping costs. Unless the Agency specifies a shorter time frame in

the letter of instructions, the Contractor shall affect the returns to the Agency no later than sixty (60) days from the date that the Contractor receives Notice.

D. Statutory and Regulatory Compliance.

1. **Americans with Disabilities Act.** The Contractor shall be and remain in compliance with the Americans with Disabilities Act of 1990 (<http://www.ada.gov/>) as amended from time to time (“Act”) to the extent applicable, during the term of the Contract. The Agency may cancel or terminate this Contract if the Contractor fails to comply with the Act. The Contractor represents that it is familiar with the terms of this Act and that it is in compliance with the law. The Contractor warrants that it shall hold the State harmless from any liability which may be imposed upon the state as a result of any failure of the Contractor to be in compliance with this Act. As applicable, the Contractor shall comply with section 504 of the Federal Rehabilitation Act of 1973, as amended from time to time, 29 U.S.C. § 794 (Supp. 1993), regarding access to programs and facilities by people with disabilities.
2. **Utilization of Minority Business Enterprises.** The Contractor shall perform under this Contract in accordance with 45 C.F.R. Part 74; and, as applicable, C.G.S. §§ 4a-60 to 4a-60a and 4a-60g to carry out this policy in the award of any subcontracts.
3. **Non-discrimination.**
 - a. For purposes of this Section, the following terms are defined as follows:
 - (1) "Commission" means the Commission on Human Rights and Opportunities;
 - (2) "Contract" and “contract” include any extension or modification of the Contract or contract;
 - (3) "Contractor" and “contractor” include any successors or assigns of the Contractor or contractor;
 - (4) "Gender identity or expression" means a person's gender-related identity, appearance or behavior, whether or not that gender-related identity, appearance or behavior is different from that traditionally associated with the person's physiology or assigned sex at birth, which gender-related identity can be shown by providing evidence including, but not limited to, medical history, care or treatment of the gender-related identity, consistent and uniform assertion of the gender-related identity or any other evidence that the gender-related identity is sincerely held, part of a person's core identity or not being asserted for an improper purpose.
 - (5) “good faith" means that degree of diligence which a reasonable person would exercise in the performance of legal duties and obligations;
 - (6) "good faith efforts" shall include, but not be limited to, those reasonable initial efforts necessary to comply with statutory or regulatory requirements and additional or substituted efforts when it is determined that such initial efforts will not be sufficient to comply with such requirements;
 - (7) "marital status" means being single, married as recognized by the State of Connecticut, widowed, separated or divorced;
 - (8) "mental disability" means one or more mental disorders, as defined in the most recent edition of the American Psychiatric Association's "Diagnostic and Statistical Manual of Mental Disorders", or a record of or regarding a person as having one or more such disorders;
 - (9) "minority business enterprise" means any small contractor or supplier of materials fifty-one percent or more of the capital stock, if any, or assets of which is owned by a person or persons: (1) who are active in the daily affairs of the enterprise, (2) who have the power to

direct the management and policies of the enterprise, and (3) who are members of a minority, as such term is defined in subsection (a) of Connecticut General Statutes § 32-9n; and

- (10) "public works contract" means any agreement between any individual, firm or corporation and the State or any political subdivision of the State other than a municipality for construction, rehabilitation, conversion, extension, demolition or repair of a public building, highway or other changes or improvements in real property, or which is financed in whole or in part by the State, including, but not limited to, matching expenditures, grants, loans, insurance or guarantees.

For purposes of this Section, the terms "Contract" and "contract" do not include a contract where each contractor is (1) a political subdivision of the state, including, but not limited to, a municipality, (2) a quasi-public agency, as defined in Conn. Gen. Stat. Section 1-120, (3) any other state, including but not limited to any federally recognized Indian tribal governments, as defined in Conn. Gen. Stat. Section 1-267, (4) the federal government, (5) a foreign government, or (6) an agency of a subdivision, agency, state or government described in the immediately preceding enumerated items (1), (2), (3), (4) or (5).

