

CONTRACT #13
RFS # 343.53-101
FA # 07-16969-02

Health

VENDOR:
CSC Covansys Corporation



RECEIVED

JUL 23 2009

FISCAL REVIEW

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
CORDELL HULL BLDG.
425 5TH AVENUE NORTH
NASHVILLE TENNESSEE 37243

PHIL BREDESEN
GOVERNOR

SUSAN R. COOPER, MSN, RN
COMMISSIONER

July 21, 2009

Mr. James White, Director
Fiscal Review Committee
320 Sixth Avenue, North, 8th Floor
Nashville, TN 37243

and

M.D. Goetz, Jr., Commissioner
Department of Finance & Administration
State Capitol, First Floor
Nashville, TN 37243-0285

Dear Director White and Commissioner Goetz:

This Amendment is being proposed in an effort to continue to provide WIC check processing services for the 100% federally funded Tennessee Special Supplemental Nutrition Program for Women, Infants and Children (WIC). WIC check processing is an asset for the provision of WIC services to assist grocery and pharmacy owners of Tennessee in their redemption of WIC checks for the supplemental foods provided through WIC services. The Department of Health requests approval to non-competitively amend the Competitive Contract Number FA-07-16969-03 with CSC-Covansys Corporation for the provision of fiscal intermediary services.

The proposed amendment exercises the state's option to extend the contract for an additional year. The subject contract was awarded through an RFP in 2006. With this extension, the contract term will be four years with one more one-year extension option available. With the federally mandated changes to the WIC food packages beginning 10-1-09, additional federal WIC administrative funds must be added to this contract to allow for a minimum of three (3) WIC check redemptions per participant per month. This will increase the volume from 291,000 transactions to at least 436,500 transactions per month. The overall contract is being increased in the amount of Four Hundred Thirty-One Thousand Four Hundred Dollars (\$431,400). Therefore, the total maximum liability amount including all options to extend will become \$1,842,800.

We appreciate your approval to proceed with the amendment. Thank you for considering this request.

Sincerely,

Susan R. Cooper, MSN, RN
Susan R. Cooper, MSN, RN
BAR

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Melissa Blair	*Contact Phone:	615-532-7772		
*Contract Number:	FA-07-16969-02	*RFS Number:	343.53.101-06		
*Original Contract Begin Date:	October 01, 2006	*Current End Date:	September 30, 2009		
Current Request Amendment Number: <i>(if applicable)</i>	Three				
Proposed Amendment Effective Date: <i>(if applicable)</i>	October 01, 2009				
*Department Submitting:	Health				
*Division:	Nutrition & Wellness				
*Date Submitted:	July 21, 2009				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	CSC Covansys Corporation				
*Current Maximum Liability:	\$980,000				
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY:2007	FY:2008	FY:2009	FY:2010	FY	FY
\$157,500	\$335,000	\$380,000	\$107,500	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>					
FY:2007	FY:2008	FY:2009	FY:	FY	FY
\$207,839.95	\$322,589.87	\$275,154	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:					
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:					
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			A funding revision was done in 2008 move additional funds to the contract using WIC federal funds.		
*Contract Funding Source/Amount:	State:		Federal:	\$980,000	
Interdepartmental:			<i>Other:</i>		
If "other" please define:					

Supplemental Documentation Required for
Fiscal Review Committee

Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>	Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>
Amendment 1 4/30/08	Funding Increase
Amendment 2 10/01/08	Contractor name Change
Method of Original Award: <i>(if applicable)</i>	RFP
Include a detailed breakdown of the actual expenditures anticipated in each year of the contract. Include specific line items, source of funding, and disposition of any excess fund. <i>(if applicable)</i>	Attached
Include a detailed breakdown, in dollars, of any savings that the department anticipates will result from this contract. Include, at a minimum, reduction in positions, reduction in equipment costs, reduction in travel. <i>(if applicable)</i>	N / A
Include a detailed analysis, in dollars, of the cost of obtaining this service through the proposed contract as compared to other options. <i>(if applicable)</i>	N/A

Covansys Payments

FA0716969

FY-07

Expenditures			
343.53-10			
Oct-06	21,046.90	Contract Budget (FY-07)	\$157,500.00
Nov-06	18,641.73	Less Expenditures	<u>(\$207,839.95)</u>
Dec-06	21,846.19	Balance	<u>(\$50,339.95)</u>
Jan-07	19,879.57		
Feb-07	43,516.61		
Mar-07	21,892.41		
Apr-07	18,881.75		
May-07	20,000.44		
Jun-07	22,134.35		
Total Expenditures	\$207,839.95		

FY-08

Expenditures			
343.53-10			
Jul-07	22,789.49	Contract Budget (FY-08)	\$335,000.00
Aug-07	24,982.24	Less Expenditures	<u>(\$322,589.41)</u>
Sept-07	23,097.33	Balance	<u>\$12,410.59</u>
Oct-07	44,471.47		
Nov-07	22,106.46		
Dec-07	23,464.98		
Jan-08	22,664.28		
Feb-08	20,295.94		
Mar-08	23,099.19		
Apr-08	21,832.26		
May-08	21,611.34		
Jun-08	52,174.43		
Total Expenditures	\$322,589.41		

FY-09

Expenditures			
343.53-10			
Jul-08	25,776.68	Contract Budget (FY-09)	\$380,000.00
Aug-08	26,251.93	Less Expenditures	<u>(\$275,154.00)</u>
Sept-08	27,107.10	Balance	<u>\$104,846.00</u>
Oct-08	30,233.10		
Nov-08	22,996.00		
Dec-08	29,678.91		
Jan-09	23,230.27		
Feb-09	20,679.04		
Mar-09	25,602.83		
Apr-09	22,933.00		
May-09	20,665.14		
Jun-09	0.00		
Total Expenditures	\$275,154.00		

FY-10

Expenditures	
343.53-10	
Jul-09	0.00
Aug-09	0.00
Sept-09	0.00
<hr/>	
	\$0.00

Contract Budget (FY-10)	\$107,500.00
Less Expenditures	<u>\$0.00</u>
Balance	<u>\$107,500.00</u>

Total Budget	\$980,000.00
YTD Total Expenditures	<u>(\$805,583.36)</u>
Remaining Balance	<u>\$174,416.64</u>

NON-COMPETITIVE AMENDMENT REQUEST:

RECEIVED

APPROVED

JUL 23 2009

FISCAL REVIEW

Commissioner of Finance & Administration

1) RFS #	343.53-101-07	
2) Procuring Agency :	DEPARTMENT OF HEALTH	
EXISTING CONTRACT INFORMATON		
3) Service Caption :	Fiscal Intermediary Services	
4) Contractor :	CSC Covansys Corporation	
5) Contract #	FA-07-16969-03	
6) Contract Start Date :	October 01,2006	
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	September 30, 2011	
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 1,842,800	
PROPOSED AMENDMENT INFORMATON		
9) Amendment #	Three	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	October 01, 2009	
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	September 30, 2011	
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 1,842,800	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/>	use of Non-Competitive Negotiation is in the best interest of the state
	<input type="checkbox"/>	only one uniquely qualified service provider able to provide the service
14) Description of the Proposed Amendment Effects & Any Additional Service :		
<p><i>The proposed amendment exercises the state's option to extend the contract for an additional year under the same terms & conditions. This amendment will not modify the scope of services or change the unit charge for any service unit/milestone. The increase in the maximum liability of the contract is a result of the extension.</i></p>		
15) Explanation of Need for the Proposed Amendment :		
<p><i>This Amendment is requested for approval to continue providing fiscal intermediary service for an additional year & to increase the maximum liability of this contract.</i></p> <p><i>The role of Covansys, the WIC Banking contractor, is to assist in determining whether authorized WIC groceries and pharmacies can receive payment for the WIC vouchers (checks) they have transacted. The process of how WIC vouchers are handled begins when WIC Program participants spend the vouchers received from the WIC clinic at authorized WIC vendors. The vendors deposit the vouchers at their local bank along with other forms of payments such as regular checks and cash. The vouchers then go through normal electronic banking procedures until reaching the bank used by Covansys to forward these images to the Covansys processing center. There, voucher issuance information received electronically nightly from the Program is verified. Also, based on federal</i></p>		

regulations governing the Program, the vouchers undergo a series of edits e.g., being transacted during their valid month, having a legible transaction date and dollar amount, having been properly and legibly stamped with the Program assigned vendor number. Once the final decision on each voucher is made, they are considered redeemed for payment to the vendor or returned to the vendor for denial based on one or more of the required edits.

