

CONTRACT #3
RFS # 321.01-2011
FA # 11-35108
Edison # 26119

Department of General Services
Central Procurement Office

VENDOR:
Ikaso Consulting, LLC



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

BILL HASLAM
GOVERNOR

ROBERT E. OGLESBY, AIA
COMMISSIONER

TO: Ms. Leni Chick, Contract and Audit Coordinator, Fiscal Review Committee
FROM: Kenny Weaver, Central Procurement Office - Department of General Services
DATE: December 2, 2013
SUBJECT: Request for Approval of Contract Amendment Three with Ikaso Consulting, LLC.

Please consider the enclosed request for an amendment to contract #26119 with Ikaso Consulting, LLC ("Ikaso"). The Department of General Services competitively procured consulting services through Solicitation #32101-20111. Ikaso was awarded the contract on May 9, 2011.

The Department of General Services respectfully requests approval of the attached Amendment Three, which amends the scope of services and provides required funding.

Please contact me at (615)741-2740 with any questions or concerns. We appreciate your consideration of this matter.

Attachments:

- Exhibit A: Supplemental Documentation Required for Fiscal Review Committee
- Exhibit B: Alternative Procurement Method Approval
- Exhibit C: Original Contract with cover sheet
- Exhibit D: Solicitation #32101-20111
- Exhibit E: Amendment One
- Exhibit F: Amendment Two
- Exhibit G: Approved Amendment Request
- Exhibit H: Amendment Three
- Exhibit I: Contract Expenditure Report

CENTRAL PROCUREMENT OFFICE

312 ROSA L. PARKS AVENUE, 3RD FLOOR • NASHVILLE, TENNESSEE 37243
(615) 741-1035 • FAX: (615) 741-0684 • WWW.TN.GOV/GENERALSERV/

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Kenny Weaver		*Contact Phone:	615-741-2740	
*Original Contract Number:	FA#1135108		*Original RFS Number:	32101-2011	
Edison Contract Number: <i>(if applicable)</i>	26119		Edison RFS Number: <i>(if applicable)</i>	N/A	
*Original Contract Begin Date:	May 9, 2011		*Current End Date:	June 30, 2014	
Current Request Amendment Number: <i>(if applicable)</i>	Three (3)				
Proposed Amendment Effective Date: <i>(if applicable)</i>	February 1, 2014				
*Department Submitting:	Department of General Services				
*Division:	Central Procurement Office				
*Date Submitted:	December 2, 2013				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>	N/A				
*Contract Vendor Name:	Ikaso Consulting, LLC				
*Current Maximum Liability:	\$1,012,432				
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY:2012	FY:2013	FY:2014	FY:2015	FY2016	FY
\$468,844	\$267,050	\$276,538	\$	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>					
FY:2012	FY:2013	FY:2014	FY:2015	FY2016	FY
\$468,844	\$267,050	\$86,100	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:			N/A		
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			N/A		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			N/A		
*Contract Funding Source/Amount:	State:	N/A	Federal:	N/A	

Supplemental Documentation Required for
Fiscal Review Committee

Interdepartmental:	\$1,012,432	<i>Other:</i>	N/A
If “ <i>other</i> ” please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
September 28, 2012		Support the Central Procurement Office’s acquisition of an e-procurement software solution by providing contract implementation support. Ikaso Consulting will also provide support for the CPO’s strategic sourcing initiative by providing independent validation of the strategic sourcing project	
October 7, 2011		Creation of a customized training program to support the CPO organizational goals and to assist DGS as necessary to implement organizational changes.	
Method of Original Award: <i>(if applicable)</i>		Alternate Procurement Method	
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$475,000	

Supplemental Documentation Required for
Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY:14	FY:15	FY:16	FY:	FY:
TNSmartShop Ongoing Marketing and Software Implementation Support. (refer to contract section A.16.).	\$44,625	\$107,100	\$62,475		
Strategic Sourcing Project Ongoing Independent Validation (refer to contract section A.17.).	\$98,875	\$138,425			
Strategic Sourcing Execution Support for State Staff (refer to contract section A.18.).	\$121,625	\$291,900	\$170,275		
Savings Validation Support (refer to contract section A.19.).	\$76,125	\$182,700	\$106,575		
Assistance Related to Edison 9.1 Upgrade (refer to contract section A.20.).	\$3,125	\$7,500	\$6,875		

Supplemental Documentation Required for
Fiscal Review Committee

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.					
Deliverable description:	FY:	FY:	FY:	FY:	FY:
Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.					
Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

Payment Date	Vendor Name	Contract ID on PO	UOM	Unit Price	Qty Vouchered	Unit Price * Qty Vouchered	Voucher Line Description
							Project Plan and Timeline addressing both the Contractor and State resources and the schedule required for the successful completion of all milestones and associated deliverables detailed within this scope of service
7/14/2011	Ikaso Consulting LLC	26119	EA	\$11,534.00	1.0000	\$11,534.00	Detailed, comprehensive proposal to consolidate procurement statutes, rules, policies and procedures (refer to contract section A.4.).
7/14/2011	Ikaso Consulting LLC	26119	EA	\$58,048.07	0.4826	\$28,014.00	Detailed, comprehensive proposal to consolidate procurement statutes, rules, policies and procedures (refer to contract section A.4.).
8/2/2011	Ikaso Consulting LLC	26119	EA	\$58,067.26	0.5174	\$30,044.00	Report on Top Twelve (12) Contract Review (as required in contract sections A.7.).
8/2/2011	Ikaso Consulting LLC	26119	EA	\$122,107.40	0.2458	\$30,014.00	Report on Top Twelve (12) Contract Review (as required in contract sections A.7.).
9/12/2011	Ikaso Consulting LLC	26119	EA	\$122,132.06	0.7542	\$92,112.00	Organizational structure and job classifications proposal with a date specific transition plan (refer to contract section A.5.).
9/14/2011	Ikaso Consulting LLC	26119	EA	\$108,711.00	1.0000	\$108,711.00	Draft Request for Proposal to procure services for spend analysis and strategic sourcing initiatives (refer to contract section A.6.).
2/6/2012	Ikaso Consulting LLC	26119	EA	\$67,599.21	0.3024	\$20,442.00	Organization Change Support - Classification plan and implementation work plan (refer to contract section A.13.).
2/6/2012	Ikaso Consulting LLC	26119	EA	\$16,800.00	1.0000	\$16,800.00	Organization Change Support - Draft staffing plan (refer to contract section A.13.).
2/6/2012	Ikaso Consulting LLC	26119	EA	\$14,000.00	1.0000	\$14,000.00	Organization Change Support - Draft position postings (refer to contract section A.13.).
2/6/2012	Ikaso Consulting LLC	26119	EA	\$4,200.00	1.0000	\$4,200.00	Organization Change Support - Reorganization plan (refer to contract section A.13.).
4/27/2012	Ikaso Consulting LLC	26119	EA	\$7,000.00	1.0000	\$7,000.00	Draft Request for Proposal to procure services for spend analysis and strategic sourcing initiatives (refer to contract section A.6.).
4/27/2012	Ikaso Consulting LLC	26119	EA	\$67,621.85	0.6976	\$47,173.00	Training - Draft & Finalize Training Module 1 (refer to contract section A.11.).
5/29/2012	Ikaso Consulting LLC	26119	EA	\$21,000.00	1.0000	\$21,000.00	Training - Draft & Finalize Training Module 2 (refer to contract section A.11.).
5/29/2012	Ikaso Consulting LLC	26119	EA	\$21,000.00	1.0000	\$21,000.00	Training - Deliver Training Module 1 (Session 1) (refer to contract section A.11.).
5/29/2012	Ikaso Consulting LLC	26119	EA	\$2,800.00	1.0000	\$2,800.00	Training - Deliver Training Module 1 (Session 2) (refer to contract section A.11.).
5/29/2012	Ikaso Consulting LLC	26119	EA	\$2,800.00	1.0000	\$2,800.00	Training - Deliver Training Module 2 (Session 1) (refer to contract section A.11.).
5/29/2012	Ikaso Consulting LLC	26119	EA	\$2,800.00	1.0000	\$2,800.00	Training - Deliver Training Module 2 (Session 2) (refer to contract section A.11.).
5/29/2012	Ikaso Consulting LLC	26119	EA	\$2,800.00	1.0000	\$2,800.00	Training - Deliver Training Module 3 (Session 1) (refer to contract section A.11.).
5/29/2012	Ikaso Consulting LLC	26119	EA	\$2,800.00	1.0000	\$2,800.00	Training - Deliver Training Module 3 (Session 2) (refer to contract section A.11.).
5/29/2012	Ikaso Consulting LLC	26119	EA	\$2,800.00	1.0000	\$2,800.00	
					FY-12	\$468,844.00	

Payment Date	Vendor Name	Contract ID on PO	UOM	Unit Price	Qty Vouchered	Unit Price * Qty Vouchered	Voucher Line Description
7/27/2012	Ikaso Consulting LLC	26119	EA	\$21,000.00	1.0000	\$21,000.00	Training - Draft & Finalize Training Module 3 (refer to contract section A.11.).
7/27/2012	Ikaso Consulting LLC	26119	EA	\$7,000.00	1.0000	\$7,000.00	Rules/Policies/Procedures Support - Rule and policy & procedure consolidation/reform work plan (refer to contract section A.12.).
7/27/2012	Ikaso Consulting LLC	26119	EA	\$7,000.00	1.0000	\$7,000.00	Rules/Policies/Procedures Support - Facilitate Consolidation Committee activities (Month 1) (refer to contract section A.12.).
7/27/2012	Ikaso Consulting LLC	26119	EA	\$7,000.00	1.0000	\$7,000.00	Rules/Policies/Procedures Support - Facilitate Consolidation Committee activities (Month 2) (refer to contract section A.12.).
12/28/2012	Ikaso Consulting LLC	26119	EA	\$21,000.00	1.0000	\$21,000.00	Training - Draft & Finalize a Skills Assessment (refer to contract section A.11.).
12/28/2012	Ikaso Consulting LLC	26119	EA	\$21,000.00	1.0000	\$21,000.00	Training - Draft & Finalize Training Module 4 (refer to contract section A.11.).
12/28/2012	Ikaso Consulting LLC	26119	EA	\$2,800.00	1.0000	\$2,800.00	Training - Deliver Training Module 4 (Session 1) (refer to contract section A.11.).
12/28/2012	Ikaso Consulting LLC	26119	EA	\$7,000.00	1.0000	\$7,000.00	Rules/Policies/Procedures Support - Facilitate Consolidation Committee activities (Month 1) (refer to contract section A.12.).
12/28/2012	Ikaso Consulting LLC	26119	EA	\$7,000.00	1.0000	\$7,000.00	Rules/Policies/Procedures Support - Rule promulgation work plan (refer to contract section A.12.).
12/28/2012	Ikaso Consulting LLC	26119	EA	\$19,775.00	1.0000	\$19,775.00	Strategic Sourcing Project Independent Validation (refer to contract Section A.15.)
1/18/2013	Ikaso Consulting LLC	26119	EA	\$19,775.00	1.0000	\$19,775.00	Strategic Sourcing Project Independent Validation (refer to contract Section A.15.)
5/3/2013	Ikaso Consulting LLC	26119	EA	\$19,775.00	1.0000	\$19,775.00	Strategic Sourcing Project Independent Validation (refer to contract Section A.15.)
5/3/2013	Ikaso Consulting LLC	26119	EA	\$8,925.00	1.0000	\$8,925.00	e-Procurement Software Solution Needs Assessment & Implementation Support Marketing Strategy Design Support
5/3/2013	Ikaso Consulting LLC	26119	EA	\$13,125.00	2.0000	\$26,250.00	e-Procurement Software Solution Needs Assessment & Implementation Support implementation Support
5/24/2013	Ikaso Consulting LLC	26119	EA	\$19,775.00	1.0000	\$19,775.00	Strategic Sourcing Project Independent Validation (refer to contract Section A.15.)
6/21/2013	Ikaso Consulting LLC	26119	EA	\$29,925.00	1.0000	\$29,925.00	Strategic Sourcing Project Independent Validation (refer to contract Section A.15.)
6/21/2013	Ikaso Consulting LLC	26119	EA	\$8,925.00	1.0000	\$8,925.00	e-Procurement Software Solution Needs Assessment & Implementation Support Marketing Strategy Design Support
6/21/2013	Ikaso Consulting LLC	26119	EA	\$13,125.00	1.0000	\$13,125.00	e-Procurement Software Solution Needs Assessment & Implementation Support implementation Support
						FY-13	\$267,050.00

Payment Date	Vendor Name	Contract ID on PO	UOM	Unit Price	Qty Vouchered	Unit Price * Qty Vouchered	Voucher Line Description
7/19/2013	Ikaso Consulting LLC	26119	EA	\$29,925.00	1.0000	\$29,925.00	Strategic Sourcing Project Independent Validation (refer to contract Section A.15.)
7/19/2013	Ikaso Consulting LLC	26119	EA	\$13,125.00	1.0000	\$13,125.00	e-Procurement Software Solution Needs Assessment & Implementation Support implementation Support
10/3/2013	Ikaso Consulting LLC	26119	EA	\$29,925.00	1.0000	\$29,925.00	Strategic Sourcing Project Independent Validation (refer to contract Section A.15.)
10/3/2013	Ikaso Consulting LLC	26119	EA	\$13,125.00	1.0000	\$13,125.00	e-Procurement Software Solution Needs Assessment & Implementation Support implementation Support
						FY-14	\$86,100.00

Amendment Request

Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprrs.Agsprsr@tn.gov

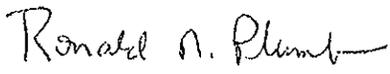
APPROVED				
				
<table style="width: 100%; border: none;"> <tr> <td style="border: none; width: 70%;">CHIEF PROCUREMENT OFFICER</td> <td style="border: none; width: 30%; text-align: right;">12-02-15</td> </tr> <tr> <td style="border: none;"></td> <td style="border: none; text-align: right;">DATE</td> </tr> </table>	CHIEF PROCUREMENT OFFICER	12-02-15		DATE
CHIEF PROCUREMENT OFFICER	12-02-15			
	DATE			

Request Tracking #	32101-IKASO	
1. Procuring Agency	Department of General Services	
2. Contractor	Ikaso Consulting LLC	
3. Contract #	FA#1135108	
4. Proposed Amendment #	Three (3)	
5. Edison ID #	26119	
6. Contract Begin Date		5/9/2011
7. Current Contract End Date <i>- with ALL options to extend exercised</i>		6/30/2014
8. Proposed Contract End Date <i>- with ALL options to extend exercised</i>		5/8/2016
9. Current Maximum Contract Cost <i>- with ALL options to extend exercised</i>		\$ 1,012,432
10. Proposed Maximum Contract Cost <i>- with ALL options to extend exercised</i>		\$ 2,570,377
11. Office for Information Resources Pre-Approval Endorsement Request <i>- information technology service (N/A to THDA)</i>	<input checked="" type="checkbox"/> Not Applicable	<input type="checkbox"/> Attached
12. eHealth Pre-Approval Endorsement Request <i>- health-related professional, pharmaceutical, laboratory, or imaging</i>	<input checked="" type="checkbox"/> Not Applicable	<input type="checkbox"/> Attached
13. Human Resources Pre-Approval Endorsement Request <i>- state employee training service</i>	<input checked="" type="checkbox"/> Not Applicable	<input type="checkbox"/> Attached
14. Explanation Need for the Proposed Amendment		
<p>This amendment will allow the contractor to support the State in the following initiatives:</p> <ul style="list-style-type: none"> • Support the State's TNSmartShop program by providing ongoing marketing and software implementation support. • Support the State's strategic sourcing initiative by providing ongoing strategic sourcing project independent validation • Support the State's strategic sourcing initiative by providing sourcing execution support to State staff. • Support the State's strategic sourcing initiative by providing savings validation support. The Contractor shall support the CPO's business processes by providing assistance related to the planned upgrade to Edison 9.1. 		

Request Tracking #	32101-IKASO
<p>15. Name & Address of the Contractor's Principal Owner(s) <i>– NOT required for a TN state education institution</i></p> <p style="margin-left: 40px;">Reiko Osaki 1776 Sacramento Street #407 San Francisco, CA 94109</p>	
<p>16. Evidence Contractor's Experience & Length Of Experience Providing the Goods or Services</p> <p style="margin-left: 40px;">Ikaso Consulting's professionals have over 30 years of public sector procurement support and consulting experience across eleven states, and have created over \$480 million in total contract length savings for their clients. They have provided services to the State's satisfaction under the current contract since May 2011.</p>	
<p>17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives</p> <p style="margin-left: 40px;">N/A</p>	
<p>18. Justification</p> <p>Public Chapter 1098 was passed in June 2010 requiring creating the new Procurement Office and the new position of Chief Procurement Officer to head up the office. The Act requires a major change in governance and operational structure for the organizational structures and recommended consolidation of business process to effect the required change in a short period of time. Several States have undergone similar changes with assistance from consultants that are familiar with best practices in the public and private sector to assist the State in making changes.</p> <p>Ikaso Consulting was selected through an Alternative Competitive Method and has developed the requisite plans. Assistance is now needed for the implementation of these plans.</p>	
<p>Agency Head Signature and Date – <i>MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented circumstances</i></p> <div style="text-align: center; margin-top: 20px;">  </div>	



CONTRACT AMENDMENT

Agency Tracking # 32101-20111	Edison ID 26119	Contract # FA11-35108	Amendment # Three		
Contractor Legal Entity Name Ikaso Consulting, LLC			Edison Vendor ID 140009		
Amendment Purpose & Effect(s) Amending the scope of services and adding additional funding.					
Amendment Changes Contract End Date: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		End Date: May 8, 2016			
TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A):			\$ 1,557,945		
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2012			468,844		468,844
2013			267,050		267,050
2014			588,127		588,127
2015			623,178		623,178
2016			623,178		623,178
TOTAL:			2,570,377		2,570,377
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.				OCR USE	
					
Speed Chart (optional)			Account Code (optional)		

**AMENDMENT THREE
OF CONTRACT #26119**

This Amendment is made and entered into by and between the State of Tennessee, Department of General Services, Central Procurement Office ("CPO"), hereinafter referred to as the "State" and Ikaso Consulting, LLC 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 following provision is added as Section A.16.:

- A.16. The Contractor shall support the State's TNSmartShop program by providing ongoing marketing and software implementation support.
- a. The Contractor shall accomplish the following key tasks:
- 1) Support for the ongoing development of a local government marketing campaign which will involve key TN Procurement leadership conducting individual and/or small group meetings to present TNSmartShop and promote purchasing-related discussion with local governments. Contractor support shall focus on the following key tasks:
 - i. Track marketing efforts and TNSmartShop adoption based upon data available from the catalog system;
 - ii. Participate in sessions for the assessment and refinement of marketing strategy with State's TNSmartShop Project Manager and Department of General Services ("DGS") Communications Team;
 - iii. Develop draft presentations and talking points for meetings;
 - iv. Participate in system improvement sessions with State's TNSmartShop Project Manager based on local government feedback on the system;
 - v. Provide support for Chief Procurement Officer reporting on marketing activities.
 - 2) Support the State's integration of Edison and TNSmartShop based on the Contractor's understanding of state-executed local government purchasing programs and Tennessee-specific needs. Contractor support shall focus on the following key tasks:
 - i. Attend regular meetings with State and vendor implementation team;
 - ii. Identify risks and recommend strategies for the State to address identified risks;
 - iii. Provide status reports to project leadership;
 - iv. Provide senior management support for Chief Procurement Officer reporting implementation activities;
 - v. Collaborate with State staff to support achievement of project goals;
 - vi. Support non-technical end-user system testing and provide feedback as necessary prior to State system acceptance and go-live.
- b. Contractor staff for this work shall travel to Nashville as necessary to attend meetings and present reports for project leadership. Additional staff may provide support from home office locations.
- c. Contractor support shall be provided over a period of twenty-four months. The Contractor shall complete and provide to the State all deliverables required by this Contract Section A.16., no later than January 31, 2016.