- b.
- i. The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, mental retardation, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such Contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut; and the Contractor further agrees to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, mental retardation, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Contractor that such disability prevents performance of the work involved;
 - ii. the Contractor agrees, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Commission;
 - iii. the Contractor agrees to provide each labor union or representative of workers with which the Contractor has a collective bargaining Agreement or other contract or understanding and each vendor with which the Contractor has a contract or understanding, a notice to be provided by the Commission, advising the labor union or workers' representative of the Contractor's commitments under this section and to post copies of the notice in conspicuous places available to employees and applicants for employment;
 - iv. the Contractor agrees to comply with each provision of this Section and Connecticut General Statutes §§ 46a-68e and 46a-68f and with each regulation or relevant order issued by said Commission pursuant to Connecticut General Statutes §§ 46a-56, 46a-68e and 46a-68f; and
 - v. the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the

Contractor as relate to the provisions of this Section and Connecticut General Statutes § 46a-56. If the contract is a public works contract, the Contractor agrees and warrants that he will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials on such public works projects.

- (c) Determination of the Contractor's good faith efforts shall include, but shall not be limited to, the following factors: The Contractor's employment and subcontracting policies, patterns and practices; affirmative advertising, recruitment and training; technical assistance activities and such other reasonable activities or efforts as the Commission may prescribe that are designed to ensure the participation of minority business enterprises in public works projects.
- (d) The Contractor shall develop and maintain adequate documentation, in a manner prescribed by the Commission, of its good faith efforts.
- (e) The Contractor shall include the provisions of subsection (b) of this Section in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Connecticut General Statutes §46a-56; provided if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.
- (f) The Contractor agrees to comply with the regulations referred to in this Section as they exist on the date of this Contract and as they may be adopted or amended from time to time during the term of this Contract and any amendments thereto.
- (g)
 - (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation;
 - (2) the Contractor agrees to provide each labor union or representative of workers with which such Contractor has a collective bargaining Agreement or other contract or understanding and each vendor with which such Contractor has a contract or understanding, a notice to be provided by the Commission on Human Rights and Opportunities advising the labor union or workers' representative of the Contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment;
 - (3) the Contractor agrees to comply with each provision of this section and with each regulation or relevant order issued by said Commission pursuant to Connecticut General Statutes § 46a-56; and
 - (4) the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor which relate to the provisions of this Section and Connecticut General Statutes § 46a-56.

(h) The Contractor shall include the provisions of the foregoing paragraph in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Connecticut General Statutes § 46a-56; provided, if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.

4. **Executive Orders.** This Contract is subject to the provisions of Executive Order No. Three of Governor Thomas J. Meskill, promulgated June 16, 1971, concerning labor employment practices, Executive Order No. Seventeen of Governor Thomas J. Meskill, promulgated February 15, 1973, concerning the listing of employment openings and Executive Order No. Sixteen of Governor John G. Rowland promulgated August 4, 1999, concerning violence in the workplace, all of which are incorporated into and are made a part of the Contract as if they had been fully set forth in it. The Contract may also be subject to the applicable parts of Executive Order No. 7C of Governor M. Jodi Rell, promulgated July 13, 2006, concerning contracting reforms and Executive Order No. 14 of Governor M. Jodi Rell, promulgated April 17, 2006, concerning procurement of cleaning products and services, in accordance with their respective terms and conditions. If Executive Orders 7C and 14 are applicable, they are deemed to be incorporated into and are made a part of the Contract as if they had been fully set forth in it. At the Contractor's request, the Department shall provide a copy of these orders to the Contractor. .
5. **Campaign Contribution Restrictions.** For all State contracts as defined in C.G.S. § 9-612(g) the authorized signatory to this Contract expressly acknowledges receipt of the State Elections Enforcement Commission's ("SEEC") notice advising state contractors of state campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice reproduced below:



Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations

This notice is provided under the authority of Connecticut General Statutes §9-612(g)(2), as amended by P.A. 10-1, and is for the purpose of informing state contractors and prospective state contractors of the following law (italicized words are defined on the reverse side of this page).

CAMPAIGN CONTRIBUTION AND SOLICITATION LIMITATIONS

No *state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor*, with regard to a *state contract or state contract solicitation* with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee (which includes town committees).