16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)

John Umstead, Vice President, 7701 College Boulevard, Suite 200, Overland Park, KS 66062

17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)

Documentation is ... Not Applicable to this Request Attached to this Request

18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)

Documentation is ... Not Applicable to this Request Attached to this Request

19) Department of Human Resources Endorsement : (required for state employees training service)

Documentation is ... Not Applicable to this Request Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

Current contract was awarded pursuant to a competitive RFP process which included annual extension options, the first of which we are now requesting approval to exercise in accordance with the existing contract.

21) Justification for the Proposed Non-Competitive Amendment :

The proposed amendment exercises the state's option to extend the contract for an additional year. The subject contract was awarded through an RFP in 2006. The pro forma contract of the RFP and therefore the original executed contract included standard term extension language giving the state the right to extend the contract term for periods of no more than one year for a total contract term of no more than five (5) years. With this extension, the contract term will be four years with one more one-year extension option available. This proposed amendment will not modify the scope of services or change the unit charge for any service unit/milestone. The maximum liability is being increased because the contract term is being extended for another year.

AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Juan R. Cooper M&W
SIGNATURE & DATE

7-20-09

C O N T R A C T S U M M A R Y S H E E T

RFS #		Contract #	
343.53-101-07		FA-07-16969-02	
State Agency		State Agency Division	
TENNESSEE DEPARTMENT OF HEALTH		Nutrition and Wellness	
Contractor Name		Contractor ID# (FEIN or SSN)	
CSC Covansys Corporation		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 38-2606945-00	
Service Description			
Fiscal Intermediary Services			
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
OCTOBER 1, 2006	SEPTEMBER 30, 2010	VENDOR	10.557

Mark Each TRUE Statement

Contractor is on STARS
 Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
343.53	10	083	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007		\$157,500			\$157,500
2008		\$335,000			\$335,000
2009		\$380,000			\$380,000
2010		\$431,050			\$431,050
2011		\$107,850			\$107,850
TOTAL:		\$1,411,400			\$1,411,400

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	
2007	\$157,500		State Agency Budget Officer Approval
2008	\$335,000		
2009	\$380,000		
2010	\$107,500	\$323,550	Funding Certification (certification, required by T.C.A., § 9-4-5113; that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
2011		\$107,850	
TOTAL:	\$980,000	\$431,400	
End Date:	September 30, 2009	September 30, 2010	

Contractor Ownership (complete for ALL base contracts— N/A to amendments or delegated authorities)

African American
 Person w/ Disability
 Hispanic
 Small Business
 Government
 Asian
 Female
 Native American
 NOT Minority/Disadvantaged
 Other

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

RFP
 Competitive Negotiation *
 Alternative Competitive Method *
 Non-Competitive Negotiation *
 Negotiation w/ Government (ID, GG, GU)
 Other *

*** Procurement Process Summary** (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

This Amendment is requested for approval to continue providing fiscal intermediary service & to increase the maximum liability of this contract.



C O N T R A C T A M E N D M E N T

Agency Tracking # <p style="text-align: center;">343.53-101-07</p>	Edison ID <p style="text-align: center;">FA-07-16969-02</p>	Amendment # <p style="text-align: center;">3</p>
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Contractor CSC Covansys Corporation	Contractor Federal Employer Identification or Social Security # <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 38-2606945-00
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Amendment Purpose/ Effects

Contract Begin Date OCTOBER 1, 2006	Contract End Date SEPTEMBER 30, 2010	Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #(s) 10.557
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FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007		\$157,500			\$157,500
2008		\$335,000			\$335,000
2009		\$380,000			\$380,000
2010		\$431,050			\$431,050
2011		\$107,850			\$107,850
TOTAL:		\$1,411,400			\$1,411,400

— COMPLETE FOR AMENDMENTS —			Agency Contact & Telephone #	
END DATE AMENDED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO				
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)	
2007	\$157,500			
2008	\$335,000			
2009	\$380,000			
2010	\$107,500	\$323,550		
2011		\$107,850	Speed Code	Account Code
TOTAL:	\$980,000	\$431,400	HL00000346	530010

— OCR USE —

Procurement Process Summary (non-competitive, FA- or ED-type only)

This amendment is to increase the term of the contract by one year as permitted in section B.2. of the contract and to increase the maximum liability of the contract.

**AMENDMENT THREE
TO FA-07-16969-02**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Health, hereinafter referred to as the "State" and Covansys Corporation, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on October 1, 2006 and ending on September 30, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. The text of Contract Section C.1. is deleted in its entirety and replaced with the following:

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million Four Hundred Eleven Thousand Four Hundred Dollars (\$1,411,400). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. The following provision is added as Contract Section D.20 :

- D.20. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment Four (4), hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.

- b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall

obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.

- c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
- d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
- e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

4. The following provision is added as Contract Section D.21:

D.21. Prevailing Wage Rates. All contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated*, Section 12- 4-401 *et seq.*

5. The following provision is added as Contract Section E.19:

- E.19 Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.
- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
 - b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.
 - c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state

employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

The revisions set forth herein shall be effective October 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

CSC COVANSYS CORPORATION:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF HEALTH:

SUSAN R COOPER, MSN, RN, COMMISSIONER

DATE

APPROVED:

COMMISSIONER OF FINANCE & ADMINISTRATION

DATE

COMPTROLLER OF THE TREASURY

DATE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	FA-07-16969-03
CONTRACTOR LEGAL ENTITY NAME:	Covansys Corporation
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	V38-2606945-00

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

PRINTED NAME AND TITLE OF SIGNATORY**DATE OF ATTESTATION**

CONTRACT SUMMARY SHEET

021908

RES#		Contract#	
343.53-101-07		FA-07-16969-02	
State Agency		State Agency Division	
TENNESSEE DEPARTMENT OF HEALTH		Nutrition and Wellness	
Contractor Name		Contractor ID # (FEIN or SSN)	
CSC Covansys Corporation		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 38-2606945-00	
Service Description			
Fiscal Intermediary Services			

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
OCTOBER 1, 2006	SEPTEMBER 30, 2009	VENDOR	10.557

Mark Each TRUE Statement

Contractor is on STARS
 Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
343.53	10	083	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007		\$157,500			\$157,500
2008		\$335,000	OCR RELEASED		\$335,000
2009		\$380,000	OCT 30 2008		\$380,000
2010		\$107,500	TO ACCOUNTS		\$107,500
TOTAL		\$980,000			\$980,000

COMPLETE FOR AMENDMENTS ONLY			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	CRYSTAL ALLEN 741-9419
2007	\$157,500		State Agency Budget Officer Approval <i>Crystal Allen</i>
2008	\$335,000		
2009	\$380,000		
2010	\$107,500		
TOTAL	\$980,000		Funding Certification (certification required by the FAR 101.116 that the contractor is obligated to pay no more than the approved amount, which the obligated expenditure is required to be paid that is not otherwise covered by other pay obligations previously incurred)
End Date	September 30, 2009	September 30, 2009	

Contractor Ownership (complete for ALL base contracts - N/A to amendments or delegated authorities)

African American
 Person w/ Disability
 Hispanic
 Small Business
 Government
 Asian
 Female
 Native American
 NOT Minority/Disadvantaged
 Other

Contractor Selection Method (complete for ALL base contracts - N/A to amendments or delegated authorities)

RFP
 Competitive Negotiation *
 Alternative Competitive Method *
 Non-Competitive Negotiation *
 Negotiation w/ Government (ID, GG, GU)
 Other *

Procurement Process Summary (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

The Contractor's legal name was changed due to an acquisition by Computer Sciences Corporation.

SEP 11 12 00 PM '09

OCR

OCT 21 2008

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AMENDMENT TWO
TO FA-16969-08 *1 CSC/1/08*

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Health, hereinafter referred to as the "State" and Covansys Corporation, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

The following is added as Contract Section E.18.:

E.18. Contractor Name. All references to "Covansys Corporation" shall be deleted and replaced with "CSC Covansys Corporation."