2. The following provision is added as Section A.17.:

- A.17. The Contractor shall support the State's strategic sourcing initiative by providing ongoing strategic sourcing project independent validation.
- a. The Contractor shall accomplish the following key tasks:
- 1) Deliver independent validation and oversight support for the State's strategic sourcing initiative based on the Contractor's knowledge of public sector strategic sourcing and Tennessee-specific requirements. Contractor support shall focus on the following key tasks:
 - i. Attend CPO leadership meetings with strategic sourcing vendor;

- ii. Provide independent validation review of vendor deliverables, including project schedule, expenditure area baseline development, validation of expenditure area strategies, and savings calculation methodologies;
 - iii. Support CPO contract compliance, performance measurement, and project management activities;
 - iv. Provide ad hoc review and reporting to the CPO ongoing vendor performance.
- b. Contractor staff for this work shall travel to Nashville as necessary to attend leadership meetings. Additional staff may provide support from home office locations.
 - c. Contractor support shall be provided over a period of twelve months from the start of the strategic sourcing vendor [phase 3] work. The Contractor shall complete and provide to the State all deliverables required by this Contract Section A.17., no later than January 31, 2015.

3. The following provision is added as Section A.18.:

- A.18. The Contractor shall support the State's strategic sourcing initiative by providing sourcing execution support to State staff.
- a. The Contractor shall accomplish the following key tasks:
 - 1) Deliver procurement execution support to CPO staff based on the Contractor's knowledge of public sector strategic sourcing and Tennessee-specific requirements. Contractor support shall focus on the following key tasks:
 - i. Support for the selection and execution of six procurements;
 - ii. CPO staff training support.
 - 2) Deliver support related to the implementation of Executive Order 27 Pilot Program. Contractor support shall focus on the following key tasks:
 - i. Identification of Pilot Agency contracts to prioritize for strategic sourcing;
 - ii. Pilot Agency staff training support;
 - iii. Development of metrics to assess the effectiveness of the Pilot Program.
 - b. Contractor staff for this work shall travel to Nashville as necessary to attend meetings. Additional staff may provide support from home office locations.
 - c. Contractor support shall be provided over a period of twenty-four months. The Contractor shall complete and provide to the State all deliverables required by this Contract Section A.18., no later than January 31, 2016.

4. The following provision is added as Section A.19.:

- A.19. The Contractor shall support the State's strategic sourcing initiative by providing savings validation support.
- a. The Contractor shall accomplish the following key tasks:
 - 1) Complete a model for the reporting of validated savings results.
 - 2) Collaborate with CPO staff to develop savings validation methodologies. Methodologies shall be approved by the State. Contractor support shall focus on the following key tasks:
 - i. Development of contract-specific validated savings templates for up to twenty-four contracts, on a schedule to be agreed between the CPO and Contractor;
 - ii. Development of data collection and refinement methodologies.
 - 3) Provide quarterly validated savings reporting support. Contractor support shall focus on the following key tasks:
 - i. Validated savings reporting model input review for up to ten contracts on a quarterly basis;
 - ii. Validated savings reporting model output review;
 - iii. Validated savings reporting model maintenance.
 - 4) Provide reporting support for agency-level savings. Contractor support shall focus on the following key tasks:
 - i. Develop options for calculating and reporting agency savings;
 - ii. Develop a calculation methodology based on the State's selected option for reporting agency savings;
 - iii. Support producing and reviewing agency savings reports.

- b. Contractor staff for this work shall travel to Nashville as necessary to attend meetings. Additional staff may provide support from home office locations.
- c. Contractor support shall be provided over a period of twenty-four months. The Contractor shall complete and provide to the State all deliverables required by this Contract Section A.19., no later than January 31, 2016.

5. The following provision is added as Section A.20.:

A.20. The Contractor shall support the CPO's business processes by providing assistance related to the planned upgrade to Edison 9.1.

- a. The Contractor shall assist the CPO efforts, if requested, to identify and plan any purchasing business process redesign required as a result of the upgrade to Edison 9.1.
- b. The Contractor shall be compensated for these services on an hourly basis at the rate established in contract section C.3.c., the total of which shall not exceed Seventeen Thousand, Five Hundred Dollars (\$17,500).
- c. Contractor staff for this work shall travel to Nashville as necessary to attend leadership meetings. Additional staff may provide support from home office locations.

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

B.1 This Contract shall be effective for the period beginning May 9, 2011, and ending on May 8, 2016. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

7. 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 Two Million, Five Hundred Seventy Thousand, Three Hundred Seventy-seven Dollars (\$2,570,377). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor 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 the term of this Contract.

8. The following provision is added as Section C.3.f.:

- f. The Contractor shall be compensated for said units, milestones or increments of service based upon the following payment rates. These rates utilize the \$175.00 per hour rate identified in Contract section C.3.c.:

Service Description	Amount (per compensable increment)
TNSmartShop Ongoing Marketing and Software Implementation Support. (refer to contract section A.16.). Monthly Fee – Months 1-24	\$8,925
Strategic Sourcing Project Ongoing Independent Validation	\$19,775



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Sen. Bill Ketron, Chairman
Senators

Douglas Henry Reginald Tate
Brian Kelsey Ken Yager
Eric Stewart
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Curtis Johnson, Vice-Chairman
Representatives

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Jim Coley Tony Shipley
Charles Curtiss Curry Todd
Johnny Shaw Mark White
Charles Sargent, *ex officio*
Speaker Beth Harwell, *ex officio*

M E M O R A N D U M

TO: Jessica Robertson, Chief Procurement Officer
 Department of General Services

FROM: Senator Bill Ketron, Chairman *BK*
 Representative Curtis Johnson, Vice-Chairman *CJ*

DATE: September 18, 2012

SUBJECT: **Contract Comments**
 (Fiscal Review Committee Meeting 9/17/12)

RFS# 321.01-2011 (Edison # 26119)

Department: General Services

Division: Chief Procurement Office (CPO)

Vendor: Ikaso Consulting, LLC

Summary: The vendor is provides consulting services for the comprehensive restructuring, planning, and decision-making necessary to consolidate and improve processes for the CPO office. The proposed amendment adds e-procurement software solution needs support and independent validation of the strategic sourcing initiative; extends current contract an additional 18 months through June 30, 2014; increases maximum liability by \$393,225; and includes payment rates for those services.

Current maximum liability: \$619,207

Proposed maximum liability: \$1,012,432

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Shay Oliphant, Department of General Services



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

STEVEN G. CATES
COMMISSIONER

BILL HASLAM
GOVERNOR

MEMORANDUM

TO: Lucian Geise, Fiscal Review Committee

FROM: Jessica Robertson, Chief Procurement Officer

DATE: September 14, 2012

SUBJECT: Amendment Two – Ikaso Contract

The purpose of this memorandum is to clarify Amendment Two to the Central Procurement Office's (CPO) contract with Ikaso Consulting (Ikaso). Specifically, the CPO seeks to: 1) extend the contract term, and 2) increase its maximum liability.

Pursuant to contract sections A.4.a.1. and A.5.a.1., Ikaso will assist in the development of a procurement process with opportunities for strategic sourcing and the development of a central contract management process. This amendment serves to provide the funding necessary for Ikaso to provide both of these services. In an effort to promote transparency, the amendment language includes a detailed work plan, which more clearly defines the original contract's scope of services. While this amendment does not expand the contract scope, section A.9. authorizes necessary changes in the scope of services that were not specified in the original contract.

The purpose of the amendment is two-fold. First, Ikaso will provide independent validation of the cost savings realized from implementing the processes recommended by Global eProcure, the competitively procured strategic sourcing vendor. Second, this amendment will provide the funding and time to allow the State to competitively procure the e-procurement software (that will complement Edison's functionality) to facilitate a more efficient, central contract management system, and create a central statewide contract repository that will be utilized by local governments. After meeting with many local government purchasing professionals, it became apparent to the Chief Procurement Officer that the current way the State displays contracts makes it difficult for those individuals to find contracts and items on contract. This initiative will provide an online venue through which local governments can easily take advantage of the State's contracts. The resulting increased purchasing volume through such contracts will benefit the State by allowing the State to procure goods and services at a lower cost.

CENTRAL PROCUREMENT OFFICE

312 ROSA L. PARKS AVENUE, 3RD FLOOR • NASHVILLE, TENNESSEE 37243
(615) 741-1035 • FAX: (615) 741-0684 • WWW.TN.GOV/GENERALSERV/

It is important to note that while dedicated to fulfilling the legislative intent of the procurement reform legislation, Central Procurement Office staff must continue to conduct daily business. Because the Central Procurement Office lacks the resources to focus exclusively upon restructuring, it competitively procured Ikaso's consulting services to assist in the transformation.

Additionally, Ikaso's extensive knowledge of the procurement legislation and goals established by key stakeholders such as the Comptroller of the Treasury and Central Procurement Office, uniquely qualifies it to perform the contract scope of services. Procuring these services via any other method would introduce additional delay and cost to both the eProcurement and Strategic Sourcing projects. The delay would result from: 1) the time needed to perform the procurement, and 2) the time spent educating the new contractor. The additional cost would result from: 1) the expense of paying the new contractor while it comes up to speed, and 2) lost cost savings for goods and services procured during this time. Furthermore, State and local governments would continue to bear higher costs due to the inability of local governments to efficiently identify statewide contracts that would fulfill their needs.

Please contact me at (615) 532-8450 if you have any questions and thank you for your assistance with this matter.



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

STEVEN G. CATES
COMMISSIONER

BILL HASLAM
GOVERNOR

MEMORANDUM

TO: Leni Chick, Fiscal Review Committee
FROM: Jessica Robertson, Chief Procurement Officer 
DATE: August 15, 2012
SUBJECT: Non-Competitive Amendment Approval Request: Ikaso Consulting, LLC

Digitally signed by Jessica Robertsc
DN: cn=Jessica Robertson, o=Chief
Procurement Officer, ou=State of T
Department of General Services,
email=jessica.robertson@tn.gov, c=
Date: 2012.08.15 10:50:28 -05'00'

Please see the attached amendment request, with accompanying documentation, submitted for review and approval by the Fiscal Review Committee.

The Contractor, Ikaso Consulting, LLC (Ikaso), is a consultant service with public sector procurement expertise that was selected through an Alternative Procurement Method to provide consulting services to the Central Procurement Office (CPO).

The Department of General Services is requesting an amendment to the previously amended contract which would increase the maximum liability by \$393,225. This amount will fund payments through the end of the new proposed contract end date of June 30, 2014.

Ikaso will support the Central Procurement Office's acquisition of an e-procurement software solution by providing contract implementation support. Ikaso will also provide support for the CPO's strategic sourcing initiative by providing independent validation of the strategic sourcing project.

Please contact me at (615) 532-8450 if you have any questions and thank you for your assistance with this matter.

Attachments: Supplemental Documentation Form
Original Contract with Summary Sheet
Amendment One with Summary Sheet
Non-Competitive Amendment Request Form with HR Pre-Approval
Edison Payments against Contract

CENTRAL PROCUREMENT OFFICE

312 ROSA L. PARKS AVENUE, 3RD FLOOR * NASHVILLE, TENNESSEE 37243
(615) 741-1035 * FAX: (615) 741-0684 * WWW.TN.GOV/GENERALSERV/

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Shay Oliphant		*Contact Phone:	741-4591	
*Original Contract Number:	FA#1135108		*Original RFS Number:	32101-2011	
Edison Contract Number: <i>(if applicable)</i>	26119		Edison RFS Number: <i>(if applicable)</i>	N/A	
*Original Contract Begin Date:	May 9 th , 2011		*Current End Date:	December 30 th , 2012	
Current Request Amendment Number: <i>(if applicable)</i>	Two (2)				
Proposed Amendment Effective Date: <i>(if applicable)</i>	October 16 th , 2012				
*Department Submitting:	Department of General Services				
*Division:	Central Procurement Office				
*Date Submitted:	August 15 th , 2012				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	Ikaso Consulting, LLC				
*Current Maximum Liability:	\$619,207				
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY:2011	FY:2012	FY:	FY:	FY	FY
\$12,000	\$607,207	\$	\$	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>					
FY:2011	FY:2012	FY:	FY:	FY	FY
\$12,000	\$499,310 YTD	\$	\$	\$	\$
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:					
*Contract	State:	N/A	Federal:	N/A	

Supplemental Documentation Required for
Fiscal Review Committee

Funding Source/Amount:				
Interdepartmental:	619,207	<i>Other:</i>	N/A	
If " <i>other</i> " please define:			N/A	
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>		
October 7 th , 2011		Creation of a customized training program to support the CPO organizational goals and to assist DGS as necessary to implement organization changes.		
Method of Original Award: <i>(if applicable)</i>		Alternate Procurement Method		
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$475,000		

Supplemental Documentation Required for Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY: 2012	FY: 2013	FY:	FY:	FY:
e-Procurement Software Solution Needs Assessment & Implementation Support – Marketing Strategy Design	\$17,850				
e-Procurement Software Solution Needs Assessment & Implementation Support – Implementation Support	\$78,750				
Strategic Sourcing Project Independent Validation	\$177,975	\$118,650			

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Supplemental Documentation Required for
Fiscal Review Committee

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

Unit	Sum Amount	Cntrct ID on PO	Vendor ID	Vendor Name	PO ID
32101	11,534	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000028434
32101	28,014	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000028434
32101	30,044	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000028434
32101	30,014	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000029032
32101	92,112	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000029032
32101	108,711	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000030501
32101	20,442	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000034525
32101	16,800	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000034513
32101	14,000	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000034513
32101	4,200	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000034513
32101	7,000	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000037016
32101	47,173	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000034525
32101	21,000	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000037365
32101	21,000	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000037365
32101	2,800	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000037365
32101	2,800	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000037365
32101	2,800	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000037365
32101	2,800	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000037365
32101	2,800	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000037365
32101	2,800	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000037365
32101	2,800	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000037365
32101	21,000	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000039733
32101	7,000	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000039733
32101	7,000	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000039733
32101	7,000	00000000000000000000026119	0000140009	Ikaso Consulting LLC	0000039733
Total	510,844				

Non-Competitive Amendment Request

NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.

Route a completed request, as one file in PDF format, via e-mail attachment sent to: AgSprs.Agspr@sate.tn.us

APPROVED

Jessica Robertson /c/o

Chief Procurement Officer

Request Tracking #	
1. Procuring Agency	Department of General Services
2. Contractor	Ikaso Consulting, LLC
3. Contract #	FA#1135108
4. Proposed Amendment #	Two (2)
5. Edison ID #	26119
6. Contract Begin Date	5/9/11
7. Current Contract End Date <i>- with ALL options to extend exercised</i>	12/30/12
8. Proposed Contract End Date <i>- with ALL options to extend exercised</i>	6/30/14
9. Current Maximum Contract Cost <i>- with ALL options to extend exercised</i>	\$ 619,207
10. Proposed Maximum Contract Cost <i>- with ALL options to extend exercised</i>	\$ 1,012,432
11. Office for Information Resources Endorsement <i>- information technology service (N/A to THDA)</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
12. eHealth Initiative Support <i>- health-related professional, pharmaceutical, laboratory, or imaging</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
13. Human Resources Support <i>- state employee training service</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
14. Explanation Need for the Proposed Amendment	
<p>Ikaso Consulting will support the Central Procurement Office's acquisition of an e-procurement software solution by providing contract implementation support. Ikaso Consulting will also provide support for the CPO's strategic sourcing initiative by providing independent validation of the strategic sourcing project.</p>	

Request Tracking #	
<p>15. Name & Address of the Contractor's Principal Owner(s) <i>– NOT required for a TN state education institution</i></p> <p>Reiko Osaki 1776 Sacramento Street #407 San Francisco, CA 94109</p>	
<p>16. Evidence Contractor's Experience & Length Of Experience Providing the Service</p> <p>Ikaso Consulting's professional have over 30 years of public sector procurement support and consulting experience across eleven states, and have created over \$480 million in total contract length savings for their clients.</p>	
<p>17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives</p> <p>Not applicable to this request.</p>	
<p>18. Justification <i>– specifically explain why non-competitive negotiation is in the best interest of the state</i></p> <p>Public Chapter 1098 was passed in June 2010 requiring creating the new Procurement Office and the new position of Chief Procurement Officer to head up the office. The Act requires a major change in governance and operational structure for the organizational structures and recommended consolidation of business process to effect the required change in a short period of time. Several States have undergone similar changes with assistance from consultants that are familiar with best practices in the public and private sector to assist the State in making changes.</p> <p>Ikaso Consulting was selected through an Alternative Competitive Method and has developed the requisite plans. Assistance is now needed for the implementation of these plans.</p>	
<p>Agency Head Signature and Date <i>– MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances</i></p> <p> </p>	



CONTRACT AMENDMENT

Agency Tracking # 32101-2011	Edison ID 26119	Contract # FA11-35108	Amendment # Two		
Contractor Legal Entity Name Ikaso Consulting, LLC			Edison Vendor ID 0000140009		
Amendment Purpose & Effect(s) Extend term and add funding for additional scope of services.					
Amendment Changes Contract End Date: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		End Date: June 30, 2014			
Amount of the TOTAL Contract Amount INCREASE or DECREASE per this Amendment:			\$ 393,225		
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011			0		0
2012			468,844		468,844
2013			281,438		281,438
2014			262,150		262,150
TOTAL:			1,012,432		1,012,432
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations. <div style="text-align: center; font-family: cursive; font-size: 1.2em;">Ronald A. Plumb</div>			OCR USE		
Speed Chart (optional)		Account Code (optional)			

**AMENDMENT TWO
OF CONTRACT FA#1135108**

This Amendment is made and entered into by and between the State of Tennessee, Department of General Services, hereinafter referred to as the "State" and Ikaso Consulting, LLC 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 following provision is added as Section A.14.:

A.14 The Contractor shall support the Central Procurement Office's acquisition of an e-procurement software solution by providing contract implementation support.

a. The Contractor shall accomplish the following key tasks:

1) Supporting the development of a local government marketing campaign which will involve key TN Procurement leadership conducting individual or small group meetings to present the e-procurement software solution and promoting discussion with local governments related to purchasing. Contractor support will be provided over a period of eight weeks, focusing on the following key tasks:

- i. Developing a landscape of local government marketing efforts to date by meeting with State professionals currently engaged in local government marketing;
- ii. Summarizing past messaging to local government regarding e-procurement software solutions;
- iii. Participating in marketing strategy development sessions with the Chief Procurement Officer and DGS Marketing staff;
- iv. Developing draft presentations and talking points for meetings;
- v. Providing support to the Chief Procurement Officer with respect to marketing activities reporting.