In addition, no holder or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of State senator or State representative, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

On and after January 1, 2011, no state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract or state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall knowingly *solicit* contributions from the state contractor's or prospective state contractor's employees or from a *subcontractor or principals of the subcontractor* on behalf of (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

DUTY TO INFORM

State contractors and prospective state contractors are required to inform their principals of the above prohibitions, as applicable, and the possible penalties and other consequences of any violation thereof.

PENALTIES FOR VIOLATIONS

Contributions or solicitations of contributions made in violation of the above prohibitions may result in the following civil and criminal penalties:

Civil penalties—Up to \$2,000 or twice the amount of the prohibited contribution, whichever is greater, against a principal or a contractor. Any state contractor or prospective state contractor which fails to make reasonable efforts to comply with the provisions requiring notice to its principals of these prohibitions and the possible consequences of their violations may also be subject to civil penalties of up to \$2,000 or twice the amount of the prohibited contributions made by their principals.

Criminal penalties—Any knowing and willful violation of the prohibition is a Class D felony, which may subject the violator to imprisonment of not more than 5 years, or not more than \$5,000 in fines, or both.

CONTRACT CONSEQUENCES

In the case of a state contractor, contributions made or solicited in violation of the above prohibitions may result in the contract being voided.

In the case of a prospective state contractor, contributions made or solicited in violation of the above prohibitions shall result in the contract described in the state contract solicitation not being awarded to the prospective state contractor, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

The State shall not award any other state contract to anyone found in violation of the above prohibitions for a period of one year after the election for which such contribution is made or solicited, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

Additional information may be found on the website of the State Elections Enforcement Commission, www.ct.gov/seec. Click on the link to "Lobbyist/Contractor Limitations."



DEFINITIONS

"State contractor" means a person, business entity or nonprofit organization that enters into a state contract. Such person, business entity or nonprofit organization shall be deemed to be a state contractor until December thirty-first of the year in which such contract terminates. "State contractor" does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

"Prospective state contractor" means a person, business entity or nonprofit organization that (i) submits a response to a state contract solicitation by the state, a state agency or a quasi-public agency, or a proposal in response to a request for proposals by the state, a state agency or a quasi-public agency, until the contract has been entered into, or (ii) holds a valid prequalification certificate issued by the Commissioner of Administrative Services under section 4a-100. "Prospective state contractor" does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

"Principal of a state contractor or prospective state contractor" means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a state contractor or prospective state contractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a state contractor or prospective state contractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a state contractor or prospective state contractor, which is not a business entity, or if a state contractor or prospective state contractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any state contractor or prospective state contractor who has *managerial or discretionary responsibilities with respect to a state contract*, (v) the spouse or a *dependent child* who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the state contractor or prospective state contractor.

"State contract" means an agreement or contract with the state or any state agency or any quasi-public agency, let through a procurement process or otherwise, having a value of fifty thousand dollars or more, or a combination or series of such agreements or contracts having a value of one hundred thousand dollars or more in a calendar year, for (i) the rendition of services, (ii) the furnishing of any goods, material, supplies, equipment or any items of any kind, (iii) the construction, alteration or repair of any public building or public work, (iv) the acquisition, sale or lease of any land or building, (v) a licensing arrangement, or (vi) a grant, loan or loan guarantee. "State contract" does not include any agreement or contract with the state, any state agency or any quasi-public agency that is exclusively federally funded, an education loan, a loan to an individual for other than commercial purposes or any agreement or contract between the state or any state agency and the United States Department of the Navy or the United States Department of Defense.

"State contract solicitation" means a request by a state agency or quasi-public agency, in whatever form issued, including, but not limited to, an invitation to bid, request for proposals, request for information or request for quotes, inviting bids, quotes or other types of submittals, through a competitive procurement process or another process authorized by law waiving competitive procurement.

"Managerial or discretionary responsibilities with respect to a state contract" means having direct, extensive and substantive responsibilities with respect to the negotiation of the state contract and not peripheral, clerical or ministerial responsibilities.