The revisions set forth herein shall be effective October 1, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

CSC COVANSYS CORPORATION:

Julie Thornton _____ *10/16/08*
 CONTRACTOR SIGNATURE DATE
 Julie Thornton, Director of Legal Affairs
 PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF HEALTH:

Susan R. Cooper, MSN, RN _____ *10.20.08*
 SUSAN R COOPER, MSN, RN, COMMISSIONER */sc* DATE

APPROVED:

M. D. Goetz, Jr. _____ *10/27/08*
 M. D. GOETZ, JR., COMMISSIONER DATE
 DEPARTMENT OF FINANCE AND ADMINISTRATION

John G. Morgan _____ *10/29/08*
 JOHN G. MORGAN, COMPTROLLER OF THE TREASURY DATE

CONTRACT SUMMARY SHEET

021808

REFS: 343.53-101-07	Contract # FA-07-46940-04 <i>16969-01</i>
State/Agency DEPARTMENT OF HEALTH	State/Agency Division HEALTH SERVICES ADMINISTRATION
Contractor Name Covansys Corporation	Contractor ID# (FEIN or SSN) C- or <input checked="" type="checkbox"/> V- 38-2606945-00

Service Description Fiscal Intermediary Services			
Contract BEGIN Date October 1, 2006	Contract END Date September 30, 2009	Subrecipient/Vendor Vendor	CRDA# 10.557

Mark Each TRUE Statement

Contractor is on STARS Contractor's Form W-9 is on file in Accounts

Alt Order Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
343.53	10	139	11		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007		\$ 157,500.00			\$ 157,500.00
2008		\$ 335,000.00			\$ 335,000.00
2009		\$ 380,000.00			\$ 380,000.00
2010		\$ 107,500.00			\$ 107,500.00
TOTAL					\$ 980,000.00

OCR RELEASED
MAY 20 2008
TO ACCOUNTS

COMPLETE FOR AMENDMENTS ONLY

State Agency Fiscal Contact Telephone
Crystal Allen - 741-9419

FY	Base Contract/ Prior Amendments	Amendment ONLY	State Agency Budget Officer Approval
07	\$ 157,500.00	\$ -	<i>Crystal Allen</i>
08	\$ 210,000.00	\$ 125,000.00	
09	\$ 210,000.00	\$ 170,000.00	
10	\$ 52,500.00	\$ 55,000.00	
TOTAL			
	\$ 630,000.00	\$ 350,000.00	

MAY 02 2008

OFFICE OF THE COMPTROLLER OF THE STATE

Contractor Ownership (Complete for all base contracts, N/A to amendments or delegated authorities)

<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input type="checkbox"/> Government
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input checked="" type="checkbox"/> NOT Minority/Disadvantaged	<input type="checkbox"/> Other

Contract Selection Method (Complete for all base contracts, N/A to amendments or delegated authorities)

<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation*	<input type="checkbox"/> Alternative Competitive Method*
<input type="checkbox"/> Non-Competitive Negotiation*	<input type="checkbox"/> Negotiation w/ Government (ID, GG, GU)	

Procurement Process Summary (Complete for Non-Competitive Negotiation, Competitive Negotiation, or Alternative Method)

Due to the increase in WIC participation, the monthly bank charge have increased substantially. Hence an amendment to the banking contract is required to increase the funding for each remaining year.

OCR

MAY 01 2008

RECEIVED

AMENDMENT ONE
TO FA-07-16969-00

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Health, hereinafter referred to as the "State" and Covansys Corporation, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

~~1. The text of Contract Section C.1 is deleted in its entirety and replaced with the following:~~

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Nine Hundred Eighty Thousand Dollars (\$980,000). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The revisions set forth herein shall be effective April 30, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

COVANSYS CORPORATION:

Julie Thornton 4/23/2008
CONTRACTOR SIGNATURE DATE

Julie Thornton, Director of Legal Affairs
PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF HEALTH:

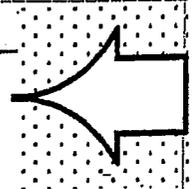
Susan R. Cooper MSN, RN 4-30-08
SUSAN R. COOPER, MSN, RN, COMMISSIONER DATE

FA-07-16969-01

APPROVED:

M. D. Goetz, Jr.
M. D. GOETZ, JR., COMMISSIONER
DEPARTMENT OF FINANCE AND ADMINISTRATION

MAY 14 2008
DATE



John G. Morgan
JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

5/19/08
DATE

CONTRACT SUMMARY SHEET

021406

IRFS #	Contract #
343.53-101-07	FA-07-16969-06
State Agency	State Agency Division
Department of Health	Bureau of Health Services Administration
Contractor Name	Contractor ID # (FEIN or SSN)
Covansys Corporation	C- or <input checked="" type="checkbox"/> V- 38-2606945-00

Service Description			
Fiscal Intermediary Services			
Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
1-Oct-06	30-Sep-09	Vendor	10.557

Mark Each TRUE Statement	
<input checked="" type="checkbox"/> Contractor is on STARS	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts

Allocation Code	Cost Center	Object Code	Fund	Funding/Grant Code	Funding Subgrant Code
343.53	10	139	11		
YR	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007		\$ 157,500.00	OCR RELEASED		\$ 157,500.00
2008		\$ 210,000.00			\$ 210,000.00
2009		\$ 210,000.00	OCT 17 2006		\$ 210,000.00
2010		\$ 52,500.00	TO ACCOUNTS		\$ 52,500.00
					\$ -
					\$ -
TOTAL	\$ -	\$ 630,000.00	\$ -	\$ -	\$ 630,000.00

COMPLETE FOR AMENDMENTS ONLY			State Agency Fiscal Contact & Telephone #
	Base Contract & Prior Amendments	THIS Amendment ONLY	Crystal Allen (615) 9419
			State Agency Budget Officer Approval
			<i>Crystal Allen / BAP</i>
			Funding Certification (certification required by 41 CFR 101-11.6 that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
TOTAL	\$ -	\$ -	
End Date			

Contractor Ownership (complete only for base contracts with contract # prefix FA or GR)					
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT disadvantaged	
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—		

Contractor Selection Method (complete for ALL base contracts - N/A to amendments or delegated authorities)			
<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method	
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government (eg, ID, GG, GU)	<input type="checkbox"/> Other	

Procurement Process Summary (complete for Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)

See attached documents

OCT 17 2006

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF HEALTH
AND
COVANSYS CORPORATION**

This Contract, by and between the State of Tennessee, Department of Health, hereinafter referred to as the "State" and Covansys Corporation, hereinafter referred to as the "Contractor," is for the provision of WIC fiscal intermediary services – which services are funded with monies received from the Federal government pursuant to 7 C.F.R. §§ 3016 and 3017 to finance this Contract in accordance with the authority set forth at Tenn. Code Ann. § 12-4-101 et seq. and 7 C.F.R. § 246 – for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Farmers' Market Nutrition Program (FMNP), and Senior's Farmers' Market Nutrition Program (SFMNP), as further defined in the "SCOPE OF SERVICES."

The Contractor is a for-profit Corporation. The Contractor's address is:

7701 College Blvd., Overland Park, KS 66210

The Contractor's place of incorporation or organization is Michigan.

A. SCOPE OF SERVICES:

A.1. The Contractor shall:

a. Provide Secure MICR Bond Paper:

1) The Contractor shall be responsible for providing 8 ½" by 14" one part, secure MICR bond paper with security features for use with MICR ink and compatible for laser printing to identify the documents as being printed on authentic paper and to prohibit fraudulent duplication of Negotiable Food Instrument (NFI) paper. Security features to include, at a minimum:

- (a) Microline security print on face
- (b) Security pantograph
- (c) High resolution border
- (d) Custom artificial watermark on back

2) The Contractor shall procure secure MICR bond paper for the State on a competitive basis, including the use of competitive bidding procedures consistent with the provisions of Tennessee Code Annotated Title 12, Chapter 4. The procured secure MICR bond paper must be approved by the Department. The State shall have the authority to give prior approval in writing for the specifications for the paper. The cost of procurement of secure MICR bond paper shall be compensated at the actual cost to the Contractor.

b. Inventory, Store and Deliver Secure MICR Bond Paper:

The Contractor shall be responsible for maintaining a controlled inventory system of secure MICR bond paper. The initial secure MICR bond paper order shall be approximately 850,000 sheets. The Contractor shall order approximately 400,000 sheets of secure MICR bond paper at quarterly intervals. All losses to inventory shall be solely the liability of the Contractor.

There shall be separation of duties between Contractor staff involved in supplying secure MICR bond paper and those conducting inventory. The Contractor shall have a system of confirming receipt, by clinics and the State Office, of secure MICR bond paper shipped by the Contractor or by the printer. Secure paper shall be shipped according to the Estimated Quarterly Shipment Schedule for Secure MICR Bond Paper (Revised Attachment 1). The State will also employ a system of confirming receipt of secure MICR bond paper from the clinic to the State office.