2) Supporting the State's implementation of the successful vendor's technology based on the firm's understanding of state-executed local government purchasing programs and Tennessee-specific needs. Contractor support will be provided over a period of six months, based on assumptions regarding an e-procurement vendor's expected implementation schedule, focusing on the following key tasks:

- i. Attending regular meetings with State and the vendor implementation team;
- ii. Identifying risks and recommending strategies for the State to address identified risks;
- iii. Providing status reports to project leadership;
- iv. Providing senior management support for the Chief Procurement Officer with respect to reporting implementation activities;
- v. Collaborating with State staff to support achievement of project goals;
- vi. Supporting verification of vendor implementation timeline and scope of services performance;
- vii. Supporting non-technical end-user system testing and providing feedback as necessary prior to State system acceptance and go-live.

b. The Contractor team lead for this work will travel to Nashville, as necessary, to attend meetings and present reports for project leadership. Additional staff may provide support from home office locations.

c. The Contractor shall complete and provide to the State all deliverables required by this Contract Section A.14., no later than December 31, 2012.

2. The following provision is added as Section A.15.:

A.15. The Contractor shall support the Central Procurement Office's strategic sourcing initiative by providing strategic sourcing project independent validation.

- a. The Contractor shall accomplish the following key tasks:
 - 1) Delivering independent validation and oversight support for the DGS strategic sourcing initiative based on the firm's knowledge of public sector strategic sourcing and understanding of Tennessee-specific requirements. Contractor support will be provided over a period of fifteen months from the start of strategic sourcing vendor work, focusing on the following key tasks:
 - i. Attending DGS leadership meetings with strategic sourcing vendor;
 - ii. Providing independent validation review of vendor deliverables, including project schedule, expenditure area baseline development, validation of expenditure area strategies, and savings calculation methodologies;
 - iii. Supporting DGS contract compliance, performance measurement, and project management activities;
 - iv. Providing ad hoc review and reporting to DGS for ongoing vendor performance.
- b. The Contractor team lead for this workstream will travel to Nashville as necessary to attend leadership meetings. Additional staff may provide support from home office locations.
- c. The Contractor shall complete and provide to the State all deliverables required by this Contract Section A.15., no later than December 31, 2013.

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

B.1 This Contract shall be effective for the period beginning May 9, 2011, and ending on June 30, 2014. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

4. 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 One Million, Twelve Thousand, Four Hundred Thirty-two Dollars (\$1,012,432). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor 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 the term of this Contract.

5. The following provision is added as Section C.3.e.:

e. The Contractor shall be compensated for said units, milestones or increments of service based upon the following payment rates. These rates utilize the \$175.00 per hour rate identified in Contract section C.3.c.:

Service Description	Amount (per compensable increment)
e-Procurement Software Solution Needs Assessment & Implementation Support	\$8,925

(refer to contract section A.14.). Marketing Strategy Design Support - Month 1	
e-Procurement Software Solution Needs Assessment & Implementation Support (refer to contract section A.14.). Marketing Strategy Design Support - Month 2	\$8,925
e-Procurement Software Solution Needs Assessment & Implementation Support (refer to contract section A.14.). Implementation Support - Month 1	\$13,125
e-Procurement Software Solution Needs Assessment & Implementation Support (refer to contract section A.14.). Implementation Support - Month 2	\$13,125
e-Procurement Software Solution Needs Assessment & Implementation Support (refer to contract section A.14.). Implementation Support - Month 3	\$13,125
e-Procurement Software Solution Needs Assessment & Implementation Support (refer to contract section A.14.). Implementation Support - Month 4	\$13,125
e-Procurement Software Solution Needs Assessment & Implementation Support (refer to contract section A.14.). Implementation Support - Month 5	\$13,125
e-Procurement Software Solution Needs Assessment & Implementation Support (refer to contract section A.14.). Implementation Support - Month 6	\$13,125
Strategic Sourcing Project Independent Validation (refer to contract section A.15.). Monthly Progress and Evaluation Report - Month 1	\$19,775
Strategic Sourcing Project Independent Validation (refer to contract section A.15.). Monthly Progress and Evaluation Report - Month 2	\$19,775
Strategic Sourcing Project Independent Validation (refer to contract section A.15.). Monthly Progress and Evaluation Report - Month 3	\$19,775
Strategic Sourcing Project Independent Validation (refer to contract section A.15.). Monthly Progress and Evaluation Report - Month 4	\$19,775
Strategic Sourcing Project Independent Validation (refer to contract section A.15.). Monthly Progress and Evaluation Report - Month 5	\$19,775
Strategic Sourcing Project Independent Validation (refer to contract section A.15.). Monthly Progress and Evaluation Report - Month 6	\$19,775
Strategic Sourcing Project Independent Validation (refer to contract section A.15.). Monthly Progress and Evaluation Report - Month 7	\$19,775
Strategic Sourcing Project Independent Validation (refer to contract section A.15.). Monthly Progress and Evaluation Report - Month 8	\$19,775
Strategic Sourcing Project Independent Validation (refer to contract section A.15.). Monthly Progress and Evaluation Report - Month 9	\$19,775
Strategic Sourcing Project Independent Validation (refer to contract section A.15.). Monthly Progress and Evaluation Report - Month 10	\$19,775

Monthly Progress and Evaluation Report - Month 11 Strategic Sourcing Project Independent Validation (refer to contract section A.15.).	\$19,775
Monthly Progress and Evaluation Report - Month 12 Strategic Sourcing Project Independent Validation (refer to contract section A.15.).	\$19,775
Monthly Progress and Evaluation Report - Month 13 Strategic Sourcing Project Independent Validation (refer to contract section A.15.).	\$19,775
Monthly Progress and Evaluation Report - Month 14 Strategic Sourcing Project Independent Validation (refer to contract section A.15.).	\$19,775
Monthly Progress and Evaluation Report - Month 15 Strategic Sourcing Project Independent Validation (refer to contract section A.15.).	\$19,775

The revisions set forth herein shall be effective on the date of final approval by all appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this Contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury). All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

CONTRACTOR/GRANTEE LEGAL ENTITY NAME:

Reiko Osaki 09.18.2012
 SIGNATURE DATE

Reiko Osaki, President & CEO
 PRINTED NAME AND TITLE OF SIGNATORY (above)

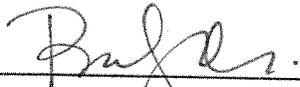
STATE AGENCY NAME:

Janice Robatka, Chief Procurement officer 9/18/12
 AGENCY HEAD NAME & TITLE DATE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	Edison # 26119
CONTRACTOR LEGAL ENTITY NAME:	Ikaso Consulting, LLC
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	26-3192501

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.

Reiko Osaki, President & CEO

PRINTED NAME AND TITLE OF SIGNATORY

July 23, 2012

DATE OF ATTESTATION



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Sen. Bill Ketron, Chairman

Senators

Douglas Henry
Brian Kelsey
Eric Stewart
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Reginald Tate
Ken Yager

Rep. Curtis Johnson, Vice-Chairman

Representatives

Tommie Brown
Jim Coley
Charles Curtiss
Johnny Shaw
Charles Sargent, *ex officio*
Speaker Beth Harwell, *ex officio*

David Shepard
Tony Shipley
Curry Todd
Mark White

MEMORANDUM

TO: The Honorable Mark Emkes, Commissioner
Department of Finance and Administration

FROM: Bill Ketron, Chairman, Fiscal Review Committee
Curtis Johnson, Vice-Chairman, Fiscal Review Committee

DATE: October 24, 2011

SUBJECT: CORRECTED Contract Comments
(Fiscal Review Committee Meeting 10/19/11)

BK
CJ

RFS# 321.01-20111 (Edison 26119)

Department: General Services/Central Procurement Office

Vendor: Ikaso Consulting, Inc.

Summary: The vendor currently provides consulting services to assist with the comprehensive restructuring, planning, review, and decision-making for the State Procurement Office. The proposed amendment adds deliverables for training and additional consulting; extends the current contract an additional seven months, and increases the maximum liability by \$225,400.

Current maximum liability: \$393,807

Proposed maximum liability: \$619,207

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Ms. Jessica Robertson, Chief Procurement Officer
Mr. Robert Barlow, Director, Office of Contracts Review



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

STEVEN G. CATES
COMMISSIONER

BILL HASLAM
GOVERNOR

MEMORANDUM

TO: Leni Chick, Fiscal Review Committee

FROM: Jessica Robertson, Chief Procurement Officer

Digitally signed by Jessica Robertson
DN: cn=Jessica Robertson, o=Chief Procurement
Officer, ou=State of TN, Department of General
Services, email=jessica.robertson@tn.gov, c=US
Date: 2011.10.07 10:20:34 -0500

DATE: October 7, 2011

SUBJECT: Non-Competitive Amendment Approval Request: Ikaso Consulting, LLC

Please see the attached amendment request, with accompanying documentation, submitted for review and approval by the Fiscal Review Committee.

The Contractor, Ikaso Consulting, LLC, is a consultant service with public sector procurement expertise that was selected through an Alternative Procurement Method to provide consulting services to the new Procurement Office.

The Department of General Services is requesting an amendment to the base contract which would increase the maximum liability by \$225,400. This amount will fund payments through the end of the new proposed contract end date of December 30, 2012.

Ikaso Consulting's services are requested to assist with the implementation of structural and organizational changes necessary for the new Procurement Office under the timeline promulgated by Public Chapters 1098 and 295.

Please contact me at (615) 532-8450 if you have any questions and thank you for your assistance with this matter.

Attachments: Exhibit A, Supplemental Documentation Form
Exhibit B, Original Contract with Summary Sheet
Exhibit C, Amendment One with Summary Sheet
Exhibit D, Non-Competitive Amendment Request Form with HR Pre-Approval
Exhibit E, Edison Payments against Contract

CENTRAL PROCUREMENT OFFICE

312 ROSA L. PARKS AVENUE, 24TH FLOOR * NASHVILLE, TENNESSEE 37243
(615) 532-7279 * FAX: (615) 532-6257 * WWW.TN.GOV/GENERALSERV/

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Jenny Young	*Contact Phone:	(615) 741-1298
*Original Contract Number:	FA#1135108	*Original RFS Number:	32101-20111
Edison Contract Number: (if applicable)	26119	Edison RFS Number: (if applicable)	N/A
*Original Contract Begin Date:	May 9, 2011	*Current End Date:	May 8, 2012
Current Request Amendment Number: (if applicable)	One (1)		
Proposed Amendment Effective Date: (if applicable)			
*Department Submitting:	Department of General Services		
*Division:	Administration		
*Date Submitted:	October 7, 2011		
*Submitted Within Sixty (60) days:	No.		
If not, explain:	Ikaso Consulting recently delivered recommended changes as required by the base contract and the State now seeks assistance with the implementation of these recommendations and strategies. The recommendations need to be implemented no later than April 2012, when the new Procurement Office will be in effect.		
*Contract Vendor Name:	Ikaso Consulting, LLC		
*Current Maximum Liability:	\$393,807.00		
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)			
FY: 2011	FY: 2012	FY:	FY:
\$12,000.00	\$381,807.00		
* Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)			
FY: 2011	FY: 2012	FY:	FY:
\$12,000.00	\$300,429.00		
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:			
*Contract Funding Source/Amount:	State:	N/A	Federal: N/A
Interdepartmental:		\$393,807.00	Other: N/A
If "other" please define:			N/A

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>
N/A	N/A
Method of Original Award: <i>(if applicable)</i>	Alternative Competitive Method
*What were the projected costs of the service for the entire term of the contract prior to contract award?	\$393,807.00

Edison Payments against Contract

Unit	Sum Amount	Edison Contract ID	Vendor ID	Vendor Name	PO ID
32101	\$11,534.00	0000000000000000000026119	140009	Ikaso Consulting LLC	0000028434
32101	\$28,014.00	0000000000000000000026119	140009	Ikaso Consulting LLC	0000028434
32101	\$30,014.00	0000000000000000000026119	140009	Ikaso Consulting LLC	0000029032
32101	\$30,044.00	0000000000000000000026119	140009	Ikaso Consulting LLC	0000028434
32101	\$92,112.00	0000000000000000000026119	140009	Ikaso Consulting LLC	0000029032
32101	\$108,711.00	0000000000000000000026119	140009	Ikaso Consulting LLC	0000030501
Total =	\$300,429.00				



CONTRACT AMENDMENT

Agency Tracking # 32101-2011	Edison ID 26119	Contract # FA11-35108	Amendment # One
Contractor Legal Entity Name Ikaso Consulting, LLC			Edison Vendor ID 0000140009

Amendment Purpose & Effect(s)
Add funding for additional scope of services.

Amendment Changes Contract End Date: YES NO **End Date:** December 30, 2012

Amount of the TOTAL Contract Amount INCREASE or DECREASE per this Amendment: \$ 225,400

Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011			12,000		12,000
2012			607,207		607,207
2013			0		0
TOTAL:			619,207		619,207

American Recovery and Reinvestment Act (ARRA) Funding: YES NO

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

Ronald N. Plumb

OCR USE

FA1135108-01

Speed Chart (optional)	Account Code (optional)
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**AMENDMENT ONE
OF CONTRACT FA#1135108**

This Amendment is made and entered by and between the State of Tennessee, Department of General Services, hereinafter referred to as the "State" and Ikaso Consulting, LLC 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 following provision is added as Section A.11.:**
 - A.11 The Contractor shall provide a customized training program for the State to support the new Chief Procurement Office's organizational goals.
 - a. The Contractor shall accomplish the following key tasks:
 - 1) Draft and finalize a skills assessment specific to Tennessee procurement staff;
 - 2) Analyze skills assessment results and identify the training needs which are specific to members of Tennessee procurement staff;
 - 3) Draft and finalize a four (4) module training program which is tailored to address the goals of the new Chief Procurement Office and to fit potential gaps in skills needed to achieve those goals.
 - i. The Contractor will deliver two (2) two-hour sessions per module.
 - ii. Certain potential modules (e.g., Excel Skills, Negotiations) shall be delivered in smaller group settings, as appropriate.
 - 5.) Provide additional training support to assist in connection with high-priority ongoing procurements;
 - b. The Contractor will travel to Nashville as necessary, as agreed between the Contractor and the Chief Procurement Officer, to lead training sessions and attend preparatory meetings with leadership staff. Additional staff may provide support from home office locations.
 - c. The Contractor shall complete and provide to the State all deliverables required by this Contract Section A.11., no later than December 30, 2012.
- 2. The following provision is added as Section A.12.:**
 - A.12. The Contractor shall assist the State with the consolidation and reform of existing statutes, rules, policies, and procedures.
 - a. The Contractor shall accomplish the following key tasks:
 - 1) Provide a step-by-step work plan for implementing the consolidation and reform of existing statutes, rules, policies and procedures related to procurement and contracting. This work plan shall build off of the recommended changes that were delivered in accordance with contract section A.4. and approved by the State.
 - 2) Develop agendas and preparatory material for the meetings held by the State team responsible for this task, known as the Consolidation Committee. Such meetings shall be held no less than bi-weekly and over the course of at least three (3) months.
 - 3) Facilitate Consolidation Committee meetings.
 - 4) Compile and manage Consolidation Committee meeting action items.
 - 5) Maintain master files for draft rule, policy, and procedure materials.
 - 6) Facilitate feedback process for proposed rules, policies, and procedures with high-use agencies.
 - 7) Provide support for Chief Procurement Officer's reporting on Consolidation Committee activities to senior management;
 - 8) Develop rule promulgation work plan. (Such work plan shall at a minimum identify the key dates and comprehensive steps needed).
 - b. The Contractor will travel to Nashville as necessary, as agreed between the Contractor and the Chief Procurement Officer, to attend Consolidation Committee and leadership meetings. Additional staff may provide support from home office locations.
 - c. The Contractor shall complete and provide to the State all deliverables required by this Contract Section A.12., no later than April 30, 2012.