"Dependent child" means a child residing in an individual's household who may legally be claimed as a dependent on the federal income tax of such individual.

"Solicit" means (A) requesting that a contribution be made, (B) participating in any fund-raising activities for a candidate committee, exploratory committee, political committee or party committee, including, but not limited to, forwarding tickets to potential contributors, receiving contributions for transmission to any such committee or bundling contributions, (C) serving as chairperson, treasurer or deputy treasurer of any such committee, or (D) establishing a political committee for the sole purpose of soliciting or receiving contributions for any committee. Solicit does not include: (i) making a contribution that is otherwise permitted by Chapter 155 of the Connecticut General Statutes; (ii) informing any person of a position taken by a candidate for public office or a public official, (iii) notifying the person of any activities of, or contact information for, any candidate for public office, or (iv) serving as a member in any party committee or as an officer of such committee that is not otherwise prohibited in this section.

"Subcontractor" means any person, business entity or nonprofit organization that contracts to perform part or all of the obligations of a state contractor's state contract. Such person, business entity or nonprofit organization shall be deemed to be a subcontractor until December thirty first of the year in which the subcontract terminates. "Subcontractor" does not include (i) a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or (ii) an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

"Principal of a subcontractor" means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a subcontractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a subcontractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a subcontractor, which is not a business entity, or if a subcontractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any subcontractor who has managerial or discretionary responsibilities with respect to a subcontract with a state contractor, (v) the spouse or a dependent child who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the subcontractor.

6. Health Insurance Portability and Accountability Act of 1996.

- (a) If the Contactor is a Business Associate under the requirements of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), as noted in this Contract, the Contractor must comply with all terms and conditions of this Section of the Contract. If the Contractor is not a Business Associate under HIPAA, this Section of the Contract does not apply to the Contractor for this Contract.
- (b) The Contractor is required to safeguard the use, publication and disclosure of information on all applicants for, and all clients who receive, services under the Contract in accordance with all applicable federal and state law regarding confidentiality, which includes but is not limited to HIPAA, more specifically with the Privacy and Security Rules at 45 C.F.R. Part 160 and Part 164, subparts A, C, and E; and
- (c) The State of Connecticut Agency named on page 1 of this Contract (“Agency”) is a “covered entity” as that term is defined in 45 C.F.R. § 160.103; and
- (d) The Contractor is a “business associate” of the Agency, as that term is defined in 45 C.F.R. § 160.103; and
- (e) The Contractor and the Agency agree to the following in order to secure compliance with the HIPAA, the requirements of Subtitle D of the Health Information Technology for Economic and Clinical Health Act (“HITECH Act”), (Pub. L. 111-5, §§ 13400 to 13423)¹, and more specifically with the Privacy and Security Rules at 45 C.F.R. Part 160 and Part 164, subparts A, C, D and E (collectively referred to herein as the “HIPAA Standards”).
- (f) Definitions
 - (1) “Breach” shall have the same meaning as the term is defined in section 45 C.F.R. 164.402 and shall also include an use or disclosure of PHI that violates the HIPAA Standards.
 - (2) “Business Associate” shall mean the Contractor.
 - (3) “Covered Entity” shall mean the Agency of the State of Connecticut named on page 1 of this Contract.
 - (4) “Designated Record Set” shall have the same meaning as the term “designated record set” in 45 C.F.R. § 164.501.
 - (5) “Electronic Health Record” shall have the same meaning as the term is defined in section 13400 of the HITECH Act (42 U.S.C. §17921(5)).
 - (6) “Individual” shall have the same meaning as the term “individual” in 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative as defined in 45 C.F.R. § 164.502(g).
 - (7) “Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. part 160 and part 164, subparts A and E.