- 1) The procedures for control of inventory shall include, but not be limited to:
 - (a) Storage of all secure MICR bond paper in a secure, access-controlled location.
 - (b) Maintenance of perpetual inventory system tracking the boxes of secure MICR bond paper shipped to the clinics and the State office.
- 2) The procedures for delivery of secure MICR bond paper shall include, but not be limited to:
 - (a) Delivery of initial order of secure MICR bond paper to the clinics within fourteen (14) days of State's request for same.
 - (b) Delivery of secure MICR bond paper to the clinics at quarterly intervals or as requested by the State.
 - (c) Delivery of special shipments of secure MICR bond paper (needed sooner than next scheduled delivery) by a bonded service, inside signed delivery within seven (7) calendar days of the State's request.
 - (d) Deliveries shall be inside signed deliveries and made only to the State Office and clinics specified by the State.
- 3) The Contractor shall procure delivery/shipping services on a competitive basis, including through the use of competitive bidding procedures consistent with Tennessee Code Annotated Title 12, Chapter 4. The State must approve the selected delivery service/shipper. The cost of delivery/shipping of secure MICR bond paper shall be compensated at the actual cost to the Contractor.

c. Edit Negotiable Food Instruments:

- 1) The Contractor shall receive an automated file of NFIs issued by the State through a daily electronic transmission from the state.
 - (a) This computer file will be in a fixed length field record format and will contain these fields:

	Field	Length	Format
1	NFI number	8	Numeric, right justified, left zero filled
2	Maximum amount	6	Numeric, implied decimal, 2 decimal positions
3	Month valid	2	mm
4	Year valid	2	yy
5	Region	1	character
6	Cosite	5	character
7	Issued By	10	character
8	Patient ID	10	Numeric, right justified, left zero filled
9	WIC ID	6	character
10	Voucher Code	5	character
11	LSD	1	character
12	Status	1	character
13	Fund source	1	character

- (b) The method of transmission by the State will be file transfer by tcp/ip and File Transfer Protocol (FTP).

- 2) The Contractor shall receive redeemed NFIs through the Federal Reserve and bank routing channels.
- 3) (a) The Contractor shall be responsible for editing either visually or through an automated system all redeemed NFIs for the seven (7) edit criteria reasons described below (with the exception of NFIs stamped with a validation stamp that is signed and dated). The completed validation stamp authorizes payment of the NFI and releases the Contractor from editing requirements on the NFIs.

(b) Edit Criteria:

1. Date deposited by the WIC vendor must be within sixty (60) days after the end of the month designated as "valid only during."
2. "Date transacted" must be within "month" designated as "valid only during." If "Date transacted" is missing or illegible, Contractor shall turn NFI over and check for appropriate information on back.
3. "Pay This Amount" must not be greater than "voucher not to exceed amount". If dollar amount is missing, illegible or altered, Contractor shall turn NFI over and check for appropriate information on back.
4. State-issued approved vendor stamp must be on the NFI. If vendor stamp is missing or illegible on the front of the NFI, Contractor shall turn NFI over and check on back for appropriate information to identify vendor number on back.
5. Vendor stamp number must be an authorized vendor number. The vendor number shall be edited for authorized number against the vendor number masterfile listing provided by the State. NFIs with vendor numbers which are unreadable or not on the masterfile shall be returned unpaid to the bank of first deposit.
6. A signature below the section of the NFI titled "signature below must match signature on voucher folder" must be present.
7. No alteration may be made to the valid month and year or to the dollar amount in the data field labeled "voucher not to exceed amount" (Attachment 2.)

d. Process Negotiable Food Instruments:

- 1) The Contractor shall pay all NFIs which meet edit criteria described in Section A.1.c.(3) of this contract or which are stamped with a completed WIC, FMNP or SFMNP validation stamp. The Contractor shall include all paid NFIs on the monthly transaction computer file of redemption information described in Section A.1.h.(3) of this contract.
- 2) (a) The Contractor shall return to the bank of first deposit, through the banking system, all unpaid NFIs which fail any edit criteria described in Section A.1.c.(3) of this contract (with the exception of those having a completed WIC, FMNP or SFMNP validation stamp). The Contractor shall clearly mark returned NFIs with the reason for rejection.

(b) Future processing procedures may involve the Contractor honoring an NFI only the "Voucher not to exceed amount" when the food instrument transaction amount is greater than the "Voucher not to exceed amount". Subsequently the Contractor will make appropriate transactions through the ACH system, to notify the bank of first deposit of the reason for redemption at less than the presented value, so that banks can make the appropriate adjustment to the WIC vendor's account. This will be deployed at the State's request but no earlier than six

months after the implementation of the contract. The State estimates, but does not guarantee, the volume of these transactions to be approximately 500 in a one (1) month period.

- 3) No Payment for Photostatic Copies. The Contractor shall not make payment for photostatic copies of WIC, FMNP, and SFMNP negotiable food instruments without written approval of the State. This provision does not apply to check 21 documents, which are not photostatic copies but legal replacements of the original NFIs.

e. Not Exceed Monthly Error Rate on Edits:

The Contractor shall assure that the monthly error rate on all required edits shall not exceed five tenths of one percent (.005). The error rate shall be defined as the number of incorrectly edited NFIs divided by the number of NFI's processed. The Contractor shall be liable for any Federal sanctions incurred by the State for exceeding this error rate. At its discretion the State may monitor the Contractor's performance on the monthly error rates.

f. Not Exceed Monthly Error Rate of NFIs:

The Contractor shall assure that the monthly error rate of NFIs processed by electronic data processing software/hardware, or any manual intervention to correct data, in preparation of the electronic transmission and the bank statement by the Contractor shall not exceed five hundredths of one percent (.0005) of the total NFIs processed each month. The error rate shall be defined as the number of incorrectly processed NFIs processed divided by the number of NFIs processed. The Contractor shall be liable for any federal sanctions incurred by the State for failure to meet this error rate, as the maximum limit is mandated by federal requirements. Federal sanctions would be imposed if the United States Department of Agriculture (USDA) made a claim against the State of Tennessee after the State has been unsuccessful in correcting a problem with the Contractor's processing of NFIs. The amount of the claim would depend on the value of NFIs that are not correctly processed. At its discretion the State may monitor the Contractor's performance on monthly error rates, on edits and NFI processing.

g. Provide Service Settlement:

- 1) The Contractor shall maintain three separate accounts – one each for WIC, FMNP and SFMNP—from which funds shall be disbursed for payment of redeemed NFIs. The State intends for the Contractor to manage the account amounts with the goal of achieving neither a positive or negative balance.

Funds settlement shall be a wire transfer daily if appropriate. The total amount of paid NFIs transmitted will be the amount transferred each morning by 11:00 a.m. Central Time. The Contractor shall initiate the transfer based on the requested amount to achieve neither a positive nor negative balance. If notification by the Contractor of the amount to be wire transferred to the account occurs after the 11:00 a.m. Central Time deadline, the transfer will not be considered to occur on that same day. Any daily balance that may result because of the method selected to process the account must be managed so that the average of the daily balances during the term of this contract will be approximately zero. An average balance will generate earning at the average equivalent yields of thirteen (13) week Treasury Bills auctioned during the State's fiscal year to be applied against the cost of services if the monthly earnings allowance is \$50 or less. If the monthly earnings allowance is greater than \$50, the amount will be applied to the next month's monthly invoice.

- 2) The amount of the daily transfer into the Contractor's account shall reflect activity which has occurred since the previous day's 11:00 a.m. Central Time transfer.

- 3) The Contractor shall estimate the amount to be wired for holidays or when the actual amount of paid NFIs is not available by 11:00 a.m. Central Time. The methodology for determining this estimate must be approved by the State.
- 4) If at any time there are excess funds of \$90,000 or more, due to overpayment or any other reason, the Contractor shall offset such amount against the following day's transaction. Such wire transfers shall be in accordance with procedures separately specified by the State.

h. Provide the Following Deliverables:

All deliverables described below must be generated and produced by the Contractor and received by the State in compliance with the following time restrictions: 1) should any delivery date fall on a State holiday, the delivery date will extend to the next working day; 2) should any delivery date fall on a weekend, the delivery date will extend to the next working day.

- 1) E-mail report of required wire transfers required daily by 11:00 a.m. Central Time. This daily report should list WIC, FMNP and SFMNP requirements separately.
- 2) Detailed separate Summary Statements of Account Activity for WIC, FMNP and SFMNP, respectively, are required within twelve (12) working days after the end of the month. The summary statements of activity will be prepared on a calendar month and will reflect all deposits and withdrawals made during the period beginning with the first day of the month and extending through the close of business on the last day of the month. The Contractor shall be responsible for assuring the reconciliation of the bank statements with the monthly paid NFI computer file.
- 3) Transmittal of one automated file which includes all fund source codes of all paid NFIs on a schedule determined by the State. The initial schedule is monthly, within six (6) working days after the end of the month. The most frequent schedule contemplated by the State is daily, before a fixed time each business day, which time is to be agreed upon by the parties.

(a) The computer file shall include the following information:

- NFI number
- Vendor number
- Date paid
- Redemption amount of NFI
- Fund source
- Returned item

(b) The computer file shall be in a fixed length field record and will contain these fields:

	Field	Length	Format
1	NFI number	8	numeric, right justified, left zero filled
2	Vendor number	5	numeric, right justified, left zero filled
3	Filler	20	spaces
4	Date paid	8	ccyyymmdd
5	Redeemed amount	5	numeric, implied decimal, 2 decimal positions
6	Filler	26	spaces
7	Bank Code	1	character
8	Fund Source	1	character

9	Returned item	2	Paid reject, ACH adjusted. Numeric, right justified, left zero filled. Otherwise, space.
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(c) The method of transmission by the contractor will be transfer by tcp/ip and File Transfer Protocol (FTP).