- 3. The following provision is added as Section A.13:**
- A.13. The Contractor shall assist the Department of General Services' Chief Procurement Office and Human Resources staff in the completion of the Department of Human Resources' requirements and with other steps necessary for the implementation of organization changes.
- a. The Contractor shall accomplish the following key tasks:
- 1) Support the translation of new classification titles, descriptions, and salary ranges with supporting benchmark state and market data into Department of Human Resources specific format; develop an implementation work plan; complete position classification questionnaires ("PCQ") when required;
 - 2) Support development of a draft reorganization plan for the Department of Finance & Administration Budget and Department of Human Resources [simultaneous] review and approval;
 - 3) Draft staffing plan for Department of Human Resources review;
 - 4) Draft communication documents and talking points for Chief Procurement Office announcement of reorganization plan and status updates;
 - 5) Draft other requests if required by Department of Human Resources (e.g., positions be "unfrozen", exceptions to salary policies, etc.)
 - 6) Draft position postings;
 - 7) Support the Chief Procurement Office and the Department of General Services' Human Resources Team in development of recruiting strategy;
 - 8) Assist the Chief Procurement Officer with interviews for leadership team positions; and
 - 9) Support creation of interview template and skills assessment customized to each position's function and skill level.
- b. The Contractor will travel to Nashville as necessary, as agreed between the Contractor and the Chief Procurement Officer, to attend Procurement Organization Project Group and leadership meetings. Additional staff may provide support from home office locations.
- c. The Contractor shall complete and provide to the State all deliverables required by this Contract Section A.13., no later than April 30, 2012.
- 4. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:**
- B.1. This Contract shall be effective for the period beginning May 9, 2011, and ending on December 30, 2012. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.
- 5. 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 Six Hundred Nineteen Thousand, Two Hundred Seven Dollars even (\$619,207). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor 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.
- 6. The following provision is added as Section C.3.d.:**



- d. The Contractor shall be compensated for said units, milestones or increments of service based upon the following payment rates. These rates utilize the \$175.00 per hour rate identified in Contract section C.3.c.:

Service Description	Amount (per compensable increment)
Training - Draft & Finalize a Skills Assessment (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$21,000
Training - Deliver & Analyze Skills Assessment Results (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$21,000
Training - Draft & Finalize Training Module 1 (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$21,000
Training - Draft & Finalize Training Module 2 (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$21,000
Training - Draft & Finalize Training Module 3 (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$21,000
Training - Draft & Finalize Training Module 4 (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$21,000
Training - Deliver Training Module 1 (Session 1) (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$2,800
Training - Deliver Training Module 1 (Session 2) (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$2,800
Training - Deliver Training Module 2 (Session 1) (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$2,800
Training - Deliver Training Module 2 (Session 2) (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$2,800
Training - Deliver Training Module 3 (Session 1) (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$2,800
Training - Deliver Training Module 3 (Session 2) (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$2,800
Training - Deliver Training Module 4 (Session 1) (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$2,800
Training - Deliver Training Module 4 (Session 2) (refer to contract section A.11.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$2,800
Rules/Policies/Procedures Support - Rule and policy & procedure consolidation/reform work plan (refer to contract section A.12.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$7,000



Rules/Policies/Procedures Support - Facilitate Consolidation Committee activities (Month 1) (refer to contract section A.12.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$7,000
Rules/Policies/Procedures Support - Facilitate Consolidation Committee activities (Month 2) (refer to contract section A.12.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$7,000
Rules/Policies/Procedures Support - Facilitate Consolidation Committee activities (Month 3) (refer to contract section A.12.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$7,000
Rules/Policies/Procedures Support - Rule promulgation work plan (refer to contract section A.12.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$7,000
Organization Change Support - Classification plan and implementation work plan (refer to contract section A.13.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$16,800
Organization Change Support - Reorganization plan (refer to contract section A.13.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$7,000
Organization Change Support - Draft staffing plan (refer to contract section A.13.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$14,000
Organization Change Support - Draft position postings (refer to contract section A.13.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$4,200

The revisions set forth herein shall be effective on the date of final approval by all appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury). All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

CONTRACTOR/GRANTEE LEGAL ENTITY NAME:

Reik Osaki 10/5/2011
 SIGNATURE DATE

Reik Osaki, President & CEO
 PRINTED NAME AND TITLE OF SIGNATORY (above)

STATE AGENCY NAME:

Steven M. Cates Commissioner 10/7/11
 AGENCY HEAD NAME & TITLE DATE

CY11-701

Non-Competitive Amendment Request

NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.
 Route a completed request, as one file in PDF format, via e-mail attachment sent to: AgSprs.Agspr@sate.tn.us

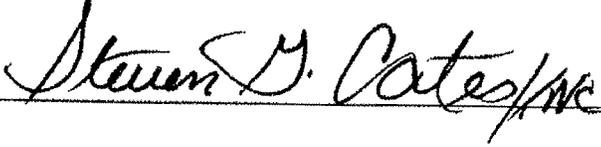
APPROVED

Mark A. Eubank

COMMISSIONER OF FINANCE & ADMINISTRATION

Request Tracking #	RFS #32101-20111	
Procuring Agency	Department of General Services (Administration)	
Contractor	Ikaso Consulting, LLC	
Contract #	FA#1135108/Edison #26119	
Proposed Amendment #	One (1)	
Edison ID #	26119	
Contract Begin Date		5/9/11
Current Contract End Date <i>-- with ALL options to extend exercised</i>		5/8/12
Proposed Contract End Date <i>-- with ALL options to extend exercised</i>		12/30/12
Current Maximum Contract Cost <i>-- with ALL options to extend exercised</i>		\$393,807.00
Proposed Maximum Contract Cost <i>-- with ALL options to extend exercised</i>		\$619,207.00
Office for Information Resources Endorsement <i>-- information technology service (N/A to THDA)</i>	<input checked="" type="checkbox"/> Not Applicable	<input type="checkbox"/> Attached
eHealth Initiative Support <i>-- health-related professional, pharmaceutical, laboratory, or imaging service</i>	<input checked="" type="checkbox"/> Not Applicable	<input type="checkbox"/> Attached
Human Resources Support <i>-- state employee training service</i>	<input type="checkbox"/> Not Applicable	<input checked="" type="checkbox"/> Attached

RECEIVED
 By OCR at 12:17 pm, Oct 26, 2011

<p>Explanation Need for the Proposed Amendment</p> <p>Per the contract, Ikaso Consulting, LLC has proposed recommendations to assist with the comprehensive restructuring, planning, review, and decision-making necessary to consolidate and improve processes for the State procurement of goods and services. The State now needs assistance to implement these recommendations in an expeditious manner.</p>
<p>Name & Address of the Contractor's Principal Owner(s) – NOT required for a TN state education institution</p> <p>Reiko Osaki 1776 Sacramento Street #407 San Francisco, CA 94109</p>
<p>Evidence Contractor's Experience & Length Of Experience Providing the Service</p> <p>Ikaso Consulting's professionals have over 30 years of public sector procurement centralization support and consulting experience across eleven states, and have created over \$480 million in total contract length savings for their clients.</p>
<p>Efforts to Identify Reasonable, Competitive, Procurement Alternatives</p> <p>Not applicable to this request.</p>
<p>Justification – specifically explain why non-competitive negotiation is in the best interest of the state</p> <p>Public Chapter 1098 was passed in June 2010 requiring creating the new Procurement Office and the new position of Chief Procurement Officer to head up the office. The Act requires a major change in the governance and operational structure for the procurement and contracting of goods and services. The act also requires the consolidation of organizational structures and recommended consolidation of business processes to effect the required change in a short period of time. Several States have undergone similar changes with assistance from consultants that are familiar with best practices in the public and private sector to assist the State in making changes.</p> <p>Ikaso Consulting was selected through an Alternative Competitive Method and has developed the requisite plans. Assistance is now needed for the implementation of these plans.</p>
<p>Agency Head Signature and Date – MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances</p> <p></p>



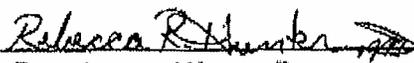
HR Pre-Approval Endorsement Request E-Mail Transmittal

TO : Mark Donner, Director of Administrative Services
Department of Human Resources
E-mail : Mark.Donner@tn.gov

FROM : Jenny Young
E-mail : Jennifer.young@tn.gov

DATE : September 27, 2011

RE : Request for Human Resources Pre-Approval Endorsement

Applicable RFS #	32101-2011
Human Resources Endorsement Signature & Date:	
	
Department of Human Resources 10/3/11	

Department of Human Resources (HR) pre-approval endorsement appears to be required pursuant to professional service contracting regulations pertaining to procurements involving services relating to the employment of current or prospective state employees (interviewing, screening, evaluating, *et cetera*) or training state employees. This request seeks to ensure that HR is aware of and has an opportunity to review the procurement detailed below and in the attached document(s).

Please indicate HR endorsement of the described procurement (with the appropriate signature above), and return this document via e-mail at your earliest convenience.

Contracting Agency	Department of General Services
Agency Contact (name, phone, e-mail)	Jenny Young, (615) 741-1298, Jennifer.young@tn.gov
Required Attachments (as applicable – copies without signatures acceptable)	
<input type="checkbox"/> RFP <input type="checkbox"/> Competitive Negotiation Request <input type="checkbox"/> Alternative Procurement Method Request <input checked="" type="checkbox"/> Non-Competitive Contract/Amendment Request	
Service Description	
<p>Public Chapter 1098 was passed in June 2010 creating the new Procurement Office and the new position of Chief Procurement Officer ("CPO"). This act authorizes the CPO to employ and conduct training for the state procurement office and agency staff. The Consultant will provide a customized training program for the State to support the new Procurement Office's organizational goals. The Consultant will assess current State employees training needs, develop appropriate training programs, and train employees. The Consultant will also assist the Procurement Office's and the Department of General Services' Human Resources staff with the implementation of organizational changes.</p>	

Alternative Procurement Method Request

Route a completed request, as one file in PDF format, via e-mail attachment sent to: AgSprs.Agsprs@state.tn.us

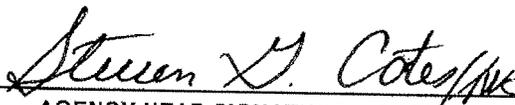
APPROVED
see cover memo and e-mail
Comptroller of the Treasury

APPROVED

Commissioner of Finance & Administration

Request Tracking #	32101-20111
Service Caption	Procurement Consolidation Consulting
Proposed Contract Period – with ALL options to extend exercised	60 months
Maximum Cost – with ALL options to extend exercised	\$ 475,000.00
Office for Information Resources Endorsement – information technology service (N/A to THDA)	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
eHealth Initiative Support – health-related professional, pharmaceutical, laboratory, or imaging service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
Human Resources Support – state employee training service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
Justification – for alternative method	<p>Public Chapter 1098 was passed in June 2010 requiring a change in the governance and operational structure for the procurement and contracting of goods and services. The act requires the consolidation of organizational structures, recommended consolidation of business processes to effect the required change in a short period of time. Several States have undergone similar changes with assistance from consultants that are familiar with best practices in the public and private sector to assist the State in making changes. The act requires a transition plan to be submitted by the Chief Procurement Officer to the new Procurement Commission for approval by October 1, 2011.</p> <p>Assistance is needed by industry experts to assist in developing the required plans by the required dates. The alternative procurement method is being requested based on the fact that there are several potential vendors that have provided similar work in other States, thus an objective evaluation is in the State's best interest and qualifications and experience can be considered by meeting minimum qualifications rather than through an subjective evaluation process.</p>

BY SIGNATURE BELOW, I affirm that, if this request to procure the professional service described by an Alternative Procurement Method is approved, contracting agency staff will follow the Contract Award Procedures & Contractor Selection Criteria detailed at Exhibit 1 (as well as any solicitation document referenced within and attached hereto).



3/24/11

AGENCY HEAD SIGNATURE & DATE – contracting agency head or authorized signatory

AWARD PROCEDURES & CONTRACTOR SELECTION CRITERIA

The contracting agency shall retain records to show the clearly competitive or otherwise impartial contractor selection (e.g., directed by law, court order, settlement agreement, or resulting from the state awarding the same contract to all interested parties or all parties in a predetermined "class") including documentation that it was made in accordance with the contract award procedures and criteria specified below.

The state will solicit offers to provide the needed service by means of the Solicitation Document at Exhibit 2 of this request. The solicitation details that each offer include *Qualifications Evidence* and a *Cost Offer*. In the multi-step review, the state will evaluate all *Qualifications Evidence* before associated *Cost Offers*.

A team of at least three contracting agency employees will review the *Qualifications Evidence* and any supporting documentation submitted with each offer. For an offer to be acceptable and eligible for contract award, the evaluators must determine that it documents that the Offeror meets minimum qualifications and requirements specified by the solicitation and is, at least, minimally acceptable as a contractor for the subject services.

The Solicitation Coordinator will, then, review the *Cost Offer* submitted by each Offeror deemed acceptable for contract award by evaluators to assess whether it complies, without qualification, with solicitation instructions. The Solicitation Coordinator will identify the responsive, responsible *Cost Offer* indicating the lowest cost to the state. The contracting agency will award the contract to the individual or entity making said offer indicating the lowest cost to the state.

SOLICITATION DOCUMENT

The Solicitation Document that the state will use to request formal offers in response to the Alternative Procurement Method process is found on the following pages.



CONTRACT

(fee-for-service contract with an individual, business, non-profit, or governmental entity of another state)

Begin Date May 9, 2011	End Date May 8, 2012	Agency Tracking # 32101-20111	Edison Record ID 26119
----------------------------------	--------------------------------	---	----------------------------------

Contractor Legal Entity Name Ikaso Consulting, LLC	Edison Vendor ID 0000140009
--	---------------------------------------

Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #	FEIN or SSN (optional) 26-3192501
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Service Caption (one line only)
Procurement Consolidation Consulting

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011			12,000		12,000
2012			381,807		381,807
TOTAL:			\$393,807		\$393,807

American Recovery and Reinvestment Act (ARRA) Funding: YES NO

Ownership/Control

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

Selection Method & Process Summary (mark the correct response to confirm the associated summary)

RFP The procurement process was completed in accordance with the approved RFP document and associated regulations.
 Competitive Negotiation The predefined, competitive, impartial, negotiation process was completed in accordance with the associated, approved procedures and evaluation criteria.
 Alternative Competitive Method The predefined, competitive, impartial, procurement process was completed in accordance with the associated, approved procedures and evaluation criteria.
 Non-Competitive Negotiation The non-competitive contractor selection was completed as approved, and the procurement process included a negotiation of best possible terms & price.
 Other The contractor selection was directed by law, court order, settlement agreement, or resulted from the state making the same agreement with all interested parties or all parties in a predetermined "class."

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

Ronald A. Plumb

Speed Code GS00000104	Account Code 79899000
---------------------------------	---------------------------------



Secured Document
FA1135108

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF GENERAL SERVICES
AND
IKASO CONSULTING, LLC**

This Contract, by and between the State of Tennessee, Department of General Services, hereinafter referred to as the "State" and Ikaso Consulting, LLC, hereinafter referred to as the "Contractor," is for the provision of Public Procurement Consolidation Consulting, as further defined in the "SCOPE OF SERVICES."

The Contractor is a Limited Liability Company.
Contractor Federal Employer Identification: 26-3192501
Contractor Place of Incorporation or Organization: California

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.
- A.2. The Contractor shall provide consulting services to assist with the comprehensive restructuring planning, review, and decision-making necessary to consolidate and improve processes for the States procurement of goods and services. The Contractor shall provide all deliverables to the Commissioner of Finance and Administration, Commissioner of General Services and Chief Procurement Officer for approval. Approval of all deliverables shall be at the sole discretion of the state and will be provided in writing. The State is the sole judge of any deliverables acceptability. When the deliverable is acceptable, the State will document this in writing. The Contractor shall not rely on any verbal commitment from the State regarding deliverable acceptability. The State will not consider any report to be final or eligible for payment until the report receives written State approval. The State will provide reasonable but limited support to the Contractor for producing deliverables.
- A.3. The Contractor shall deliver a Project Plan and Timeline addressing both the Contractor and State resources and the schedule required for the successful completion of all milestones and associated deliverables detailed within this scope of service.

The Contractor shall complete and provide to the State said Project Plan and Timeline no later than May 23, 2011.

- A.4. The Contractor shall review and develop a proposal to recommend needed changes to and how to consolidate procurement statutes, rules, policies and procedures to accomplish Best Practices in public procurement.
- a. The Contractor shall perform a review of the current procurement and contracting statutes, rules, policies and procedures develop a proposal to consolidate the current procurement and contracting statutes, rules, policies and procedures for goods and services that achieves the following:
- (1) central procurement process with opportunities for strategic sourcing; and a central contract management process;
 - (2) central grant management process that assist agencies in identifying grant opportunities and provides for a central database of information regarding grant recipients and sub-recipients for monitoring purposes;
 - (3) central performance and quality assurance process that assist agencies in identifying risk areas and recommending contract performance and management best practices;
 - (4) central bidder relations management process to include a central bidder registration database and program for conducting business with the state, which provides bidders and vendors with training and assistance with technical matters,

- procurement notification, contract and grant awards and conducting business with the state; and
 - (5) central process for the disposal of goods.
 - (6) conduct training for the state procurement office and agency procurement staff to promote procurement excellence, either independently or in cooperation with other state governments, municipalities or other units of local government, or other persons that foster professional development and certification. Training conducted shall:
 - (i) prescribe professional and accountability standards and guidelines for procurement, contract, grant, performance and quality assurance management personnel;
 - (ii) conduct or participate in procurement education and training programs;
 - (iii) conduct research into existing and new methods of procurement;
 - (iv) create and maintain an electronic library of education and training courses and technical reference resources.
 - b. The Contractor shall report any identified risks and the potential level of severity of such risks associated with the changes from current to the proposed. The Contractor shall recommend mitigation and/or resolution strategies to manage and/or eliminate the identified risks.
 - c. The Contractor shall provide comparative data to support recommendations
 - d. The Contractor, in its proposal shall recommend necessary changes to the State's procurement and contracting statutes, rules, and policies and procedures that would be necessary in order for the State to be able to use Best Practices in public procurement.
 - e. The Contractor shall complete and provide to the State all deliverables required by this contract section A.4., no later than July 1, 2011.
- A.5. The Contractor shall review and propose an organizational structure, job descriptions, duties and functions, and a plan to transition.
- a. Review current organizational structure for the central and agency functions that are involved in the following processes: procurement, contract management, grant management, performance and quality assurance, bidder relations management, disposal of goods. Develop and recommend a proposed organizational structure for the central functions, provide job classifications, salary ranges and grade level recommendations with comparable data to other public sector entities with associated required training and experience that implements best practices for central and agency functions and a transition plan by date that achieves the following:
 - (1) Central procurement process with opportunities for strategic sourcing; and a central contract management process;
 - (2) Central grant management process that assist agencies in identifying grant opportunities and provides for a central database of information regarding grant recipients and sub-recipients for monitoring purposes;
 - (3) Central performance and quality assurance process that assist agencies in identifying risk areas and recommending contract performance and management best practices;
 - (4) Central bidder relations management process to include a central bidder registration database and program for conducting business with the state, which provides bidders and vendors with training and assistance with technical matters, procurement notification, contract and grant awards and conducting business with the state; and
 - (5) Central process for the disposal of goods.
 - (6) Conduct training for the state procurement office and agency procurement staff to promote procurement excellence, either independently or in cooperation with other state governments, municipalities or other units of local government, or

other persons that foster professional development and certification. Training conducted shall:

- (i) prescribe professional and accountability standards and guidelines for procurement, contract, grant, performance and quality assurance management personnel;
 - (ii) conduct or participate in procurement education and training programs;
 - (iii) conduct research into existing and new methods of procurement;
 - (iv) create and maintain an electronic library of education and training courses and technical reference resources.
 - b. The Contractor shall report any identified risks and the potential level of severity of such risks associated with the changes from current to the proposed. The Contractor shall recommend mitigation and/or resolution strategies to manage and/or eliminate the identified risks.
 - c. The Contractor shall provide comparative data to support recommendations.
 - d. The Contractor shall complete and provide to the State all deliverables required by this contract section A.5., no later than September 1, 2011.
- A.6. The Contractor shall produce a draft Request for Proposals (aka, RFP) to procure services for spend analysis and strategic sourcing initiatives.
- a. The Contractor shall draft a request for proposal to competitively procure services to identify spend analysis and strategic sourcing initiatives, training course development, savings methodologies, agency procurement and contract management strategies that incorporate best practices.
 - b. The Contractor shall report any identified risks and the potential level of severity of such risks associated with the changes from current to the proposed. The Contractor shall recommend mitigation and/or resolution strategies to manage and/or eliminate the identified risks.
 - c. The Contractor shall provide comparative data to support recommendations.
 - d. The Contractor shall complete and provide to the State all deliverables required by this contract section A.6., no later than December 1, 2011.
- A.7 The Contractor shall review current contracts with high strategic and operational relevance to Tennessee. Identify improvement opportunities in pricing, procurement process and vendor accountability for the top 12 strategically relevant contracts, including both commodities and services, that would potentially generate the maximum value and savings.
- a. The Contractor shall report any identified risks and the potential level of severity of such risks associated with the changes from current to the proposed. The Contractor shall recommend mitigation and/or resolution strategies to manage and/or eliminate the identified risks.
 - b. The Contractor shall provide comparative data to support recommendations.
 - c. The Contractor shall complete and provide to the State all deliverables required by this contract section A.7., no later than August 1, 2011.
- A.8. The Contractor shall locate sufficient staff at a State office site in Nashville, Tennessee, subject to the State's approval, for the duration of the project.
- a. The State shall provide office space, meeting room space, and phone service to the Contractor. The State shall also provide connectivity to the State's network and access to printers upon each member signing the State's Acceptable Use Policy.