- (8) “Protected Health Information” or “PHI” shall have the same meaning as the term “protected health information” in 45 C.F.R. § 160.103, and includes electronic PHI, as defined in 45 C.F.R. 160.103, limited to information created, maintained, transmitted or received by the Business Associate from or on behalf of the Covered Entity or from another Business Associate of the Covered Entity.
 - (9) “Required by Law” shall have the same meaning as the term “required by law” in 45 C.F.R. § 164.103.
 - (10) “Secretary” shall mean the Secretary of the Department of Health and Human Services or his designee.
 - (11) “More stringent” shall have the same meaning as the term “more stringent” in 45 C.F.R. § 160.202.
 - (12) “This Section of the Contract” refers to the HIPAA Provisions stated herein, in their entirety.
 - (13) “Security Incident” shall have the same meaning as the term “security incident” in 45 C.F.R. § 164.304.
 - (14) “Security Rule” shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. part 160 and part 164, subpart A and C.
 - (15) “Unsecured protected health information” shall have the same meaning as the term as defined in 45 C.F.R. 164.402.
- (g) Obligations and Activities of Business Associates.
- (1) Business Associate agrees not to use or disclose PHI other than as permitted or required by this Section of the Contract or as Required by Law.
 - (2) Business Associate agrees to use and maintain appropriate safeguards and comply with applicable HIPAA Standards with respect to all PHI and to prevent use or disclosure of PHI other than as provided for in this Section of the Contract and in accordance with HIPAA standards.
 - (3) Business Associate agrees to use administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of electronic protected health information that it creates, receives, maintains, or transmits on behalf of the Covered Entity.
 - (4) Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to the Business Associate of a use or disclosure of PHI by Business Associate in violation of this Section of the Contract.
 - (5) Business Associate agrees to report to Covered Entity any use or disclosure of PHI not provided for by this Section of the Contract or any security incident of which it becomes aware.
 - (6) Business Associate agrees, in accordance with 45 C.F.R. 502(e)(1)(ii) and 164.308(d)(2), if applicable, to ensure that any subcontractors that create, receive, maintain or transmit

protected health information on behalf of the business associate, agree to the same restrictions, conditions, and requirements that apply to the business associate with respect to such information;

- (7) Business Associate agrees to provide access (including inspection, obtaining a copy or both), at the request of the Covered Entity, and in the time and manner designated by the Covered Entity, to PHI in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 C.F.R. § 164.524. Business Associate shall not charge any fees greater than the lesser of the amount charged by the Covered Entity to an Individual for such records; the amount permitted by state law; or the Business Associate's actual cost of postage, labor and supplies for complying with the request.
- (8) Business Associate agrees to make any amendments to PHI in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 C.F.R. § 164.526 at the request of the Covered Entity, and in the time and manner designated by the Covered Entity.
- (9) Business Associate agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, or created, maintained, transmitted or received by, Business Associate on behalf of Covered Entity, available to Covered Entity or to the Secretary in a time and manner agreed to by the parties or designated by the Secretary, for purposes of the Secretary investigating or determining Covered Entity's compliance with the HIPAA Standards..
- (10) Business Associate agrees to document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528 and section 13405 of the HITECH Act (42 U.S.C. § 17935) and any regulations promulgated thereunder.
- (11) Business Associate agrees to provide to Covered Entity, in a time and manner designated by the Covered Entity, information collected in accordance with subsection (g)(10) of this Section of the Contract, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528 and section 13405 of the HITECH Act (42 U.S.C. § 17935) and any regulations promulgated thereunder. Business Associate agrees at the Covered Entity's direction to provide an accounting of disclosures of PHI directly to an individual in accordance with 45 C.F.R. § 164.528 and section 13405 of the HITECH Act (42 U.S.C. § 17935) and any regulations promulgated thereunder.
- (12) Business Associate agrees to comply with any state or federal law that is more stringent than the Privacy Rule.
- (13) Business Associate agrees to comply with the requirements of the HITECH Act relating to privacy and security that are applicable to the Covered Entity and with the requirements of 45 C.F.R. §§ 164.504(e), 164.308, 164.310, 164.312, and 164.316.
- (14) In the event that an individual requests that the Business Associate
 - (A) restrict disclosures of PHI;
 - (B) provide an accounting of disclosures of the individual's PHI;

- (C) provide a copy of the individual's PHI in an electronic health record; or
- (D) amend PHI in the individual's designated record set,

the Business Associate agrees to notify the Covered Entity, in writing, within five business days of the request.