- 4) Imaging of all redeemed NFIs showing both front and back within six (6) working days after the close of the month, or as on a schedule provided by State, on CD-ROM disk or equivalent high density recording medium. Digital image files should be named in such a way as to facilitate retrieval by NFI number. No other indexing or extraction of content is necessary. Should the State be unable to locate on the CD-ROM disk any paid NFIs needed by the State for audit purposes, claims reporting, vendor investigation or any other reason, the Contractor shall locate and provide copies of needed NFIs free of charge. The Contractor shall also provide reproduction services for the entire month's NFIs at no additional cost to the State, should the State deem the CD-ROM disk quality unacceptable.
- 5) Detailed list on computer file of unpaid (returned) NFIs within twelve (12) working days after the end of the month. List shall include NFI number, vendor number, date paid, date received, dollar amount, reason for rejection and totals of unpaid NFIs by rejection reason. The format of this computer file must be approved by the State.
- 6) Imaging of all NFI receipts (front only) quarterly within the schedule provided by State. Provide graphic images of NFI receipts, front only, on CD ROM disk or equivalent high density recording medium. Digital image files should be named in such a way as to facilitate retrieval by NFI number. The Contractor shall also provide reproduction services at no additional cost to the State should the State deem the CD-ROM disk quality unacceptable. Receipts are not to be destroyed until the State has determined in writing that the quality of the images is acceptable. The State may at its option during the contract period require graphic images of NFI receipts (front only), on CD-ROM disk.
- 7) Imaging of all Void NFIs (front only) quarterly within schedule provided by State. Provide graphic images of WIC, FMNP or SFMNP Void NFIs (front only) on CD-ROM or equivalent high-density recording medium. Digital image files should be named in such a way as to facilitate retrieval by NFI number. The Contractor shall also provide reproduction services for the Void NFIs at no additional cost should the State deem the CD-ROM disk quality unacceptable. Void NFIs are not to be destroyed until the State has determined the quality of images to be acceptable.
- 8) Stop-payment confirmations in writing within seventy-two (72) hours of order to stop payment.
- 9) Immediate information by telephone as to whether a specific NFI has been paid.
- 10) Monthly quality control checks on the CD-ROM disk to assure readability of CD.
- 11) Provide paper copies of NFIs by fax as requested by State.
- 12) Provide original or check 21 document of NFIs as requested by the State.
- 13) Return Compliance Buy NFIs at no charge.
- 14) A copy of the merchant master file maintained by the Contractor, annually or at the State's request.
- 15) Provision of access to contractor's internet banking site capable of providing images and information for WIC, FMNP, and SFMNP within the following minimum parameters and capabilities:

(a) NFI search capability that allows for image retrieval and printing, front and back, of all NFIs processed by the contractor. This is to include both paid and rejected NFIs within a period ranging from a minimum of three business days back to at least one year from the latest available retrieval date.

(b) Criteria for NFI searches shall include, but not be limited to:

1. Redemption Information

- Vendor Number
- NFI Number
- Redeemed Amount
- Percent of Redeemed Amount to Maximum Amount
- Reject Code
- Flags for endorsement Edits, compliance Buys, and Vendor Audits
- Date Paid

2. Issuance Information

- Fund Source
- LSD/VIPUR
- Region and Cosite
- Issued By
- Patient ID
- WIC ID
- Voucher Code

(c) Results for NFI Searches, in both ascending and descending order, shall include, but not be limited to:

- NFI Number
- Date Paid
- Redeemed Amount
- Maximum Amount
- Vendor Number
- Reject Code

(d) Ability to download search results into Microsoft Excel spreadsheet.

(e) Monthly processing totals searched by month and broken down by day, in both ascending and descending order, shall include, but not be limited to:

- Date Paid
- Total Number of Paid NFIs
- Total Dollar Amount of paid NFIs
- Total Number of rejected NFIs
- Total Dollar Amount of rejected NFIs

(f) Ability to produce Microsoft Excel reports based on monthly processing totals.

(g) Daily details for each date listed in the monthly processing totals shall provide but not be limited to:

- Total Number of paid NFIs
- Total Dollar Amount of Paid-NFIs

- Total Number of Rejected NFIs by Reject Code
- Total Dollar Amount of Rejected NFIs by reject code
- Total Number of flagged NFIs by endorsement edit, compliance buys, and vendor audits.
- Total Dollar amount of flagged NFIs by endorsement edit and compliance buys.

(h) Category details for each category listed in the daily details, in both ascending and descending order, shall include but not be limited to:

- NFI Number
- Redeemed Amount
- Status (paid or denied)
- Vendor Number

(i) Ability to print each NFI identified in the category details and to download the results into a Microsoft Excel spreadsheet.

i. Be Responsible for Document Retention and Destruction:

The Contractor must provide secured segregated storage facilities for permanent CD-ROM disks and for hard copy original documents. The Contractor shall, upon approval by the State, destroy by shredding or incineration hard copies of paid NFIs which are no longer necessary for the State's investigative/research purposes.

j. Contract Performance Meetings:

Periodic progress report meetings between the Contractor and the State shall be held to discuss contract issues and concerns. The Contractor shall be responsible for developing an action plan, which is subject to State approval, for correcting any contract problems identified by the State at these meetings.

k. Disaster Recovery:

The Contractor shall be required to maintain, update and test a disaster recovery plan designed to minimize any disruption to services provided pursuant to this contract. It shall be the sole responsibility of the Contractor to provide and maintain adequate backup capability to ensure continued provision of all services specified in this contract. The disaster recovery plan developed by the Contractor must be approved by the State, prior to the contract start date.

l. Turnover Phase:

Prior to the conclusion of the contract, or in the event of termination of the contract for any reason, the Contractor shall provide assistance to the State in the turnover of WIC fiscal intermediary services, as specified in this contract, to the new Contractor.

The Contractor shall prepare and submit a detailed turnover plan upon request by the State. The plan shall define the turnover approach, define all tasks and provide a schedule for the turnover effort to achieve the State's requirements. Upon completion of turnover task, the Contractor shall submit a final report summarizing turnover results and certifying completion.

A.2. The State shall:

- a. Open account(s), as requested, with the Contractor or its subcontracted State depository.
- b. Provide orientation of necessary Contractor personnel regarding the WIC, FMNP and SFMNP Program and State operations of the WIC, FMNP and SFMNP Program.

- c. Determine the colors, layout requirements and quantity of the secure MICR bond paper. The paper must meet all banking system security requirements.
- d. Assign the unique eight digit NFI serial number at the time NFIs are electronically printed, either in the local clinic or at the State (for compliance buys). To ensure security, NFI numbers are assigned by the State; the voucher printing process automatically prints the next NFI in sequence.
- e. Upon receipt of invoice, compensate the Contractor for the actual cost of procurement for the State of the secure MICR bond paper to print NFIs.
- f. Upon receipt of an invoice, compensate the Contractor for the actual cost of delivery:
 - 1) of initial shipment of secure MICR bond paper by a bonded delivery service.
 - 2) of quarterly shipments of secure MICR bond paper by a bonded delivery service.
 - 3) of special expedited shipments of secure MICR bond paper by a bonded delivery service.
- g. Provide projected shipment schedule for secure MICR bond paper to each clinic based on the number of WIC, FMNP, and SFMNP participants in each clinic. (Attachment 1)
- h. Wire transfer funds daily into the account designated by the Contractor, in the amount specified by the Contractor in the 11:00 a.m. Central Time e-mail report, within the time frame of the wire funds deadline.
- i. Provide information, by telephone, for stop payment of NFIs and follow-up written confirmation.
- j. Provide an initial masterfile of authorized WIC, FMNP and SFMNP merchant names and numbers.
- k. Provide information, by telephone or facsimile, of additions and deletions to WIC, FMNP and SFMNP merchant masterfile. Additions shall be confirmed in writing. Deletions will be made in writing, and such writing will expressly state the last issued date that will be honored in paying NFIs to the deleted merchant.
- l. Provide the Contractor any clarification necessary to be followed for performing NFI's editing.
- m. Provide daily electronic files of NFIs issued in the clinics utilizing communication software selected by the mutual agreement of the State and the Contractor.
- n. Notify the Contractor within ninety (90) days following receipt of the CD-ROM disks if the quality is not acceptable.
- o. Authorize destruction of NFIs upon confirmation of CD-ROM disk acceptability and after not less than ninety (90) days of the end of the processing month.
- p. Meet periodically with the Contractor to provide progress reports and discuss contract concerns.
- q. Approve the disaster recovery plan developed by the Contractor.
- r. The State shall compensate the Contractor for the processing of NFIs in excess of five (5) percent of the daily NFIs which are rejected by the Contractor's processing system, if the rejections are due to NFI printing errors, or WIC vendor or participant damage to the NFI.