- b. All work performed on the State's premises shall be completed during the State's standard business hours (8:00 a.m. to 4:30 p.m.) unless otherwise agreed to in advance by the State.
 - c. The State may also request that Contractor personnel travel away from the official station of Nashville, Tennessee to perform project-related tasks. (Reference Section C.4.)
- A.9. The State may, at its sole discretion and with written notice to the Contractor, request changes in the scope of services that are necessary but were inadvertently unspecified in the scope of services of this Contract.
- a. Memorandum of Understanding— After receipt of a written request for additional services from the State, the Contractor shall respond to the State, within a maximum of ten (10) business days, with a written proposal for completing the service. Said proposal must specify:
 - (1) the effect, if any, of implementing the requested change(s) on all other services required under this Contract;
 - (2) the specific effort involved in completing the change(s);
 - (3) the expected schedule for completing the change(s);
 - (4) the maximum number of person hours required for the change(s); and
 - (5) the maximum cost for the change(s)— this maximum cost shall in no instance exceed the product of the person hours required multiplied by the appropriate payment rate proposed for such work.

The Contractor shall not perform any additional service until the State has approved the proposal. If approved, the State will sign the proposal, and it shall constitute a Memorandum of Understanding (MOU) between the Contract Parties pertaining to the specified change(s) and shall be incorporated, hereby, as a part of this Contract.
 - b. MOU Performance— Subsequent to State approval of an MOU, the Contractor shall complete the required services. The State will be the sole judge of the acceptable completion of work and, upon such determination, shall provide the Contractor written approval.
 - c. MOU Remuneration— The State will remunerate the Contractor only for acceptable work. All acceptable work performed pursuant to an approved MOU, without a formal amendment of this contract, shall be remunerated in accordance with and further limited by contract section C.3.c., PROVIDED THAT, the State shall be liable to the Contractor only for the cost of the actual person hours worked to complete the necessary work, not to exceed the maximum cost for the change detailed in the MOU. In no instance shall the State be liable to the Contractor for the cost of any person hours worked in excess of the maximum person hours indicated in or of any amount exceeding the maximum cost specified by the approved MOU authorizing the service. Upon State approval of the work, the Contractor shall invoice the State in accordance with the relevant provisions of this Contract.
- A.10. The State reserves the right to refuse, at its sole discretion and notwithstanding any prior approval, any Contractor personnel (or the personnel of any subcontractor) providing service in the performance of this Contract.

B. CONTRACT PERIOD:

- B.1. This Contract shall be effective for the period beginning May 9, 2011, and ending on May 8, 2012. The Contractor hereby acknowledges and affirms that the State shall have no obligation for

services rendered by the Contractor which were not performed within this specified contract 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 such an extension of the contract term is effected prior to the current, contract expiration date by means of a contract amendment. If a term extension necessitates additional funding beyond that which was included in the original Contract, an increase of the State's maximum liability will also be effected through contract amendment, and shall be based upon payment rates provided 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 Three Hundred Ninety-three Thousand, Eight Hundred Seven Dollars even (\$393,807). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor 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.

- C.2. Compensation Firm. The payment 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 payment 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.
- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in section A.
 - b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	Amount (per compensable increment)
Project Plan and Timeline addressing both the Contractor and State resources and the schedule required for the successful completion of all milestones and associated deliverables detailed within this scope of service (refer to contract section A.3.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$11,534.00
Detailed, comprehensive proposal to consolidate procurement statutes, rules, policies and procedures (refer to contract section A.4.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$58,058.00
Organizational structure and job classifications proposal with a date specific transition plan (refer to contract section A.5.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$108,711.00

Draft Request for Proposal to procure services for spend analysis and strategic sourcing initiatives (refer to contract section A.6.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$67,615.00
Report on Top Twelve (12) Contract Review (as required in contract sections A.7.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$122,126.00

- c. The Contractor shall be compensated for changes requested and performed pursuant to Contract Section A.9., without a formal amendment of this contract based upon the payment rates detailed in the schedule below and as agreed pursuant to said Section A.9., PROVIDED THAT compensation to the Contractor for such "change order" work shall not exceed SEVEN PERCENT (7%) of the contract maximum liability. If, at any point during the Contract period, the State determines that the cost of necessary "change order" work would exceed said maximum amount, the State may amend this Contract to address the need.

Service Description	Amount (per compensable increment)
Consulting Service or Procurement Consolidation Support (only compensable for work that is <u>NOT</u> required for the performance of any requirement or deliverable specified within contract sections A.1.– A.8.)	\$175.00 per hour
NOTE: The Contractor shall not be compensated for travel time to the primary location of service provision.	

- C.4. Travel Compensation. The Contractor shall NOT be compensated for travel expenses of any type except in the event that the state specifically requests the Contractor to travel from, Nashville, Tennessee, the primary location of service delivery to a location outside Davidson County, Tennessee and documents approval for said travel relating to and required by a contract service deliverable.

In which case, compensation to the Contractor shall be limited to the necessary and actual cost of transportation, meals, or lodging expenses from and back to the primary location of service delivery, and shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time. The Contractor must include (in addition to other invoice requirements of this Contract) a complete itemization of travel compensation requested in accordance with and attaching to the invoice appropriate documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations."

- C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in section C.3, above, and present said invoices no more often than monthly, with all necessary supporting documentation, to:

Department of General Services
Office of Financial Management
665 Mainstream Drive
Nashville, Tennessee 37243

- a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).
- (1) Invoice Number (assigned by the Contractor)
 - (2) Invoice Date
 - (3) Contract Number (assigned by the State)
 - (4) Customer Account Name: Department of General Services

- (5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
- (6) Contractor Name
- (7) Contractor Federal Employer Identification, Social Security, or Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
- (8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
- (9) Contractor Remittance Address
- (10) Description of Delivered Service
- (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name & title as applicable) of each service invoiced
 - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
 - iv. Amount Due by Service
 - v. Total Amount Due for the invoice period

b. The Contractor understands and agrees that an invoice under this Contract shall:

- (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
- (2) only be submitted for completed service and shall not include any charge for future work;
- (3) not include sales tax or shipping charges; and
- (4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.

C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount invoiced.

C.7. 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.8. 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.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.

- a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, 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).
- b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
- 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 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, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). 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.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six months has been, an employee of the State of Tennessee.

- 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 handicap or 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. Prohibition of Illegal Immigrants. The requirements of *Tennessee Code Annotated*, Section 12-4-124, *et seq.*, 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 1, 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 *Tennessee Code Annotated*, Section 12-4-124, *et seq.* 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.
- D.9. Records. The Contractor shall maintain documentation for all charges 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.10. 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.*
- D.11. 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.12. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

- D.13. 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.14. 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.15. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.16. 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, natural disasters, riots, wars, epidemics, or any other similar cause.
- D.17. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.18. 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.19. 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.20. 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.21. 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 certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be

addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Mike Perry, Assistant Commissioner
Department of General Services
William R. Snodgrass Tennessee Tower, 24th Floor
312 Rosa L. Parks Avenue
Nashville, Tennessee 37243
Telephone # 615-741-3625
E-Mail: mike.perry@tn.gov

The Contractor:

Reiko Osaki, President & CEO
Ikaso Consulting, LLC
1776 Sacramento St., Suite 407
San Francisco, CA 94109
rosaki@ikasoconsulting.com
Telephone) 415-734-6858
Fax) 415-520-2662

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

- 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. 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, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.
- E.5. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.
- a. The Contractor shall maintain, at minimum, the following insurance coverage:
- (1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars (\$1,000,000) per occurrence for employers' liability whichever is greater.

- (2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.
 - (3) Automobile Coverage (including owned, leased, hired, and non-owned vehicles) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence. Such coverage shall be acquired for specific situations in which Contractor representatives are required to operate a vehicle, and proof of insurance shall be provided to the State.
- b. At any time State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.

E.6. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

E.7. State Ownership of Work Products. The State shall have ownership, right, title, and interest, including ownership of copyright, in all work products, including computer source code, created, designed, developed, derived, documented, installed, or delivered under this Contract subject to the next subsection and full and final payment for each "Work Product." The State shall have royalty-free and unlimited rights and license to use, disclose, reproduce, publish, distribute, modify, maintain, or create derivative works from, for any purpose whatsoever, all said Work Products.

- a. To the extent that the Contractor uses any of its pre-existing, proprietary or independently developed tools, materials or information ("Contractor Materials"), the Contractor shall retain all right, title and interest in and to such Contractor Materials, and the State shall acquire no right, title or interest in or to such Contractor Materials EXCEPT the Contractor grants to the State an unlimited, non-transferable license to use, copy and distribute internally, solely for the State's internal purposes, any Contractor Materials reasonably associated with any Work Product provided under the Contract.

- b. The Contractor shall furnish such information and data as the State may request, including but not limited to computer code, that is applicable, essential, fundamental, or intrinsic to any Work Product and Contractor Materials reasonably associated with any Work Product, in accordance with this Contract and applicable state law.
 - c. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.
 - d. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.
- E.8. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.
- E.9. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below.
- a. this Contract document with any attachments or exhibits (excluding the items listed at subsections b. through e., below);
 - b. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
 - c. the State solicitation, as may be amended, requesting proposals in competition for this Contract;
 - d. any technical specifications provided to proposers during the procurement process to award this Contract;
 - e. the Contractor's proposal seeking this Contract.
- E.10. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's Offer responding to Solicitation 32101-20111 (in particular, the Contractor's Qualifications Evidence) resulting in this Contract.
- The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such reports shall be provided to the state of Tennessee Governor's Office of Diversity Business Enterprise in form and substance as required by said office.
- E.11. Limitation of Liability. The parties agree that the Contractor's liability under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in section C.1. and as may be amended, PROVIDED THAT in no event shall this section limit the liability of the Contractor for intentional torts, criminal acts, or fraudulent conduct.
- E.12. 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.13. Disclosure of Personal Identity Information. The Contractor shall report to the State any instances of unauthorized disclosure of confidential information that come to the attention of the Contractor. Any such report shall be made by the Contractor within twenty-four (24) hours after the instance has come to the attention of the Contractor. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals that are deemed to be part of a potential disclosure. The Contractor shall bear the cost of notification to individuals having personal identity information involved in a potential disclosure event, including individual letters and/or public notice.

IN WITNESS WHEREOF,

IKASO CONSULTING, LLC:



CONTRACTOR SIGNATURE

Reiko Osaki, President & CEO

4/28/2011

DATE

DEPARTMENT OF GENERAL SERVICES:



STEVEN G. CATES, COMMISSIONER

4/28/2011

DATE

DEPARTMENT OF FINANCE & ADMINISTRATION


MARK A. EMKES, COMMISSIONER

4/29/11

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	Edison #26119
CONTRACTOR LEGAL ENTITY NAME:	Ikaso Consulting, LLC
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	26-3192501

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.

Reiko Osaki, President & CEO

PRINTED NAME AND TITLE OF SIGNATORY

4/28/2011

DATE OF ATTESTATION



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

SOLICITATION # 32101-20111

PROFESSIONAL SERVICE SOLICITATION FOR
PROCUREMENT CONSOLIDATION CONSULTING

1. INTRODUCTION

The state intends to award a contract for consulting services to assist the state in implementing Public Chapter 1098 signed into law on June 23, 2010 (copy at Attachment 1). The statute requires the consolidation of the existing centralized functions in two separate departments into one "procurement office" headed by a "chief procurement officer" appointed by the Governor.

The mandated comprehensive restructuring entails significant planning, review, and decision-making with which the state requires extensive support, consultation, experience, and very specific recommendations relating to each of the requirements of the aforementioned law including but not limited to

- a procurement consolidation transition plan and associated timelines, and
- a proposal to consolidate statutes, rules, policy and procedures found at *Tennessee Code Annotated* Title 4, Chapter 56, Title 12, Chapter 3; and Title 12, Chapter 4, toward ensuring the efficient functioning of the new procurement office (*Tennessee Code Annotated* is published via the Internet at: www.michie.com)

as well as a number of additional procurement-related requirements. (It is critical that any potential proposer thoroughly review the aforementioned Public Chapter 1098 and associated statutes in order to understand the scope of requirements under a contract pursuant to this solicitation.)

2. SCOPE OF SERVICE, CONTRACT PERIOD, TERMS AND CONDITIONS

The *Pro Forma* Contract (Attachment 2) represents the contract document that the contractor selected by the state must sign. It specifically details the state's required:

- Scope of Services and Deliverables (section A);
- Contract Period (section B);
- Payment Terms (section C); and
- Terms and Conditions (sections D & E).

3. CONTRACTING SCHEDULE

The state reserves the right, at its sole discretion, to adjust the contracting schedule as necessary. The following table represents the best estimate of the schedule that will be followed.

EVENT	TIME (central time)	DATE
1. State Issues Solicitation		March 24, 2011
2. Offer Deadline	2:00 p.m.	April 14, 2011

3. State Identifies Responsive & Responsible Offers		April 18, 2011
4. State Identifies the Best, Responsive & Responsible Cost Offer		April 20, 2011
5. State Releases Award Notification	2:00 p.m.	April 21, 2011
6. Contract Signing		May 3, 2011
7. Contractor Signature Deadline	2:00 p.m.	May 4, 2011
The state reserves the right, at its sole discretion, to amend or cancel this solicitation at any time.		

4. RESPONSE REQUIREMENTS

An Offer in response to this solicitation must consist of two parts, *Qualifications Evidence* (including any supporting documentation) and *Cost Offer*, exactly as specified below.

- 4.1. **Qualifications Evidence.** The Qualification Evidence and supporting documentation must detail responses or provide documentation as required to address each of the following requirements (of the potential contractor or potential contractor's employees as applicable):
- a. Detail the name, e-mail address, mailing address, telephone number, and facsimile number of the contact person regarding the offer.
 - b. Submit a *Statement of Certifications and Assurances* document (Attachment 3) completed and signed by an individual empowered to bind the Offeror to the provisions of this solicitation and any resulting contract. The document must be signed without exception or qualification.
 - c. Provide a statement (signed by an individual empowered to bind the Offeror to the provisions of this solicitation and any resulting contract), based upon reasonable inquiry, of whether the Offeror or any individual who shall perform work under a contract resulting from this solicitation has a possible conflict of interest (e.g., employment by the State of Tennessee) and, if so, the nature of that conflict.
 - d. Provide documentation that establishes that the Offeror has extensive experience providing the procurement centralization support and consultation specified by the *pro forma* contract scope of service and necessary for the implementation of 2010 Public Chapter 1098 to at least two (2) major public entities (state governments or local governments with procurement expenditures (including grants) exceeding \$1 billion annually).
 - e. Provide two (2) positive, public sector references for the Offeror (in response to the standard *Reference Questionnaire* – Attachment 4). All references must be provided in the form of standard reference questionnaires that have been fully completed by the individual providing the reference as required. The standard reference questionnaire, which must be used and completed as required, is detailed at Attachment 4 to this solicitation. References that are not completed as required will be considered non-responsive and will not be considered.

The Proposer will be solely responsible for obtaining the fully completed reference questionnaires, and for including them within the Offeror's sealed *Qualifications Evidence*. In order to obtain and submit the completed reference questionnaires, as required, follow the process detailed below.

- "Customize" the standard reference questionnaire at RFP Attachment 6.4. by adding the subject Proposer's name, and make exact duplicates for completion by references.

- Send the customized reference questionnaires to each individual chosen to provide a reference along with a new standard #10 envelope.
- Instruct the person that will provide a reference for the Proposer to:
 - complete the reference questionnaire (on the form provided or prepared, completed, and printed using an exact duplicate of the document);
 - sign and date the completed, reference questionnaire;
 - seal the completed, signed, and dated, reference questionnaire within the envelope provided;
 - sign his or her name in ink across the sealed portion of the envelope; and
 - return the sealed envelope containing the completed reference questionnaire directly to the Proposer (the Proposer may wish to give each reference a deadline, such that the Proposer will be able to collect all required references in time to include them within the sealed Technical Proposal).
- Do NOT open the sealed references upon receipt.
- Enclose all sealed reference envelopes within a larger, labeled envelope for inclusion in the Technical Proposal as required.