- (15) Business Associate agrees that it shall not, and shall ensure that its subcontractors do not, directly or indirectly, receive any remuneration in exchange for PHI of an Individual without
 - (A) the written approval of the covered entity, unless receipt of remuneration in exchange for PHI is expressly authorized by this Contract and
 - (B) the valid authorization of the individual, except for the purposes provided under section 13405(d)(2) of the HITECH Act, (42 U.S.C. § 17935(d)(2)) and in any accompanying regulations
- (16) Obligations in the Event of a Breach.
 - (A) The Business Associate agrees that, following the discovery by the Business Associate or by a subcontractor of the Business Associate of any use or disclosure not provided for by this section of the Contract, any breach of unsecured protected health information, or any Security Incident, it shall notify the Covered Entity of such breach in accordance with Subpart D of Part 164 of Title 45 of the Code of Federal Regulations and this Section of the Contract.
 - (B) Such notification shall be provided by the Business Associate to the Covered Entity without unreasonable delay, and in no case later than 30 days after the breach is discovered by the Business Associate, or a subcontractor of the Business Associate, except as otherwise instructed in writing by a law enforcement official pursuant to 45 C.F.R. 164.412. . A breach is considered discovered as of the first day on which it is, or reasonably should have been, known to the Business Associate or its subcontractor. The notification shall include the identification and last known address, phone number and email address of each individual (or the next of kin of the individual if the individual is deceased) whose unsecured protected health information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired, or disclosed during such breach.
 - (C) The Business Associate agrees to include in the notification to the Covered Entity at least the following information:
 1. A description of what happened, including the date of the breach; the date of the discovery of the breach; the unauthorized person, if known, who used the PHI or to whom it was disclosed; and whether the PHI was actually acquired or viewed.
 2. A description of the types of unsecured protected health information that were involved in the breach (such as full name, Social Security number, date of birth, home address, account number, or disability code).

3. The steps the Business Associate recommends that Individual(s) take to protect themselves from potential harm resulting from the breach.
 4. A detailed description of what the Business Associate is doing or has done to investigate the breach, to mitigate losses, and to protect against any further breaches.
 5. Whether a law enforcement official has advised the Business Associate, either verbally or in writing, that he or she has determined that notification or notice to Individuals or the posting required under 45 C.F.R. 164.412 would impede a criminal investigation or cause damage to national security and; if so, contact information for said official.
- (D) If directed by the Covered Entity, the Business Associate agrees to conduct a risk assessment using at least the information in subparagraphs 1 to 4, inclusive of (g) (16) (C) of this Section and determine whether, in its opinion, there is a low probability that the PHI has been compromised. Such recommendation shall be transmitted to the Covered Entity within 20 business days of the Business Associate's notification to the Covered Entity.
- (E) If the Covered Entity determines that there has been a breach, as defined in 45 C.F.R. 164.402, by the Business Associate or a subcontractor of the Business Associate, the Business Associate, if directed by the Covered Entity, shall provide all notifications required by 45 C.F.R. 164.404 and 45 C.F.R. 164.406.
- (F) Business Associate agrees to provide appropriate staffing and have established procedures to ensure that individuals informed of a breach have the opportunity to ask questions and contact the Business Associate for additional information regarding the breach. Such procedures shall include a toll-free telephone number, an e-mail address, a posting on its Web site and a postal address. Business Associate agrees to include in the notification of a breach by the Business Associate to the Covered Entity, a written description of the procedures that have been established to meet these requirements. Costs of such contact procedures will be borne by the Contractor.
- (G) Business Associate agrees that, in the event of a breach, it has the burden to demonstrate that it has complied with all notifications requirements set forth above, including evidence demonstrating the necessity of a delay in notification to the Covered Entity.
- (h) Permitted Uses and Disclosure by Business Associate.
- (1) General Use and Disclosure Provisions Except as otherwise limited in this Section of the Contract, Business Associate may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in this Contract, provided that such use or disclosure would not violate the HIPAA Standards if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.
 - (2) Specific Use and Disclosure Provisions