B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on October 1, 2006 and ending on September 30, 2009. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
- B.2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than five (5) years, provided that the State notifies the Contractor in writing of its intention to do so at least one hundred twenty (120) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be affected through an amendment to the Contract and shall be based upon rates provided for in the original Contract.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Six Hundred Thirty Thousand Dollars (\$630,000). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

- C.2. Compensation Firm. The Service Rates and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.
- C.3. Payment Methodology. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates for the contract period and any extensions exercised by the State pursuant to Section B.2. of this Contract.

<u>SERVICESUNIT/MILESTONE</u>	<u>AMOUNT</u>
Each Negotiable Food Instrument Transaction. This will include editing, payment of NFI, reports, bank file, imaging (provided on CD-ROM disk, online information provided through internet access) and destruction of redeemed vouchers. (A.1.d thru i)	.063
Each Imaging (provided on CD-ROM disk or microfilm) and Destruction of Receipts (A.1.h.6)	.0035
Each Imaging (provided on CD-ROM disk) and Destruction of Voids (A.1.h.7)	.0030

Each stop payment of NFI (A.1.h.8)	No Charge
Each returned item (A.1.h.5.)	1.00
Each item endorsement edit (reviewing endorsement on back of NFI for vendor, dollar amount and/or date identification) (A.1.g.3.)	.24
Each Wire transfer (A.1.g.1)	2.95
Each provision of original NFI (Compliance Buy NFI's will be returned at No Charge). (A.1.h.12 & 13)	1.00
Each Paper copy of NFI by Fax (A.1.h.11)	.24
Each Delivery/Shipping Charges (A.1.b.)	Actual cost value
Each Procurement of secure MICR bond paper for production and provision of NFIs. (A.1.a. & b)	Actual cost value
ACH transaction adjustment initial start-up cost (A.1.d.2.b)	No Charge
ACH transaction adjustment availability charge (A.1.d.2.b)	No Charge
ACH transaction adjustment fee (A.1.d.2.b)	Per transaction charge \$.95

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.6. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.7. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.8. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.
- C.9. Collateralization of Funds. Any funds remaining in the accounts overnight shall be secured by collateral in the same manner and under the same conditions as other state deposits as provided in Tennessee Code Annotated, Title 9, Chapter 4. ~~Any balance remaining in the accounts will be combined with other~~

balances maintained by the State for the purpose of determining the level of collateral which must be pledged to the State. The Contractor agrees to pledge securities to the State Treasurer in an amount sufficient to collateralize the accounts in accordance with State law.

- C.10. Payment for Secure MICR Bond Paper. Payment to the Contractor for procurement of secure MICR bond paper for production and provision of NFI to the State shall be made upon receipt of an invoice of actual cost to the Contractor.
- C.11. Payment for Delivery/Shipping. Payment to the Contractor for delivery/shipping of quarterly and expedited shipments of secure MICR bond paper shall be made upon receipt of an invoice for actual cost to the Contractor.
- C.12. Retention of Final Payment. An amount of Sixty Three Thousand Dollars (\$63,000), representing ten percent (10 %) of the maximum total compensation payable under this Contract, shall be withheld by the State until one hundred twenty (120) days after final completion of the services to be performed by the Contractor under this Contract.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such

nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

- D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.
- The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.
- D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.14. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D.18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Rashika Alwis, Accountant, Nutrition Services
Tennessee Department of Health
Cordell Hull Bldg., 425 5th Avenue North, 5th Fl., Nashville, TN 37247
(615) 253-6066
(615) 532-7189

The Contractor:

Jon Umstead, Senior Vice President
Covansys Corporation
7701 College Blvd., Overland Park, KS 66210
(800) 786-7909
(913) 469-5814

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. Breach. A party shall be deemed to have breached the Contract if any of the following occurs:

- failure to perform in accordance with any term or provision of the Contract;
- partial performance of any term or provision of the Contract;
- any act prohibited or restricted by the Contract, or
- violation of any warranty.

~~For purposes of this contract, these items shall hereinafter be referred to as a "Breach."~~

a. Contractor Breach— The State shall notify Contractor in writing of a Breach.

- (1) In event of a Breach by Contractor, the state shall have available the remedy of Actual Damages and any other remedy available at law or equity.
- (2) Liquidated Damages— In the event of a Breach, the State may assess Liquidated Damages. The State shall notify the Contractor of amounts to be assessed as Liquidated Damages. The parties agree that due to the complicated nature of the Contractor's obligations under this Contract it would be difficult to specifically designate a monetary amount for a Breach by Contractor as said amounts are likely to be uncertain and not easily proven. Contractor hereby represents and covenants it has carefully reviewed the Liquidated Damages contained in Attachment 3 and agree that said amounts represent a reasonable relationship between the amount and what might reasonably be expected in the event of Breach, and are a reasonable estimate of the damages that would occur from a Breach. It is hereby agreed between the parties that the Liquidated Damages represent solely the damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party. The Contractor agrees that the liquidated damage amount is in addition to any amounts Contractor may owe the State pursuant to the indemnity provision or other section of this Contract.

The State may continue to withhold the Liquidated Damages or a portion thereof until the Contractor cures the Breach, the State exercises its option to declare a Partial Default, or the State terminates the Contract. The State is not obligated to assess Liquidated Damages before availing itself of any other remedy. The State may choose to discontinue Liquidated Damages and avail itself of any other remedy available under this Contract or at law or equity; provided, however, Contractor shall receive a credit for said Liquidated Damages previously withheld except in the event of a Partial Default.

- (3) Partial Default— In the event of a Breach, the State may declare a Partial Default. In which case, the State shall provide the Contractor written notice of: (1) the date which Contractor shall terminate providing the service associated with the Breach; and (2) the date the State will begin to provide the service associated with the Breach. Notwithstanding the foregoing, the State may revise the time periods contained in the notice written to the Contractor.

In the event the State declares a Partial Default, the State may withhold, together with any other damages associated with the Breach, from the amounts due the Contractor the greater of: (1) amounts which would be paid the Contractor to provide the defaulted service; or (2) the cost to the State of providing the defaulted service, whether said service is provided by the State or a third party. To determine the amount the Contractor is being paid for any particular service, the Department shall be entitled to receive within five (5) days any requested material from Contractor. The State shall make the final and binding determination of said amount.

The State may assess Liquidated Damages against the Contractor for any failure to perform which ultimately results in a Partial Default with said Liquidated Damages to cease when said Partial Default is effective. Upon Partial Default, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount. Contractor agrees to cooperate fully with the State in the event a Partial Default is taken

- (4) Contract Termination— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts

which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. The Contractor shall be liable to the State for any and all damages incurred by the State and any and all expenses incurred by the State which exceed the amount the State would have paid Contractor under this Contract. Contractor agrees to cooperate with the State in the event of a Contract Termination or Partial Takeover.

- b. **State Breach**— In the event of a Breach of contract by the State, the Contractor shall notify the State in writing within 30 days of any Breach of contract by the State. Said notice shall contain a description of the Breach. Failure by the Contractor to provide said written notice shall operate as an absolute waiver by the Contractor of the State's Breach. In no event shall any Breach on the part of the State excuse the Contractor from full performance under this Contract. In the event of Breach by the State, the Contractor may avail itself of any remedy at law in the forum with appropriate jurisdiction; provided, however, failure by the Contractor to give the State written notice and opportunity to cure as described herein operates as a waiver of the State's Breach. Failure by the Contractor to file a claim before the appropriate forum in Tennessee with jurisdiction to hear such claim within one (1) year of the written notice of Breach shall operate as a waiver of said claim in its entirety. It is agreed by the parties this provision establishes a contractual period of limitations for any claim brought by the Contractor.

E.5. **Partial Takeover.** The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in Breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.6. **State Ownership of Work Products.** The State shall have all ownership right, title, and interest, including ownership of copyright, in all work products created, designed, developed, derived, documented, installed, or delivered to the State under this Contract. The State shall have royalty-free and unlimited rights to use, disclose, reproduce, or publish, for any purpose whatsoever, all said work products. The Contractor shall furnish such information and data upon request of the State, in accordance with the Contract and applicable State law.

E.7. **Performance Bond.** Upon approval of the Contract by all appropriate State officials in accordance with applicable State laws and regulations, the Contractor shall furnish a performance bond in the amount equal to Two Hundred Fifty Thousand Dollars (\$250,000), guaranteeing full and faithful performance of all undertakings and obligations under this Contract for the initial Contract term and all extensions thereof. The bond shall be in the manner and form prescribed by the State and must be issued through a company licensed to issue such a bond in the State of Tennessee.