- f. Provide a statement (signed by an individual empowered to bind the Offeror to the provisions of this solicitation and any resulting contract) of the Offeror's commitment to diversity as represented by its business strategy, business relationships, and workforce—said statement must detail all of the following:
- (1) Offeror's existing programs and procedures designed to encourage and foster commerce with business enterprises owned by minorities, women, persons with a handicap or disability and small business enterprises;
 - (2) Offeror's current contracts with business enterprises owned by minorities, women, persons with a handicap or disability and small business enterprises, including the following information:
 - (i) contractor name and ownership characteristics (*i.e.*, ethnicity, sex, disability)
 - (ii) contractor contact and telephone number;
 - (3) Offeror's estimate of participation, if any, by business enterprises owned by minorities, women, persons with a handicap or disability and small business enterprises in a contract awarded to the Offeror pursuant to this Solicitation, including the following information:
 - (i) descriptions of anticipated contracts
 - (ii) names and ownership characteristics (*i.e.*, ethnicity, sex, disability) of anticipated subcontractors and supply contractors anticipated; and
 - (4) Offeror's total current employees by ethnicity, sex, and handicap or disability.
- g. Provide a resume of the proposed project manager for a contract pursuant to this solicitation that clearly documents at least three (3) years of recent experience leading the development of plans to consolidate organizations and consulting on business processes involving procurement and contracting for large public entities (state governments or local governments with procurement expenditures (including grants) exceeding \$1 billion annually).
- h. Provide a statement of commitment (signed by an individual empowered to bind the Offeror to the provisions of this solicitation and any resulting contract) that the project manager and team members assigned to a contract pursuant to this solicitation will not be reassigned to other work during the contract period without approval by the State.
- i. Provide a statement of Offeror understanding (signed by an individual empowered to bind the Offeror to the provisions of this solicitation and any resulting contract) that the Contractor pursuant to this solicitation shall be deemed ineligible as a contractor (and may not respond to a future solicitation) that will result from the future procurement requirement detailed in the attached *pro forma* contract.

- 4.2. **Cost Offer.** The Cost Offer must be in the form of a completed, exact copy of the *Cost Offer* document (Attachment 5).

NOTICE: The Cost Offer must incorporate ALL costs for services under the contract for the total contract period, and it must record the proposed price of the subject service exactly as required by the Cost Offer document and must NOT record any other rates, amounts, or information.

5. OFFER DELIVERY

No later than the Offer Deadline detailed in contracting schedule above, a potential contractor must deliver to the state ALL documentation required for both the *Qualifications Evidence* and the *Cost Offer* components of an Offer in response to this solicitation.

An Offeror must submit the *Qualifications Evidence* and the *Cost Offer* components in separate sealed packages labeled as follows, respectively.

Solicitation 32101-20111—QUALIFICATIONS EVIDENCE from [OFFEROR NAME]

Solicitation 32101-20111—COST OFFER from [OFFEROR NAME]

The two sealed packages may be enclosed in a larger package for mailing or delivery, provided that the outermost package is clearly labeled:

Solicitation 32101-20111—Sealed Qualifications Evidence and Cost Offer from [OFFEROR NAME]

Each complete Offer in response to this solicitation must be delivered to:

Paul Hauser
 Department of General Services
 William R. Snodgrass Tennessee Tower, 24th Floor
 312 Rosa L. Parks Avenue
 Nashville, Tennessee 37243
 Telephone # 615-253-7980

Responses to this solicitation may not be submitted via e-mail or facsimile transmission.

6. EVALUATION PROCESS

The state will evaluate all *Qualifications Evidence* before associated *Cost Offers*. A team of at least three contracting agency employees will review the *Qualifications Evidence* and any supporting documentation submitted with each offer. For an offer to be acceptable and eligible for contract award, the evaluators must determine that it documents that the Offeror meets minimum qualifications and requirements specified by the solicitation and is, at least, minimally acceptable as a contractor for the subject services. The Solicitation Coordinator will, then, review the *Cost Offer* submitted by each Offeror deemed acceptable for contract award by evaluators to assess whether it complies, without qualification, with solicitation instructions. The Solicitation Coordinator will identify the responsive, responsible *Cost Offer* indicating the lowest cost to the state. The contracting agency will award the contract to the individual or entity making said offer indicating the lowest cost to the state.

7. GENERAL INFORMATION

- 7.1. **Nondiscrimination.** No person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of a contract pursuant to this solicitation or in the employment practices of the contractor on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by federal, Tennessee state constitutional, or statutory law. The contractor pursuant to this solicitation shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

7.2. **Conflict of Interest.** The state shall not consider an offer from, and this solicitation shall not result in a contract with:

- an individual who is, or within the past six months has been, an employee of the State of Tennessee;
- a company, corporation, or any other contracting entity in which an ownership of two percent (2%) or more is held by an individual who is, or within the past six months has been, an employee of the State of Tennessee (this will not apply either to financial interests that have been placed into a “blind trust” arrangement pursuant to which the employee does not have knowledge of the retention or disposition of such interests or to the ownership of publicly traded stocks or bonds where such ownership constitutes less than 2% of the total outstanding amount of the stocks or bonds of the issuing entity); OR,
- a company, corporation, or any other contracting entity which employs an individual who is, or within the past six months has been, an employee of the State of Tennessee in a position that would allow the direct or indirect use or disclosure of information, which was obtained through or in connection with his or her employment and not made available to the general public, for the purpose of furthering the private interest or personal profit of any person.

For these purposes, the state will deem an individual to be an employee of the State of Tennessee until such time as all compensation for salary, termination pay, and annual leave has been paid.

7.3. **Disclosure of Response Contents.** All materials submitted to the state in response to this solicitation become the property of the State of Tennessee. Selection for award does not affect this right. Upon completion of evaluations, indicated by the award notification (refer to the Contracting Schedule), the full contents and associated documents submitted in response to this solicitation will be open for review by the public. By submitting an Offer, a potential contractor acknowledges and accepts that the full contents and associated documents submitted in response to this solicitation will become open to public inspection.

SOLICITATION # 32101-20111
ATTACHMENT 1 — PUBLIC CHAPTER 1098

(following pages)



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

SOLICITATION # 32101-20111 AMENDMENT # 1

PROFESSIONAL SERVICE SOLICITATION FOR
PROCUREMENT CONSOLIDATION CONSULTING

DATE: March 25, 2011

SOLICITATION # 32101-20111 IS AMENDED AS FOLLOWS:

1. This RFP Schedule of Events updates and confirms scheduled RFP dates.

EVENT	TIME (central time)	DATE	UPDATED/ CONFIRMED
1. State Issues Solicitation		March 24, 2011	Confirmed
2. Offer Deadline	2:00 p.m.	April 14, 2011	Confirmed
3. State Identifies Responsive & Responsible Offers		April 18, 2011	Confirmed
4. State Identifies the Best, Responsive & Responsible Cost Offer		April 20, 2011	Confirmed
5. State Releases Award Notification	2:00 p.m.	April 21, 2011	Confirmed
6. Contract Signing		May 3, 2011	Confirmed
7. Contractor Signature Deadline	2:00 p.m.	May 4, 2011	Confirmed

2. Delete RFP section A.9.a., in its entirety, and insert the following in its place (revised or new text is highlighted in yellow):

- a. Memorandum of Understanding— After receipt of a written request for additional services from the State, the Contractor shall respond to the State, within a maximum of ten (10) business days, with a written proposal for completing the service. Said proposal must specify:

3. Delete RFP section C.3.c., in its entirety, and insert the following in its place (revised or new text is highlighted in yellow):

- c. The Contractor shall be compensated for changes requested and performed pursuant to Contract Section A.9., without a formal amendment of this contract based upon the payment rates detailed in the schedule below and as agreed pursuant to said Section A.9., PROVIDED THAT compensation to the Contractor for such "change order" work shall not exceed SEVEN PERCENT (7%) of the sum of milestone payment rates detailed in Section C.3.b., above (which is the total cost for the milestones and associated deliverables set forth in Contract Sections A.3., through A.7.). If, at any point during the Contract period, the State determines that the cost of necessary "change order" work

would exceed said maximum amount, the State may amend this Contract to address the need.

Service Description	Amount (per compensable increment)
Consulting Service or Procurement Consolidation Support (only compensable for work that is <u>NOT</u> required for the performance of any requirement or deliverable specified within contract sections A.1.– A.8.)	\$ Amount per hour
NOTE: The Contractor shall not be compensated for travel time to the primary location of service provision.	



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

SOLICITATION # 32101-20111

PROFESSIONAL SERVICE SOLICITATION FOR
PROCUREMENT CONSOLIDATION CONSULTING

1. INTRODUCTION

The state intends to award a contract for consulting services to assist the state in implementing Public Chapter 1098 signed into law on June 23, 2010 (copy at Attachment 1). The statute requires the consolidation of the existing centralized functions in two separate departments into one "procurement office" headed by a "chief procurement officer" appointed by the Governor.

The mandated comprehensive restructuring entails significant planning, review, and decision-making with which the state requires extensive support, consultation, experience, and very specific recommendations relating to each of the requirements of the aforementioned law including but not limited to

- a procurement consolidation transition plan and associated timelines, and
- a proposal to consolidate statutes, rules, policy and procedures found at *Tennessee Code Annotated* Title 4, Chapter 56, Title 12, Chapter 3; and Title 12, Chapter 4, toward ensuring the efficient functioning of the new procurement office (*Tennessee Code Annotated* is published via the Internet at: www.michie.com)

as well as a number of additional procurement-related requirements. (It is critical that any potential proposer thoroughly review the aforementioned Public Chapter 1098 and associated statutes in order to understand the scope of requirements under a contract pursuant to this solicitation.)

2. SCOPE OF SERVICE, CONTRACT PERIOD, TERMS AND CONDITIONS

The *Pro Forma* Contract (Attachment 2) represents the contract document that the contractor selected by the state must sign. It specifically details the state's required:

- Scope of Services and Deliverables (section A);
- Contract Period (section B);
- Payment Terms (section C); and
- Terms and Conditions (sections D & E).

3. CONTRACTING SCHEDULE

The state reserves the right, at its sole discretion, to adjust the contracting schedule as necessary. The following table represents the best estimate of the schedule that will be followed.

EVENT	TIME (central time)	DATE
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The state reserves the right, at its sole discretion, to amend or cancel this solicitation at any time.		

4. RESPONSE REQUIREMENTS

An Offer in response to this solicitation must consist of two parts, *Qualifications Evidence* (including any supporting documentation) and *Cost Offer*, exactly as specified below.

- 4.1. **Qualifications Evidence.** The Qualification Evidence and supporting documentation must detail responses or provide documentation as required to address each of the following requirements (of the potential contractor or potential contractor's employees as applicable):
- a. Detail the name, e-mail address, mailing address, telephone number, and facsimile number of the contact person regarding the offer.
 - b. Submit a *Statement of Certifications and Assurances* document (Attachment 3) completed and signed by an individual empowered to bind the Offeror to the provisions of this solicitation and any resulting contract. The document must be signed without exception or qualification.
 - c. Provide a statement (signed by an individual empowered to bind the Offeror to the provisions of this solicitation and any resulting contract), based upon reasonable inquiry, of whether the Offeror or any individual who shall perform work under a contract resulting from this solicitation has a possible conflict of interest (e.g., employment by the State of Tennessee) and, if so, the nature of that conflict.
 - d. Provide documentation that establishes that the Offeror has extensive experience providing the procurement centralization support and consultation specified by the *pro forma* contract scope of service and necessary for the implementation of 2010 Public Chapter 1098 to at least two (2) major public entities (state governments or local governments with procurement expenditures (including grants) exceeding \$1 billion annually).
 - e. Provide two (2) positive, public sector references for the Offeror (in response to the standard *Reference Questionnaire* – Attachment 4). All references must be provided in the form of standard reference questionnaires that have been fully completed by the individual providing the reference as required. The standard reference questionnaire, which must be used and completed as required, is detailed at Attachment 4 to this solicitation. References that are not completed as required will be considered non-responsive and will not be considered.

The Proposer will be solely responsible for obtaining the fully completed reference questionnaires, and for including them within the Offeror's sealed *Qualifications Evidence*. In order to obtain and submit the completed reference questionnaires, as required, follow the process detailed below.

- "Customize" the standard reference questionnaire at RFP Attachment 6.4. by adding the subject Proposer's name, and make exact duplicates for completion by references.

- Send the customized reference questionnaires to each individual chosen to provide a reference along with a new standard #10 envelope.
- Instruct the person that will provide a reference for the Proposer to:
 - complete the reference questionnaire (on the form provided or prepared, completed, and printed using an exact duplicate of the document);
 - sign and date the completed, reference questionnaire;
 - seal the completed, signed, and dated, reference questionnaire within the envelope provided;
 - sign his or her name in ink across the sealed portion of the envelope; and
 - return the sealed envelope containing the completed reference questionnaire directly to the Proposer (the Proposer may wish to give each reference a deadline, such that the Proposer will be able to collect all required references in time to include them within the sealed Technical Proposal).
- Do NOT open the sealed references upon receipt.
- Enclose all sealed reference envelopes within a larger, labeled envelope for inclusion in the Technical Proposal as required.

- f. Provide a statement (signed by an individual empowered to bind the Offeror to the provisions of this solicitation and any resulting contract) of the Offeror's commitment to diversity as represented by its business strategy, business relationships, and workforce—said statement must detail all of the following:
- (1) Offeror's existing programs and procedures designed to encourage and foster commerce with business enterprises owned by minorities, women, persons with a handicap or disability and small business enterprises;
 - (2) Offeror's current contracts with business enterprises owned by minorities, women, persons with a handicap or disability and small business enterprises, including the following information:
 - (i) contractor name and ownership characteristics (*i.e.*, ethnicity, sex, disability)
 - (ii) contractor contact and telephone number;
 - (3) Offeror's estimate of participation, if any, by business enterprises owned by minorities, women, persons with a handicap or disability and small business enterprises in a contract awarded to the Offeror pursuant to this Solicitation, including the following information:
 - (i) descriptions of anticipated contracts
 - (ii) names and ownership characteristics (*i.e.*, ethnicity, sex, disability) of anticipated subcontractors and supply contractors anticipated; and
 - (4) Offeror's total current employees by ethnicity, sex, and handicap or disability.
- g. Provide a resume of the proposed project manager for a contract pursuant to this solicitation that clearly documents at least three (3) years of recent experience leading the development of plans to consolidate organizations and consulting on business processes involving procurement and contracting for large public entities (state governments or local governments with procurement expenditures (including grants) exceeding \$1 billion annually).
- h. Provide a statement of commitment (signed by an individual empowered to bind the Offeror to the provisions of this solicitation and any resulting contract) that the project manager and team members assigned to a contract pursuant to this solicitation will not be reassigned to other work during the contract period without approval by the State.
- i. Provide a statement of Offeror understanding (signed by an individual empowered to bind the Offeror to the provisions of this solicitation and any resulting contract) that the Contractor pursuant to this solicitation shall be deemed ineligible as a contractor (and may not respond to a future solicitation) that will result from the future procurement requirement detailed in the attached *pro forma* contract.

- 4.2. **Cost Offer.** The Cost Offer must be in the form of a completed, exact copy of the *Cost Offer* document (Attachment 5).

NOTICE: The Cost Offer must incorporate ALL costs for services under the contract for the total contract period, and it must record the proposed price of the subject service exactly as required by the Cost Offer document and must NOT record any other rates, amounts, or information.

5. OFFER DELIVERY

No later than the Offer Deadline detailed in contracting schedule above, a potential contractor must deliver to the state ALL documentation required for both the *Qualifications Evidence* and the *Cost Offer* components of an Offer in response to this solicitation.

An Offeror must submit the *Qualifications Evidence* and the *Cost Offer* components in separate sealed packages labeled as follows, respectively.

Solicitation 32101-20111—QUALIFICATIONS EVIDENCE from [OFFEROR NAME]

Solicitation 32101-20111—COST OFFER from [OFFEROR NAME]

The two sealed packages may be enclosed in a larger package for mailing or delivery, provided that the outermost package is clearly labeled:

Solicitation 32101-20111—Sealed Qualifications Evidence and Cost Offer from [OFFEROR NAME]

Each complete Offer in response to this solicitation must be delivered to:

Paul Hauser
Department of General Services
William R. Snodgrass Tennessee Tower, 24th Floor
312 Rosa L. Parks Avenue
Nashville, Tennessee 37243
Telephone # 615-253-7980

Responses to this solicitation may not be submitted via e-mail or facsimile transmission.

6. EVALUATION PROCESS

The state will evaluate all *Qualifications Evidence* before associated *Cost Offers*. A team of at least three contracting agency employees will review the *Qualifications Evidence* and any supporting documentation submitted with each offer. For an offer to be acceptable and eligible for contract award, the evaluators must determine that it documents that the Offeror meets minimum qualifications and requirements specified by the solicitation and is, at least, minimally acceptable as a contractor for the subject services. The Solicitation Coordinator will, then, review the *Cost Offer* submitted by each Offeror deemed acceptable for contract award by evaluators to assess whether it complies, without qualification, with solicitation instructions. The Solicitation Coordinator will identify the responsive, responsible *Cost Offer* indicating the lowest cost to the state. The contracting agency will award the contract to the individual or entity making said offer indicating the lowest cost to the state.

7. GENERAL INFORMATION

- 7.1. **Nondiscrimination.** No person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of a contract pursuant to this solicitation or in the employment practices of the contractor on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by federal, Tennessee state constitutional, or statutory law. The contractor pursuant to this solicitation shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

7.2. **Conflict of Interest.** The state shall not consider an offer from, and this solicitation shall not result in a contract with:

- an individual who is, or within the past six months has been, an employee of the State of Tennessee;
- a company, corporation, or any other contracting entity in which an ownership of two percent (2%) or more is held by an individual who is, or within the past six months has been, an employee of the State of Tennessee (this will not apply either to financial interests that have been placed into a “blind trust” arrangement pursuant to which the employee does not have knowledge of the retention or disposition of such interests or to the ownership of publicly traded stocks or bonds where such ownership constitutes less than 2% of the total outstanding amount of the stocks or bonds of the issuing entity); OR,
- a company, corporation, or any other contracting entity which employs an individual who is, or within the past six months has been, an employee of the State of Tennessee in a position that would allow the direct or indirect use or disclosure of information, which was obtained through or in connection with his or her employment and not made available to the general public, for the purpose of furthering the private interest or personal profit of any person.

For these purposes, the state will deem an individual to be an employee of the State of Tennessee until such time as all compensation for salary, termination pay, and annual leave has been paid.

7.3. **Disclosure of Response Contents.** All materials submitted to the state in response to this solicitation become the property of the State of Tennessee. Selection for award does not affect this right. Upon completion of evaluations, indicated by the award notification (refer to the Contracting Schedule), the full contents and associated documents submitted in response to this solicitation will be open for review by the public. By submitting an Offer, a potential contractor acknowledges and accepts that the full contents and associated documents submitted in response to this solicitation will become open to public inspection.