- (A) Except as otherwise limited in this Section of the Contract, Business Associate may use PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate.
 - (B) Except as otherwise limited in this Section of the Contract, Business Associate may disclose PHI for the proper management and administration of Business Associate, provided that disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
 - (C) Except as otherwise limited in this Section of the Contract, Business Associate may use PHI to provide Data Aggregation services to Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).
- (i) Obligations of Covered Entity.
 - (1) Covered Entity shall notify Business Associate of any limitations in its notice of privacy practices of Covered Entity, in accordance with 45 C.F.R. § 164.520, or to the extent that such limitation may affect Business Associate's use or disclosure of PHI.
 - (2) Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual(s) to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
 - (3) Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.
 - (j) Permissible Requests by Covered Entity. Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the HIPAA Standards if done by the Covered Entity, except that Business Associate may use and disclose PHI for data aggregation, and management and administrative activities of Business Associate, as permitted under this Section of the Contract.

(k) Term and Termination.

- (1) Term. The Term of this Section of the Contract shall be effective as of the date the Contract is effective and shall terminate when the information collected in accordance with provision (g)(10) of this Section of the Contract is provided to the Covered Entity and all of the PHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance with the termination provisions in this Section.
- (2) Termination for Cause Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
 - (A) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate the Contract if Business Associate does not cure the breach or end the violation within the time specified by the Covered Entity; or
 - (B) Immediately terminate the Contract if Business Associate has breached a material term of this Section of the Contract and cure is not possible; or
 - (C) If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.
- (3) Effect of Termination.
 - (A) Except as provided in (k)(2) of this Section of the Contract, upon termination of this Contract, for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity. Business Associate shall also provide the information collected in accordance with section (g)(10) of this Section of the Contract to the Covered Entity within ten business days of the notice of termination. This section shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI.
 - (B) In the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon documentation by Business Associate that return or destruction of PHI is infeasible, Business Associate shall extend the protections of this Section of the Contract to such PHI and limit further uses and disclosures of PHI to those purposes that make return or

destruction infeasible, for as long as Business Associate maintains such PHI. Infeasibility of the return or destruction of PHI includes, but is not limited to, requirements under state or federal law that the Business Associate maintains or preserves the PHI or copies thereof.

- (l) Miscellaneous Sections.
 - (1) Regulatory References. A reference in this Section of the Contract to a section in the Privacy Rule means the section as in effect or as amended.
 - (2) Amendment. The Parties agree to take such action as is necessary to amend this Section of the Contract from time to time as is necessary for Covered Entity to comply with requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.
 - (3) Survival. The respective rights and obligations of Business Associate shall survive the termination of this Contract.
 - (4) Effect on Contract. Except as specifically required to implement the purposes of this Section of the Contract, all other terms of the Contract shall remain in force and effect.
 - (5) Construction. This Section of the Contract shall be construed as broadly as necessary to implement and comply with the Privacy Standard. Any ambiguity in this Section of the Contract shall be resolved in favor of a meaning that complies, and is consistent with, the Privacy Standard.
 - (6) Disclaimer. Covered Entity makes no warranty or representation that compliance with this Section of the Contract will be adequate or satisfactory for Business Associate's own purposes. Covered Entity shall not be liable to Business Associate for any claim, civil or criminal penalty, loss or damage related to or arising from the unauthorized use or disclosure of PHI by Business Associate or any of its officers, directors, employees, contractors or agents, or any third party to whom Business Associate has disclosed PHI contrary to the sections of this Contract or applicable law. Business Associate is solely responsible for all decisions made, and actions taken, by Business Associate regarding the safeguarding, use and disclosure of PHI within its possession, custody or control.
 - (7) Indemnification. The Business Associate shall indemnify and hold the Covered Entity harmless from and against any and all claims, liabilities, judgments, fines, assessments, penalties, awards and any statutory damages that may be imposed or assessed pursuant to HIPAA, as amended or the HITECH Act, including, without limitation, attorney's fees, expert witness fees, costs of investigation, litigation or dispute resolution, and costs awarded thereunder, relating to or arising out of any violation by the Business Associate and its agents, including subcontractors, of any obligation of Business Associate and its agents, including subcontractors, under this section of the contract, under HIPAA, the HITECH Act, and the HIPAA Standards.