The Contractor shall obtain the required performance bond in form and substance acceptable to the State and provide it to the State no later than September 25, 2006. Failure to provide the performance bond prior to the deadline as required shall result in contract termination.

In lieu of a performance bond, a surety deposit, in the sum of Two Hundred Fifty Thousand Dollars (\$250,000), may be substituted if approved by the State prior to its submittal.

E.8. **Competitive Procurements.** This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or services. Such procurements shall be made on a competitive basis, where practical, consistent with Tennessee Code Annotated Title 12, Chapter 4. Further, if such reimbursement

is to be made with funds derived wholly or partially from federal sources, such reimbursement shall be subject to the Contractor's compliance with applicable federal procurement requirements, and the determination of costs shall be governed by the cost principles set forth in Title 48 of the Code of Federal Regulations, Chapter 1, Part 31, Subpart 31.2 through Subpart 31.7, relative to public contracts and property management.

E.9. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

- a. The Contract document and its attachments
- b. All Clarifications and addenda made to the Contractor's Proposal
- c. The Request for Proposal and its associated amendments
- d. Technical Specifications provided to the Contractor
- e. The Contractor's Proposal

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

E.10. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

No federally appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients of federally appropriated funds shall certify and disclose accordingly.

E.11. Public Funding Notice. All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by the Contractor relative to this Contract shall include the statement, "This project is funded under an agreement with the State of Tennessee." Any such notices by the Contractor shall be approved by the State.

E.12. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.

E.13. Copyrights and Patents. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State for infringement of any laws regarding patents or copyrights which may arise from the Contractor's performance of this Contract. In any such action brought against the State, the Contractor shall satisfy and indemnify the State for the amount of any final judgment for infringement. The Contractor further agrees it shall be liable for the reasonable fees of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State. The State shall give the Contractor written notice of any such claim or suit and full right and opportunity to conduct the Contractor's own defense thereof.

E.14. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by *Tennessee Code Annotated*, Section 8-6-106.

E.15. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.

E.16. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it and its principals:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;
- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining attempting to obtain, or performing a public (Federal, State, or Local) transaction or grant under a public transaction; 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;
- c. are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or Local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (Federal, State, or Local) terminated for cause or default.

E.17. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

- a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this contract.

- b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the Contract so that both parties will be in compliance with HIPAA
- c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and Contractor in compliance with HIPAA. This provision shall not apply if information received by the State under this Contract is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the State to receive such information without entering into a business associate agreement or signing another such document.

REVISED ATTACHMENT 1

Estimated Quarterly Shipment List
For Delivering Secure Bond Paper
RFP # 343.53-101

<u>CLINIC #</u>	<u>CLINIC NAME</u>	<u>CLINIC ADDRESS</u>	<u>CITY</u>	<u>ZIP</u>	<u>NUMBER OF SHEETS</u>
	N.E. TENNESSEE:				
1001	Carter County Health Dept.	403 East G Street	Elizabethton	37643	4,000
3001	Greene County Health Dept.	810 West Church Street	Greeneville	37743	4,000
3401	Hancock County Health Dept.	178 Willow Street	Sneedville	37869	0
3701	Hawkins County Health Dept.	201 Park Blvd.	Rogersville	37857	2,000
3702	Hawkins County Health Dept.	247 Silver Lake Road	Church Hill	37642	4,000
4601	Johnson City Health Dept.	715 West Main St	Mountain City	37683	2,000
8601	Unicoi County Health Dept.	101 Okolona Drive	Erwin	37650	2,000
9001	Washington Cty. Health Dept.	415 State of Franklin Rd.	Johnson City	37604	8,000

EAST TENNESSEE:

0101	Anderson County Health Dept.	710 North Main Street, Suite A	Clinton	37716	4,000
0501	Blount County Health Dept.	1006 E Lamar Alexander Pkwy.	Maryville	37802	6,000
0701	Campbell County Health Dept.	162 Sharp-Perkins Road	Jacksboro	37757	2,000
1301	Claiborne County Health Dept.	620 Davis Drive	Tazewell	37879	2,000
1302	Clear Fork Primary Care Clinic	5663 Hwy 90	Clairfield	37715	0
1501	Cocke County Health Dept.	430 College Street	Newport	37821	4,000
2901	Grainger County Health Dept.	185 Justice Center Drive	Rutledge	37861	2,000
2904	Washburn Clinic	Hwy 131	Washburn	37888	0
3201	Hamblen County Health Dept.	331 W. Main	Morristown	37815	4,000
4501	Jefferson County Health Dept.	931 Industrial Park	Dandridge	37725	4,000
5301	Loudon County Health Dept.	600 Rayder Avenue	Loudon	37774	4,000
6201	Monroe County Health Dept.	310 Tellico	Madisonville	37354	2,000
6501	Morgan County Health Dept.	1111 Knoxville Hwy 62	Wartburg	37887	0
7301	Roane County Health Dept.	1362 North Gateway Ave.	Rockwood	37854	4,000
7601	Scott County Health Dept.	344 Court Street	Huntsville	37756	2,000
7801	Sevier County Health Dept.	227 Cedar	Sevierville	37864	4,000
8701	Union County Health Dept.	4335 Maynardville Hwy.	Maynardville	37807	2,000

S.E. TENNESSEE:

0401	Bledsoe County Health Dept.	1185 Alvin York	Pikeville	37367	2,000
0601	Bradley County Health Dept.	201 Dooley Street S.W.	Cleveland	37364	6,000
2601	Franklin County Health Dept.	888 Joyce Lane	Winchester	37398	2,000
3101	Grundy County Health Dept.	1872 Main Street	Altamont	37301	2,000
5401	McMinn County Health Dept.	393 County Road 554	Athens	37303	2,000
5801	Marion County Health Dept.	110 Gramble Lane	Jasper	37347	2,000
6101	Meigs County Health Dept.	389 River Road	Decatur	37322	2,000
7001	Polk County Health Dept.	2279 Parksville Road	Benton	37307	2,000
7002	Polk County Health Dept.	840 Cherokee Trail, Route 1	Copper Hill	37317	2,000
7201	Rhea County Health Dept.	344 Eagle Lane	Evensville	37322	4,000
7701	Squatchie Cty. Health Dept.	170 Church Street	Dunlap	37327	2,000

UPPER CUMBERLAND:

0801	Cannon County Health Dept.	301 W. Main Street Suite 200	Woodbury	37190	2,000
1401	Clay County Health Dept.	115 Guffey Street	Celina	38551	0
1801	Cumberland Cty. Health Dept.	131 S. Webb Avenue	Crossville	38555	4,000
2101	Dekalb County Health Dept.	254 Tiger Drive	Smithville	37166	2,000
2501	Fentress County Health Dept.	240 Colonial Cr., Suite A	Jamesboro	38556	0
4401	Jackson County Health Dept.	744 School Street	Gainesboro	38562	2,000
5601	Macon County Health Dept.	601 Hwy 52 By-Pass East	Lafayette	37083	2,000
6701	Overton County Health Dept.	1080 Bradford Hicks Drive	Livingston	38570	0
6901	Pickett County Health Dept.	1013 Woodlawn Drive	Byrdstown	38549	0
7101	Putnam County Health Dept.	121 South Dixie Avenue	Cookeville	38501	4,000
8001	Smith County Health Dept.	303 High Street	Carthage	37030	2,000
8801	Van Buren Cty. Health Dept.	Hwy 30	Spencer	38585	0
8901	Warren County Health Dept.	1401 Sparta Hwy.	McMinnville	37110	4,000
9301	White County Health Dept.	135 Walker Street	Sparta	38583	4,000

MID-CUMBERLAND:

1101	Cheatham County Health Dept.	162 County Services Drive	Ashland City	37015	2,000
2201	Dickson County Health Dept.	301 West End	Dickson	37055	4,000
2203	White Bluff Clinic	200 School Road	White Bluff	37187	0
4201	Houston County Health Dept.	Town Square	Erin	37061	0
4301	Humphreys Cty. Health Dept.	725 Holly Lane	Waverly	37185	2,000
6303	Montgomery Cty. WIC Clinic	1850 Business Park, Suite 103	Clarksville	37040	12,000
7401	Robertson County Health Dept.	800 South Brown Street	Springfield	37172	4,000
7501	Rutherford County Health Dept.	100 West Burton Street	Murfreesboro	37133	6,000
7503	North Rutherford County H.D.	108 David Collins Blvd.	Smyrna	37167	2,000
8101	Stewart County Health Dept.	1021 Spring Street	Dover	37058	0
8301	Sumner County Health Dept.	1005 Union School Road	Gallatin	37066	6,000
8306	Hendersonville Clinic	351 New Shackle Island Road	Hendersonville	37075	2,000
8501	Trousdale County Health Dept.	541 Main Street	Hartsville	37074	2,000
9401	Williamson County Health Dept.	1324 West Main Street	Franklin	37064	4,000
9403	Williamson Co.-Fairview Clinic	2629 Fairview Blvd.	Fairview	37062	2,000
9501	Wilson County Health Dept.	927 East Baddour Pkwy.	Lebanon	37087	4,000