**SOLICITATION # 32101-20111
ATTACHMENT 1 — PUBLIC CHAPTER 1098**

(following pages)

PUBLIC CHAPTER NO. 1098**HOUSE BILL NO. 3353****By Representatives Curtiss, Casada, Moore, McDaniel**

Substituted for: Senate Bill No. 3598

By Senators Ketron, Black, Yager, Overbey, Kelsey and Mr. Speaker Ramsey

AN ACT to amend Tennessee Code Annotated, Title 4 and Title 12, relative to the state procurement commission.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 4, is amended by adding the following as a new chapter:

4-56-101. As used in this chapter, unless the context otherwise requires:

(1) "Bidder" means a legal entity that has properly registered with the state procurement office;

(2) "Commission" means the state procurement commission, which replaces the board of standards within title 12, chapter 3;

(3) "Committee" means the state protest committee, which replaces the board of standards within § 12-3-214 and the review committee within title 12, chapter 4;

(4) "Council" means the advisory council on state procurement;

(5) "Goods" means all property, including, but not limited to, supplies, equipment, materials, printing, and insurance. "Goods" does not include leases, acquisitions and disposals of real property, which are governed under title 4, chapter 15;

(6) "Grant" means any grant awarded to the state or awarded by the state for the furnishing by the state of assistance, whether financial or otherwise, to any person to support a program authorized by law. "Grant" does not include an award with the primary purpose of procuring an end product, whether in the form of supplies, services, or construction, or any contract resulting from such an award;

(7) "Procurement" means buying, purchasing, renting, leasing, or otherwise acquiring any goods or services. It also includes all functions that pertain to the obtaining of any goods or service, including the description of requirements, selection and solicitation of sources,

preparation and award of a contract, and all phases of contract administration;

(8) "Services" means all services and agreements obligating the state, except services for highway and road improvements, which are governed by title 54, and designer and construction services, which are governed under title 4, chapter 15; and

(9) "Vendor" means a legal entity that has been established by the department of finance and administration's division of accounts as a vendor through proper authority for which payment may be made by the state.

§ 4-56-102.

(a)

(1) There is created a procurement commission of three (3) voting members, which shall be ex officio members: the comptroller of the treasury, commissioner of general services and commissioner of finance and administration. The chief procurement officer will serve as a non-voting member.

(2) The governor shall determine who will serve as chair and the commission shall elect from its membership a vice chair and secretary.

(b) The attorney general and reporter shall serve as legal counsel to the commission in accordance with the requirements of § 8-6-301.

§ 4-56-103.

(a) Prior to forwarding proposed rules related to procurement to the attorney general and reporter, all departments shall submit such proposed rules to the commission for the commission's review and comment together with any recommendations for changes to such proposed rules. In addition within thirty (30) days following the appointment of the commission, all departments shall submit existing rules related to procurement to the commission for the commission's review and comment and recommendations for any changes to such rules.

(b)

(1) The commission has the power and authority, except as otherwise provided in this chapter, to review and comment on proposed rules and regulations, policies, standards and procedures to be followed consistent with this chapter and title 12, chapter 3 and title 12, chapter 4, and to make recommendations for changes thereto, governing procurement of goods and services; contracting; agency contract and grant management and

control; training and professional development; and disposal of any and all goods and services by the state.

(2) In addition, the commission is authorized to promulgate necessary rules and regulations in accordance with the uniform administrative procedures act, title 4, chapter 5, to implement the provisions of this chapter.

(c) There is created a state protest committee authorized to act on any protest presented in accordance with title 12, chapter 3 and title 12, chapter 4. The committee shall be comprised of the treasurer, commissioner of finance and administration and the commissioner of general services, or their designee, except that one (1) member shall be the committee member and not the member's designee; provided that no person who has had any direct involvement in the procurement being protested or resulting contract may hear the protest.

(d) The members of the commission and committee shall serve without additional compensation, but shall be entitled to reimbursement for their necessary expenses. All reimbursement for travel expenses shall be in accordance with the comprehensive travel regulations as promulgated by the department of finance and administration and approved by the attorney general and reporter.

(e) The commission shall not exercise authority over the award or administration of any particular contract or grant.

4-56-104.

(a) There is created a procurement office headed by the chief procurement officer in such department as the governor shall designate, after consulting with the comptroller of the treasury, which shall take effect as provided in § 4-56-105(1).

(b) Effective March 31, 2011, the governor shall appoint the chief procurement officer, who shall be a person:

(1) Qualified by training and relevant and recent experience in large scale public procurement of goods and services, establishment of contracts, contract oversight, providing training and contract administration, and demonstrated executive and organizational ability to perform the duties of this office; and

(2) Qualified by training or relevant and recent experience in administering programs to encourage and enhance economic opportunities for small businesses and minority-owned businesses.

(c) The chief procurement officer shall be a full-time public official of the state as an executive service employee appointed by the governor to serve at the pleasure of the governor.

(d)

(1) Necessary personnel in the department of general services involved in the procurement of goods and necessary personnel in the department of finance and administration involved in the procurement of services, as required by the procurement officer, shall be transferred to the procurement office together with the funding for the compensation and benefits for such personnel.

(2) The chief procurement officer is authorized to employ such additional personnel as are necessary to carry out the purposes of this chapter, upon the approval of the governor.

(3) The compensation of employees of the procurement office shall be fixed by the governor.

(e)

(1) All contracts and contract rights and responsibilities, and renewals for such contracts, in existence with the department of general services and the department of finance and administration with respect to the duties transferred by this act shall be preserved and transferred to the procurement office.

(2) Any bidding procedure or negotiations concerning any such procedure which is in the process but not complete shall continue under the purview of the procurement officer.

(3) All documents, books, records, papers or other writings in the possession of the department of general services and the department of finance and administration with respect to the duties transferred by this act shall be transferred to and remain in the custody of the procurement office.

(4) Any rules, regulations, orders, decisions and policies heretofore issued or promulgated by the departments of finance and administration or general services whose functions have been transferred under this act to the procurement office shall remain in full force and effect and shall hereafter be administered and enforced by the procurement officer. To this end, the commission, shall have the authority, consistent with the statutes and regulations pertaining to the programs and functions transferred herein, to modify or rescind orders, rules and regulations, decisions or policies heretofore issued and to adopt, issue or promulgate new orders, rules and regulations, decisions or policies as may be necessary for the administration of the programs or functions herein transferred.

(f) Subject to the provisions of this chapter and other procurement laws under the jurisdiction of the chief procurement office, the chief procurement officer may adopt operational procedures governing the internal functions of the procurement office.

4-56-105. The chief procurement officer has the power and duty to:

(1) Effective July 1, 2011, establish a single public internet procurement web site that includes how to do business with the state; registration for bidders; posting of all procurements in process and related status to award; and a database of established contracts by state agencies, departments and institutions;

(2) Effective October 1, 2011, develop a transition plan that provides for the implementation by date and action to consolidate the procurement and contracting for goods, services and grants; disposal of any all goods and services by the state; to include employee job classifications for the state procurement office and agency procurement functions that include development and training plans and other plans as prescribed and approved by the commission;

(3) Develop and propose to the general assembly any changes required to consolidate statutes, and develop proposed rules and regulations, policies, standards and procedures to be followed as set forth in this chapter and title 12, chapter 3 and title 12, chapter 4 approved by the commission that:

(A) Establishes a central procurement process with opportunities for strategic sourcing; and establishes a central contract management process;

(B) Establishes a central grant management process that will assist agencies in identifying grant opportunities and provides for a central database of information regarding grant recipients and sub-recipients for monitoring purposes;

(C) Establishes a central performance and quality assurance process that assist agencies in identifying risk areas and recommending contract performance and management best practices;

(D) Establishes a central bidder relations management process to include a central bidder registration database and program for conducting business with the state, which provides bidders and vendors with training and assistance with technical matters, procurement notification, contract and grant awards and conducting business with the state; and

(E) Establishes a central process for the disposal of goods.

(4) Develop and conduct training for the state procurement office and agency procurement staff to promote procurement excellence, either independently or in cooperation with other state governments, municipalities or other units of local government, or other persons that fosters professional development and certification. In conducting this training, the chief procurement officer shall:

(A) Prescribe professional and accountability standards and guidelines for procurement, contract, grant, performance and quality assurance management personnel;

(B) Conduct or participate in procurement education and training programs;

(C) Conduct research into existing and new methods of procurement; and

(D) Establish and maintain an electronic library of education and training courses and technical reference resources.

(5) Delegate authority with the approval of the comptroller of the treasury to designees or to any department, agency, or official as prescribed in rules, regulations, standards, and policies approved by the commission; and

(6) Establish and maintain agenda and minutes of the commission and the council and all actions of both which shall be open to public inspection during regular office hours and chair the council. Except as otherwise indicated, all requirements of this section shall be ready for implementation by the procurement officer by October 1, 2011.

4-56-106.

(a)

(1) There is created an advisory council on state procurement. There shall be five (5) voting members of the council. There shall be seven (7) non-voting members of the council representing the bidder and vendor community and other procurement professionals. All members shall have a demonstrable working knowledge of the state procurement process. In making the appointments to the advisory council, the appointing authorities shall give due consideration to the need for geographic, age, racial, gender and ethnic diversity on the council.

(2)

(A) The five (5) voting members of the council shall consist of two (2) representatives of state agencies appointed by the commissioner of general services, one (1) representative from the department of finance and

administration to be appointed by the commissioner of finance and administration, one (1) representative from the office of the comptroller of the treasury to be appointed by the comptroller of the treasury, and the chief procurement officer who shall serve as chair. The initial appointments by the commissioners shall be made prior to March 1, 2011 but only after such persons are named by the governor elected in November 2010 election. The initial appointment by the comptroller of the treasury shall be made prior to March 1, 2011 but only after the election of the comptroller by the 107th general assembly. Any vacancy shall be filled for the unexpired term by the appointing authority making the initial appointment. The pattern established for initial appointments shall be followed for appointments by the appropriate officials when appointments are to fill expired terms.

(B)

(i) Voting members representing state agencies appointed by the commissioner of general services shall serve a staggered four-year term, beginning March 1, 2011. These voting members of the council shall, upon expiration of the member's term, be eligible for reappointment and shall serve until a successor is appointed.

(ii) The terms shall be staggered so that the terms of only two (2) voting members shall terminate at the same time. The term of one (1) voting member initially appointed by the commissioner of general services and the voting member appointed by the commissioner of finance and administration shall be appointed for a two-year term to begin on March 1, 2011 to expire on February 28, 2013, and the successors shall serve a four-year term to begin on March 1, and expire February 28 of the appropriate year. The term of the other voting member initially appointed by the commissioner of general services shall be appointed for a three-year term to begin on March 1, 2011, to expire on February 28, 2014, and the successor shall serve a four-year term to begin on March 1, and expire February 28 of the appropriate year. The chief procurement officer shall be an ex officio member whose term shall begin March 1, 2011 and the one (1) voting member appointed by the comptroller of the treasury shall be appointed for a four-year term to begin on March 1, 2011, to expire on February 28, 2015. The successor shall

serve a four-year term to begin on March 1, and expire February 28 of the appropriate year.

(C) Proxy voting is prohibited by voting members of the council; provided, however, that in instances where a voting member will be absent from a vote of the council, the member's appointing authority is authorized to appoint an alternate or designee for the vote.

(3)

(A) Except as provided in subdivisions (3)(A)(ii) and (3)(B), the seven (7) nonvoting members shall be selected to serve staggered four-year terms as follows:

(i) The speaker of the house of representatives, the speaker of the senate, and the governor shall each appoint two (2) representatives, with one (1) representative from the bidder/ vendor community and one (1) representative recommended by the National Institute of Government Purchasing. The final advisory non-voting member appointment shall be appointed by the chair of the fiscal review committee. The initial appointments to the council shall be made prior to March 1, 2011 by the speaker of the senate and the speaker of the house of representatives but only after the election of such speakers occurs following the convening of the 107th general assembly, and shall be made prior to March 1, 2011 by the governor but only after the governor takes the oath of office in January 2011. The pattern established for initial appointments shall be followed for appointments by the appropriate officials when appointments are to fill expired terms.

(ii) The non-voting member appointed by the chair of the fiscal review committee shall serve a two-year term, beginning March 1, 2011 until the term expires February 28, 2013. The non-voting member appointed by the chair of fiscal review shall be eligible for reappointment to succeeding two-year terms without limitation; the two-year term of office of successor appointees shall begin March 1 and expire February 28 of the appropriate year.

(iii) The initial appointments of the non-voting members shall be staggered. The speaker of the senate and the speaker of the house of representatives shall each initially appoint one (1)

member for a two-year term to begin March 1, 2011 and expire February 28, 2013, and one (1) member for a three- year term to begin March 1, 2011 and expire February 28, 2014; and the governor shall initially appoint one (1) member for a two-year term to begin March 1, 2011 and expire February 28, 2013, and one (1) member for a three-year term to begin March 1, 2011 and expire February 28, 2014. All subsequent appoints shall be for a four-year term to begin March 1 and expire February 28 of the appropriate year.

(B) Except as provided in subdivision (3)(B)(ii), each non-voting member of the council, upon expiration of the member's term, shall not be eligible for reappointment for two (2) years after the conclusion of that member's term. In no event shall a non-voting member of the council serve more than four (4) consecutive years as a non-voting member of the council. In the event a member resigns or becomes ineligible for service during the member's term, a successor shall be appointed by the appropriate appointing authority to serve the remainder of the term.

(4) No employer shall discriminate in any manner against an employee who serves on the council because of the employee's service on the council. Employees who serve on the council shall not be denied any benefit from their employer because of the employee's service on the council.

(5) Members of the council shall not be paid but may be reimbursed for travel expenses. All reimbursement for travel expenses shall be in accordance with the comprehensive travel regulations promulgated by the department of finance and administration and approved by the attorney general and reporter.

(b) The council shall meet at least twice each year for the discussion of problems and recommendations for improvement of the procurement process or any other matter relevant to procurement as determined by the chief procurement officer.

(c) The council shall review and issue a formal comment approved by the council on procurement policies, standards, guidelines and procedures established by the chief procurement officer prior to being presented for approval by the commission. All reviews and formal comments shall be issued within sixty (60) days of being presented to the council by the chief procurement officer. The formal comments approved by the council shall be provided to the members of the commission, and the officers of the fiscal review committee.

(d) When requested by the chief procurement officer, the council may conduct studies, research, analyses, and make reports and

recommendations with respect to subjects or matters within the authority and duties of the chief procurement officer. The chief procurement officer may appoint advisory groups to assist in specific areas, and with respect to any other matters within the authority of the chief procurement officer.

(e) In performing its responsibilities, the council's role shall be strictly advisory, but it may do any of the following:

(1) Make recommendations to the governor, general assembly, fiscal review committee, commissioner of general services, commissioner of finance and administration, and comptroller of the treasury relating to the enactment or promulgation of laws or rules that affect title 12, chapters 3 and 4 and title 4;

(2) Make recommendations to the commissioner of general services and commissioner of finance and administration regarding the method and form of statistical data collections; and

(3) Monitor the performance of the chief procurement office in the implementation of legislative directives.

(f) The council may develop evaluations, statistical reports and other information from which the general assembly may evaluate the impact of legislative changes to procurement laws.

(g) Whenever any bill is introduced in the general assembly proposing to amend this chapter, to make any change in public procurement or contract law, or to make any change in the law that may have a financial or other substantive impact on the administration of public procurement and contract law, the standing committee to which the bill is referred may refer the bill to the council. The council's review of bills relating to procurement and contract law should include, but not be limited to, bills that propose to amend title 4, chapter 56 and title 12, chapters 3 and 4. All bills referred to the council shall be reported back to the standing committee to which they were assigned as quickly as reasonably possible. Notwithstanding the absence of a report from the council, the standing committee may consider the bill at any time. The chair making the referral shall immediately notify the prime sponsors of the referral and the council shall not review and comment on the proposed legislation until the prime sponsors have been notified. The comments of the council shall describe the potential effects of the proposed legislation on the procurement and contract process and its operations and any other information or suggestions that the council may determine to be helpful for the sponsors, standing committees or general assembly. The comments of the council may include recommendations concerning the proposed legislation. Except for reporting the recommendations for or against passage of proposed legislation and responding to any inquiries made by the members of the general assembly, council staff shall not lobby or advocate for or against passage of proposed legislation.

4-56-107. The comptroller of the treasury is authorized to examine and approve all procurements, contracts, grants and other documents that serve to incur financial obligations against state government. This authority to approve shall be developed in consultation with the chief procurement officer and set forth in procurement and contract policies, standards, rules, regulations, procedures and guidelines approved by the commission.

4-56-108.

(a) All requests of the procuring agency to procure goods or services by negotiation with a single service provider, referred to in this section as a noncompetitive contract, shall be contemporaneously filed with the fiscal review committee of the general assembly, comptroller of the treasury and the chief procurement officer. Such requests shall document the following:

(1) Description of the goods or services to be acquired;

(2) Explanation of the need for or requirement to acquire the goods or services;

(3) Name and address of the proposed contractor's principal owner;

(4) Evidence that the proposed contractor has experience in providing the same or similar goods or services and evidence of the length of time the contractor has provided the same or similar goods or services;

(5) Explanation of whether the goods or services were purchased by the procuring agency in the past, and if so, the method used to purchase the goods or services and the name and address of the contractor;

(6) Description of the procuring agency's efforts to use existing state employees and resources or, in the alternative, to identify reasonable and competitive procurement alternatives, rather than to use non-competitive negotiation;

(7) Justification of why the goods or services should be acquired through non-competitive negotiation; and

(8) Any additional information that the fiscal review committee may direct the procuring agency to provide that will assist the committee in evaluating the contract.

(b)

(1) The following contracts and contract amendments shall be subject to review by the fiscal review committee:

(A) Proposed non-competitive contracts with a term of more than one (1) year or which are renewable by either party that would extend the contract beyond twelve (12) months and which have a cumulative value of not less than two hundred fifty thousand dollars (\$250,000), including all possible renewals;

(B) Any amendment to a contract described in subdivision (b)(1);and

(C) Any amendment to a contract meeting the term and dollar threshold requirements of subdivision (b)(1)(A), regardless of whether the original contract was procured through competitive or non-competitive means, where the amendment does the following:

(i) Increases or decreases funding and extends or shortens the contract term unless the original contract contained a term extension provision and as long as the additional funding does not increase the amount per compensable increment,

(ii) Changes the entity or name of the entity with which the state is contracting; or

(iii) Otherwise changes an original or amended contract in a substantive manner.

(D) Agencies shall initiate consultation with the fiscal review committee staff prior to proceeding with an amendment for review and approval by appropriate state authorities. The fiscal review committee staff shall provide agencies with policies developed by the fiscal review committee regarding such amendments.

(2) The contracts subject to review shall include all contracts of the executive branch that otherwise meet the requirements of subdivision (b)(1), including, but not limited, to contracts of higher education, including the board of regents, the University of Tennessee, and the Tennessee higher education commission. Highway and road improvement contracts reviewed by the department of transportation, contracts reviewed by the state building commission and debt issuance contracts reviewed by the comptroller of the treasury shall not be subject to this review.

(3) The committee, pursuant to its jurisdiction under § 3-7-103(a), is authorized to review any other state contract or contract amendment in accordance with the procedures established in this

section without regard to whether the contract or contract amendment meets the requirements of subdivision (b)(1).