7. **Disclosure of Records.** This Contract may be subject to the provisions of section 1-218 of the Connecticut General Statutes. In accordance with this statute, each contract in excess of two million five hundred thousand dollars between a public agency and a person for the performance of a governmental function shall (a) provide that the public agency is entitled to receive a copy of records and files related to the performance of the governmental function, and (b) indicate that such records and files are subject to FOIA and may be disclosed by the public agency pursuant to FOIA. No request to inspect or copy such records or files shall be valid unless the request is made to the public agency in accordance with FOIA. Any complaint by a person who is denied the right to inspect or copy such records or files shall be brought to the Freedom of Information Commission in accordance with the provisions of sections 1-205 and 1-206 of the Connecticut General Statutes.
8. **Whistleblowing.** This Contract is subject to C.G.S. § 4-61dd if the amount of this Contract is a “large state contract” as that term is defined in C.G.S. § 4-61dd(h). In accordance with this statute, if an officer, employee or appointing authority of the Contractor takes or threatens to take any personnel action against any employee of the Contractor in retaliation for such employee’s disclosure of information to any employee of the Contracting state or quasi-public agency or the Auditors of Public Accounts or the Attorney General under subsection (a) of such statute, the Contractor shall be liable for a civil penalty of not more than five thousand dollars (\$5,000) for each offense, up to a maximum of twenty per cent (20%) of the value of this Contract. Each violation shall be a separate and distinct offense and in the case of a continuing violation, each calendar day’s continuance of the violation shall be deemed to be a separate and distinct offense. The State may request that the Attorney General bring a civil action in the Superior Court for the Judicial District of Hartford to seek imposition and recovery of such civil penalty. In accordance with subsection (f) of such statute, each large state Contractor, as defined in the statute, shall post a notice of the relevant sections of the statute relating to large state Contractors in a conspicuous place which is readily available for viewing by the employees of the Contractor.
9. **Summary of State Ethics Laws.** Pursuant to the requirements of section 1-101qq of the Connecticut General Statutes, the summary of State ethics laws developed by the State Ethics Commission pursuant to section 1-81b of the Connecticut General Statutes is incorporated by reference into and made a part of the Contract as if the summary had been fully set forth in the Contract.
10. **Limitation of Liability** – Contractor’s liability shall be limited to an amount two times the value of the contract
11. **Intellectual Property Rights** Notwithstanding anything to the contrary in this Contract, Contractor retains exclusive ownership in software, hardware, and other tools provided by it and used in the performance of this Contract; provided, however, the State shall receive the non-exclusive, royalty free use of such materials during the term of the Contract.
12. **Force Majeure**

Neither party shall incur liability for any failure to perform its obligations under this contract due to causes beyond its control including, but not limited to, fire, storm, flood, earthquake, explosion, accident, acts of war, acts of God, acts of Federal, State or local government or any agency thereof and judicial action, acts of third parties, and computer or equipment failures other than those caused by the sole negligence of either party.

[X] Original Contract
[] Amendment # _____
(For Internal Use Only)

SIGNATURES AND APPROVALS

999XSS-CEN-01/ 13DSS0903ED

The Contractor IS a Business Associate under the Health Insurance Portability and Accountability Act of 1996 as amended.

Documentation necessary to demonstrate the authorization to sign must be attached.

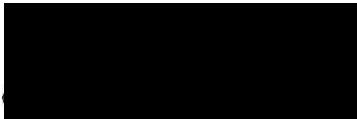
CONTRACTOR - XEROX STATE & LOCAL SOLUTIONS, INC.



NANCY COLLINS, *Senior Vice President*

1/29/14
Date

DEPARTMENT OF SOCIAL SERVICES



RODERICK L. BREMEX, *Commissioner*

2/25/2014
Date

OFFICE OF THE ATTORNEY GENERAL



Name

ASSOC. ATTY. GENERAL

Joseph Rubin

Approved As To Form

3/24/14
Date

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