SOUTH CENTRAL:

0201	Bedford County Health Dept.	140 Dover Street	Shelbyville	37160	6,000
1601	Coffee County Health Dept.	800 Park Street	Manchester	37355	2,000
1602	Tallahoma Health Center	321 North Collins	Tallahoma	37388	2,000
2801	Giles County Health Dept.	209 Cedar Lane	Pulaski	38478	2,000
4101	Hickman County Health Dept.	111 Murphree Avenue	Centerville	37033	2,000
5001	Lawrence Health Center	2379 Buffalo Road	Lawrenceburg	38464	4,000
5101	Lewis County Health Dept.	51 Smith Avenue	Hohenwald	38462	0
5201	Lincoln County Health Dept.	1000 Washington Street, Suite A	Fayetteville	37334	2,000
5901	Marshall County Health Dept.	209 Legion Street	Lewisburg	37091	2,000
6001	Maury County Health Dept.	100 Blythewood Drive	Columbia	38401	6,000
6401	Moore County Health Dept.	251 Majors Blvd.	Lynchburg	37352	0
6801	Perry County Health Dept.	31 Medical Drive	Linden	37096	0
9101	Wayne County Health Dept.	102 JV Mangubat Drive	Waynesboro	38485	2,000

WEST TN - UNION CITY:

0301	Benton County Health Dept.	225 Hospital Drive	Camden	38320	2,000
0901	Carroll County Health Dept.	633 High Street	Huntingdon	38344	2,000
1701	Crockett County Health Dept.	228 E. Church	Alamo	38001	2,000
2301	Dyer County Health Dept.	1629 Woodlawn Extended	Dyersburg	38024	4,000
2701	Gibson County Health Dept.	1250 Manufacturer Row	Trenton	38382	2,000
2702	Humboldt Clinic	149 North 12 th Avenue	Humboldt	38343	2,000
2703	Milan Clinic	6501 Telecom Drive	Milan	38358	2,000
4001	Henry County Health Dept.	803 Joy Street	Paris	38242	2,000
4801	Lake County Health Dept.	400 Hwy 78, South Court	Tiptonville	37079	2,000
6601	Obion County Health Dept.	1000 Mt. Zion Road	Union City	38261	2,000
9201	Weakley County Health Dept.	9852 Highway 22	Dresden	38225	2,000

WEST TN - JACKSON:

1201	Chester County Health Dept.	301 Quinco Drive	Henderson	38340	2,000
2001	Decatur County Health Dept.	155 N. Pleasant Street	Decaturville	38329	2,000
2401	Fayette County Health Dept.	90 Yum Yum Road	Somerville	38068	2,000
3501	Hardeman County Health Dept.	10825 Old Hwy 64	Bolivar	38008	2,000
3601	Hardin County Health Dept.	1916 Pickwick Street	Savannah	38372	2,000
3801	Haywood County Health Dept.	950 East Main	Brownsville	38012	2,000
3901	Henderson County Health Dept.	90 Rush Street	Lexington	38351	2,000
4901	Lauderdale County Health Dept.	500 Hwy 51 South	Ripley	38063	2,000
5501	McNairy County Health Dept.	725 East Poplar Street	Selmer	38375	2,000
8401	Tipton County Health Dept.	4700 Mueller Brass Road	Covington	38019	4,000

SHELBY COUNTY:

7923	Memphis Health Center - WIC	360 E.H. Crump Blvd.	Memphis	38126	0
7925	Shelby Crossing Clinic	6120 Macon Road	Bartlett	38134	2,000
7956	Southland Mall WIC Clinic	1287 Southland Mall	Memphis	38116	8,000
7968	Med WIC	757 Galloway	Memphis	38105	2,000
7976	Millington Clinic, Suite 11 & 12	8225 Hwy 51 North	Millington	38053	2,000
7983	Hickory Hill Clinic, Suite 101 & 104	6590 Kirby Center Cove	Memphis	38115	8,000
7989	Galloway WIC Clinic	477 North Manassas	Memphis	38105	8,000
7997	Raleigh WIC Clinic	3040 Covington Pike	Memphis	38128	8,000

DAVIDSON COUNTY:

1901	Lentz Primary Care Center	311 23 rd Ave. North (All Davidson County paper shipped to this center)	Nashville	37203	12,000
1910	East Primary Care	311 23 rd Avenue North	Nashville	37203	
1921	Woodbine Primary Care	311 23 rd Avenue North	Nashville	37203	
1972	International Clinic	311 23 rd Avenue North	Nashville	37203	

HAMILTON COUNTY:

3310	Chatt. Hamilton Co. Hlth Dept	921 East Third Street	Chattanooga	37403	2,000
3314	Birchwood Clinic	5623 Hwy 60	Birchwood	37308	2,000
3318	Erlanger Clinic - WIC Program	921 East Third Street	Chattanooga	37403	2,000
3350	Ooltewah Health Center	5520 High Street	Ooltewah	37363	2,000
3359	Alton Park Health Center	100 East 37 th Street	Chattanooga	37410	2,000
3360	Sequoyah Health Center	9527 Ridge Trail Road	Soddy Daisy	37379	4,000
3369	Dodson Avenue Health Center	1200 Dodson Avenue	Chattanooga	37406	4,000

KNOX COUNTY:

4704 Knox County Health Dept. 140 Dameron Avenue Knoxville 37917 8,000

MADISON COUNTY:

5702 East Jackson Health Dept. 589 E. College Street Jackson 38301 6,000

SULLIVAN COUNTY:

8201 Sullivan County Health Dept. -
Blountville 154 Blountville By-Pass, P.O. Box Blountville 37617 4,000
8202 Sullivan County Health Dept. -
Kingsport 1041 East Sullivan Street Kingsport 37664 4,000

9999 Tennessee WIC Program 425 5th Avenue North, Nashville 37247
Nutrition Services - 5th Floor TOTAL 342,000

Attachment 2

Example of a Negotiable Food Instrument (NFI)

⑈ 50000661 ⑈ ⑆061119684⑆

If you have questions call your local Health Department or 1-800-342-5942 (1-800-DIAL WIC)

2	015	01	0000100939	WIC-TEST			VKKV	TENNESSEE	50000661	
REG.	CO.	CL.	PARTICIPANT ID#	LAST NAME	FIRST NAME	MI.	ISSUING CLK ID#	WIC PROGRAM		
VALID ONLY FOR THE PURCHASE OF WIC APPROVED FOODS:				Pay The Authorized TN WIC Vendor				64-1968 811		VALID ONLY DURING
FOOD PACKAGE: ODSTD VOUCHER CODE: E2										FEBRUARY 2006
TWO (2) GALLONS OF MILK (REDUCED FAT, LOW FAT, FAT FREE OR SWEET ACIDOPHILUS)										DATE TRANSACTED
SIXTEEN (16) OZ CHEESE (BUY 8 OZ OR LARGER PKG)										
ONE (1) DOZEN ANY SIZE GRADE A EGGS										
THREE (3) 46 OZ CONTAINERS OF JUICE										
OR THREE (3) 11.5-12 OZ FROZEN CANS										
SIXTEEN (16) OZ DRIED BEANS/PEAS										
OR										
ONE (1) 16-18 OZ JAR PEANUT BUTTER										
				Not valid unless legibly stamped with authorized vendor stamp and deposited within 60 days from last day valid.				PAY THIS AMOUNT		
				Payable through				\$		
				Southern National Bank, Marietta, GA 30060				Voucher not to exceed (\$38.00)		
				Signature below must match signature on voucher folder.						
				X						

⑈ 50000661 ⑈ ⑆061119684⑆

ATTACHMENT 3

Liquidated Damages

The actual damages to be suffered by the State from late performance are not capable of exact determination. In the event that a delay in the satisfactory delivery of any of the products required in this contract, including the reporting, hard copies, CD-ROM, and/or other items, is caused by the Contractor, or its employees, the Contractor will pay, as liquidated damages, a fixed amount of \$100.00 per deliverable for each day after the required delivery date and continuing forward until a satisfactory delivery acceptable to the State is presented. "Satisfactory delivery" shall be defined as the delivery of a deliverable which is properly functioning and complies with the terms of the contract. All deliverables must be generated, produced and received in the appropriate office specified in sections A.1.b. (2), and A.1.h. of the Contract.