(4) The fiscal review committee shall have twenty (20) business days from receipt of the request as provided in this section to comment on the proposed contract. After this twenty-day period, any such contract authorized by the chief procurement officer may be executed. All other requests to negotiate non-competitive contracts shall be reviewed by the fiscal review committee after approval by the chief procurement officer. With respect to such requests, the fiscal review committee shall be provided the same information to be submitted in accordance with subsection (a). The chair or the chair's designee, after consultation with the comptroller of the treasury, shall have authority to waive the twenty-day period for comment and authorize the chief procurement officer to execute contracts or amendments that are determined to be in the best interests of the state, and to proceed with reporting and comment by the committee at their next scheduled meeting.

(c) If an exception is granted to any request, approved in accordance with subsection (a)(1) or rules promulgated pursuant to § 4-56-103, any such exception shall be filed with the fiscal review committee for their perusal, comment and review.

(d) The procurement office shall file a goods and services contract report quarterly with the fiscal review committee. The report shall list contracts approved in accordance with rules authorized by § 4-56-103(a) during the prior quarter and detail whether each contract procurement was competitive.

(e) Each procuring agency granted a special delegated authority, pursuant to rules authorized by § 4-56-103(a), to establish goods and services contracts shall report to the fiscal review committee a list of all contracts awarded under the delegated authority. The list of contracts awarded shall be filed quarterly and shall include the contractor name, contract period, contract amount, method used to select the contractor, and completion date for a monitoring review, as defined by any applicable policy developed by the chief procurement officer, and any other information the procuring agency wishes to include.

(f) The department of transportation shall report to the fiscal review committee on highway and road improvement contracts it has approved that would otherwise meet the requirements of subdivision (b)(1) within thirty (30) days of approval, including all of the information specified in subsection (a) and any other information the committee deems necessary or helpful. The fiscal review committee shall have the option to conduct a separate hearing on highway and road improvement contracts approved by the department of transportation.

(g) The state building commission shall report to the fiscal review committee on contracts it has approved that would otherwise meet the requirements of subdivision (b)(1) within thirty (30) days of approval, including all of the information specified in subsection (a) and any other information the committee deems necessary or helpful. The committee shall have the option to conduct a separate hearing on contracts approved by the building commission.

4-56-109.

(a) The provisions of this chapter supplement, but shall not supersede other provisions of law.

(b)

(1) No public officer or employee who is involved in making or administering a contract on behalf of a public agency may derive a direct benefit from the contract except as provided in this section, or as otherwise allowed by law.

(2) No public employee having official responsibility for a procurement transaction shall participate in that transaction on behalf of the public body when the employee knows that:

(A) The employee is contemporaneously employed by a bidder, offeror contractor involved in the procurement transaction;

(B) The employee, the employee's spouse, or any member of the employee's immediate family holds a position with a bidder, offeror contractor such as an officer, director, trustee, partner or the like, or is employed in a capacity involving personal and substantial participation in the procurement transaction, or owns or controls an interest of more than five percent (5%);

(C) The employee, the employee's spouse, or any member of the employee's immediate family has a pecuniary interest arising from the procurement transaction; or

(D) The employee, the employee's spouse, or any member of the employee's immediate family is negotiating, or has an arrangement concerning, prospective employment with a bidder, offeror or contractor.

(3) A public officer or employee who will derive a direct benefit from a contract with the public agency the officer or employee serves, but who is not involved in making or administering the contract, shall not attempt to influence any other person who is involved in making or administering the contract.

(4) No public officer or employee may solicit or receive any gift, reward, or promise of reward in exchange for recommending, influencing, or attempting to influence the award of a contract by the public agency the officer or employee serves.

(5) As used in this section, "immediate family" means a spouse or minor child living in the household.

4-56 -110

(a) It is an offense for a public employee or former public employee having official responsibility for procurement transactions to accept employment with any bidder, offeror or contractor with whom the employee or former employee dealt in an official capacity concerning procurement transactions for a period of one (1) year from the cessation of employment by the public body unless the employee or former employee provides written notification to the public body, or a public official if designated by the public body, or both, prior to commencement of employment by that bidder, offeror or contractor.

(b) It is an offense for any person who, for compensation, prepares an invitation to bid or request for proposal for or on behalf of a public body to

(1) Submit a bid or proposal for that procurement or any portion thereof or;

(2) Disclose to any bidder or offeror information concerning the procurement that is not available to the public. However, a public body may permit such person to submit a bid or proposal for that procurement or any portion thereof if the public body determines that the exclusion of the person would limit the number of potential qualified bidders or offerors in a manner contrary to the best interests of the public body.

(c)

(1) It is an offense for a contractor or subcontractor to demand or receive from any of the contractor or subcontractor's suppliers or for a contractor to demand or receive from the contractor's subcontractors, as an inducement for the award of a subcontract or order, any payment, loan, subscription, advance, deposit of money, services or anything, present or promised, unless consideration of substantially equal or greater value is exchanged.

(2) It is an offense for a subcontractor or supplier to make or offer to make any payment, loan, subscription, advance, deposit of money, services or anything, present or promised,

unless consideration of substantially equal or greater value is exchanged.

(3) It is an offense for any person to demand or receive any payment, loan, subscription, advance, deposit of money, services or anything of value in return for an agreement not to compete on a public contract.

(4) If a contractor, subcontractor, supplier or any person violates any provision of this subsection (c), the amount thereof shall be conclusively presumed to have been included in the price of the contract, subcontract or order and ultimately borne by the public body and shall be recoverable from both the maker and recipient. Recovery from one offending party shall not preclude recovery from other offending parties.

(d) A violation of this section is a Class A misdemeanor.

(e) A contract entered into in violation of this section on or after the effective date of this act is void. A contract that is otherwise void under this section may continue in effect until an alternative can be arranged when:

(1) Immediate termination would result in harm to the public health or welfare; and

(2) The continuation is approved by the commission.

Approval of continuation of contracts under this subsection shall be given for the minimum period necessary to protect the public health or welfare. The chief procurement officer and the comptroller of the treasury shall be notified immediately upon a determination that a contract violates this section.

(f) For purposes of this section:

(1) As used in this section, the term "public officer" means an individual who is elected or appointed to serve or represent a public agency, other than an employee or independent contractor of a public agency.

(2) A public officer or employee is involved in administering a contract if he or she oversees the performance of the contract or has authority to make decisions regarding the contract or to interpret the contract.

(3) A public officer or employee is involved in making a contract if such officer or employee participates in the development of specifications or terms or in the preparation or award of the contract. A public officer is also involved in making a contract if the board, commission, or other body of which such

officer is a member takes action on the contract, whether or not the public officer actually participates in that action, unless the contract is approved under an exception to this section under which the public officer is allowed to benefit and is prohibited from voting.

(4) A public officer or employee derives a direct benefit from a contract if the person or his or her spouse:

(A) Has more than a ten percent (10%) ownership or other interest in an entity that is a party to the contract;

(B) Derives any income or commission directly from the contract; or

(C) Acquires property under the contract.

(5) A public officer or employee is not involved in making or administering a contract solely because of the performance of ministerial duties related to the contract.

SECTION 2. Tennessee Code Annotated, Title 12, Chapter 3, is amended by changing all references to "the board of standards" to "the procurement commission", except in § 12-3-214, where all references to the "board of standards" shall be changed to "protest committee"; and by changing all references in Title 12, Chapter 3 to "the commissioner of general services" to "the chief procurement officer".

SECTION 3. Tennessee Code Annotated, Title 12, Chapter 4, is amended by changing all references to "the review committee" to "protest committee"; and is further amended by changing all references to the "commissioner of finance and administration" to "the chief procurement officer".

SECTION 4. The Tennessee Code Commission is directed to transfer the current language in § 12-4-109(a)(1)(G) through (J) to § 4-56-106, effective October 1, 2011, to be designated accordingly.

SECTION 5. Tennessee Code Annotated, Section 4-29-233, is amended by adding the following language as new, appropriately designated subdivisions:

() State procurement commission, created by § 4-56-102;

() State protest committee, created by § 4-56-103;

() Advisory council on state procurement, created by § 4-56-106;

SECTION 6. Except as otherwise specified in this act, this act shall take effect October 1, 2011, the public welfare requiring it.

PASSED: June 3, 2010



KENT WILLIAMS, SPEAKER
HOUSE OF REPRESENTATIVES



RON RAMSEY
SPEAKER OF THE SENATE

APPROVED this 23rd day of June 2010



PHIL BREDESEN, GOVERNOR

SOLICITATION # 32101-20111
ATTACHMENT 2 — PRO FORMA CONTRACT

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF GENERAL SERVICES
AND
CONTRACTOR NAME

This Contract, by and between the State of Tennessee, Department of General Services, hereinafter referred to as the "State" and **Contractor Legal Entity Name**, hereinafter referred to as the "Contractor," is for the provision of Public Procurement Consolidation Consulting, as further defined in the "SCOPE OF SERVICES."

The Contractor is **a/an Individual, For-Profit Corporation, Non-Profit Corporation, Special Purpose Corporation Or Association, Partnership, Joint Venture, Or Limited Liability Company**.
Contractor Federal Employer Identification, Social Security, or Edison Registration ID # **Number**
Contractor Place of Incorporation or Organization: **Location**

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.
- A.2. The Contractor shall provide consulting services to assist with the comprehensive restructuring planning, review, and decision-making necessary to consolidate and improve processes for the States procurement of goods and services. The Contractor shall provide all deliverables to the Commissioner of Finance and Administration, Commissioner of General Services and Chief Procurement Officer for approval. Approval of all deliverables shall be at the sole discretion of the state and will be provided in writing. The State is the sole judge of any deliverables acceptability. When the deliverable is acceptable, the State will document this in writing. The Contractor shall not rely on any verbal commitment from the State regarding deliverable acceptability. The State will not consider any report to be final or eligible for payment until the report receives written State approval. The State will provide reasonable but limited support to the Contractor for producing deliverables.
- A.3. The Contractor shall deliver a Project Plan and Timeline addressing both the Contractor and State resources and the schedule required for the successful completion of all milestones and associated deliverables detailed within this scope of service.

The Contractor shall complete and provide to the State said Project Plan and Timeline no later than May 23, 2011.

- A.4. The Contractor shall review and develop a proposal to recommend needed changes to and how to consolidate procurement statutes, rules, policies and procedures to accomplish Best Practices in public procurement.
- a. The Contractor shall perform a review of the current procurement and contracting statutes, rules, policies and procedures develop a proposal to consolidate the current procurement and contracting statutes, rules, policies and procedures for goods and services that achieves the following:
- (1) central procurement process with opportunities for strategic sourcing; and a central contract management process;
 - (2) central grant management process that assist agencies in identifying grant opportunities and provides for a central database of information regarding grant recipients and sub-recipients for monitoring purposes;

- (3) central performance and quality assurance process that assist agencies in identifying risk areas and recommending contract performance and management best practices;
 - (4) central bidder relations management process to include a central bidder registration database and program for conducting business with the state, which provides bidders and vendors with training and assistance with technical matters, procurement notification, contract and grant awards and conducting business with the state; and
 - (5) central process for the disposal of goods.
 - (6) conduct training for the state procurement office and agency procurement staff to promote procurement excellence, either independently or in cooperation with other state governments, municipalities or other units of local government, or other persons that foster professional development and certification. Training conducted shall:
 - (i) prescribe professional and accountability standards and guidelines for procurement, contract, grant, performance and quality assurance management personnel;
 - (ii) conduct or participate in procurement education and training programs;
 - (iii) conduct research into existing and new methods of procurement;
 - (iv) create and maintain an electronic library of education and training courses and technical reference resources.
- b. The Contractor shall report any identified risks and the potential level of severity of such risks associated with the changes from current to the proposed. The Contractor shall recommend mitigation and/or resolution strategies to manage and/or eliminate the identified risks.
 - c. The Contractor shall provide comparative data to support recommendations
 - d. The Contractor, in its proposal shall recommend necessary changes to the State's procurement and contracting statutes, rules, and policies and procedures that would be necessary in order for the State to be able to use Best Practices in public procurement.
 - e. The Contractor shall complete and provide to the State all deliverables required by this contract section A.4., no later than July 1, 2011.
- A.5. The Contractor shall review and propose an organizational structure, job descriptions, duties and functions, and a plan to transition.
- a. Review current organizational structure for the central and agency functions that are involved in the following processes: procurement, contract management, grant management, performance and quality assurance, bidder relations management, disposal of goods. Develop and recommend a proposed organizational structure for the central functions, provide job classifications, salary ranges and grade level recommendations with comparable data to other public sector entities with associated required training and experience that implements best practices for central and agency functions and a transition plan by date that achieves the following:
 - (1) Central procurement process with opportunities for strategic sourcing; and a central contract management process;
 - (2) Central grant management process that assist agencies in identifying grant opportunities and provides for a central database of information regarding grant recipients and sub-recipients for monitoring purposes;
 - (3) Central performance and quality assurance process that assist agencies in identifying risk areas and recommending contract performance and management best practices;
 - (4) Central bidder relations management process to include a central bidder registration database and program for conducting business with the state, which

provides bidders and vendors with training and assistance with technical matters, procurement notification, contract and grant awards and conducting business with the state; and

- (5) Central process for the disposal of goods.
- (6) Conduct training for the state procurement office and agency procurement staff to promote procurement excellence, either independently or in cooperation with other state governments, municipalities or other units of local government, or other persons that foster professional development and certification. Training conducted shall:
 - (i) prescribe professional and accountability standards and guidelines for procurement, contract, grant, performance and quality assurance management personnel;
 - (ii) conduct or participate in procurement education and training programs;
 - (iii) conduct research into existing and new methods of procurement;
 - (iv) create and maintain an electronic library of education and training courses and technical reference resources.

- b. The Contractor shall report any identified risks and the potential level of severity of such risks associated with the changes from current to the proposed. The Contractor shall recommend mitigation and/or resolution strategies to manage and/or eliminate the identified risks.
 - c. The Contractor shall provide comparative data to support recommendations.
 - d. The Contractor shall complete and provide to the State all deliverables required by this contract section A.5., no later than September 1, 2011.
- A.6. The Contractor shall produce a draft Request for Proposals (aka, RFP) to procure services for spend analysis and strategic sourcing initiatives.
- a. The Contractor shall draft a request for proposal to competitively procure services to identify spend analysis and strategic sourcing initiatives, training course development, savings methodologies, agency procurement and contract management strategies that incorporate best practices.
 - b. The Contractor shall report any identified risks and the potential level of severity of such risks associated with the changes from current to the proposed. The Contractor shall recommend mitigation and/or resolution strategies to manage and/or eliminate the identified risks.
 - c. The Contractor shall provide comparative data to support recommendations.
 - d. The Contractor shall complete and provide to the State all deliverables required by this contract section A.6., no later than December 1, 2011.
- A.7 The Contractor shall review current contracts with high strategic and operational relevance to Tennessee. Identify improvement opportunities in pricing, procurement process and vendor accountability for the top 12 strategically relevant contracts, both commodities and services, that would generate the maximum value and savings.
- a. The Contractor shall report any identified risks and the potential level of severity of such risks associated with the changes from current to the proposed. The Contractor shall recommend mitigation and/or resolution strategies to manage and/or eliminate the identified risks.
 - b. The Contractor shall provide comparative data to support recommendations.

- c. The Contractor shall complete and provide to the State all deliverables required by this contract section A.7., no later than August 1, 2011.
- A.8. The Contractor shall locate sufficient staff at a State office site in Nashville, Tennessee, subject to the State's approval, for the duration of the project.
- a. The State shall provide office space, meeting room space, and phone service to the Contractor. The State shall also provide connectivity to the State's network and access to printers upon each member signing the State's Acceptable Use Policy.
 - b. All work performed on the State's premises shall be completed during the State's standard business hours (8:00 a.m. to 4:30 p.m.) unless otherwise agreed to in advance by the State.
 - c. The State may also request that Contractor personnel travel away from the official station of Nashville, Tennessee to perform project-related tasks. (Reference Section C.4.)
- A.9. The State may, at its sole discretion and with written notice to the Contractor, request changes in the scope of services that are necessary but were inadvertently unspecified in the scope of services of this Contract.
- a. Memorandum of Understanding— After receipt of a written request for additional from the State, the Contractor shall respond to the State, within a maximum of ten (10) business days, with a written proposal for completing the service. Said proposal must specify:
 - (1) the effect, if any, of implementing the requested change(s) on all other services required under this Contract;
 - (2) the specific effort involved in completing the change(s);
 - (3) the expected schedule for completing the change(s);
 - (4) the maximum number of person hours required for the change(s); and
 - (5) the maximum cost for the change(s)— this maximum cost shall in no instance exceed the product of the person hours required multiplied by the appropriate payment rate proposed for such work.

The Contractor shall not perform any additional service until the State has approved the proposal. If approved, the State will sign the proposal, and it shall constitute a Memorandum of Understanding (MOU) between the Contract Parties pertaining to the specified change(s) and shall be incorporated, hereby, as a part of this Contract.
 - b. MOU Performance— Subsequent to State approval of an MOU, the Contractor shall complete the required services. The State will be the sole judge of the acceptable completion of work and, upon such determination, shall provide the Contractor written approval.
 - c. MOU Remuneration— The State will remunerate the Contractor only for acceptable work. All acceptable work performed pursuant to an approved MOU, without a formal amendment of this contract, shall be remunerated in accordance with and further limited by contract section C.3.c., PROVIDED THAT, the State shall be liable to the Contractor only for the cost of the actual person hours worked to complete the necessary work, not to exceed the maximum cost for the change detailed in the MOU. In no instance shall the State be liable to the Contractor for the cost of any person hours worked in excess of the maximum person hours indicated in or of any amount exceeding the maximum cost specified by the approved MOU authorizing the service. Upon State approval of the work, the Contractor shall invoice the State in accordance with the relevant provisions of this Contract.

A.10. The State reserves the right to refuse, at its sole discretion and notwithstanding any prior approval, any Contractor personnel (or the personnel of any subcontractor) providing service in the performance of this Contract.

B. CONTRACT PERIOD:

B.1. This Contract shall be effective for the period beginning May 9, 2011, and ending on May 8, 2012. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract 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 such an extension of the contract term is effected prior to the current, contract expiration date by means of a contract amendment. If a term extension necessitates additional funding beyond that which was included in the original Contract, an increase of the State's maximum liability will also be effected through contract amendment, and shall be based upon payment rates provided 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 **Written Dollar Amount (\$Number)**. The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor 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.

C.2. Compensation Firm. The payment 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 payment 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.

a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in section A.

b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	Amount (per compensable increment)
Project Plan and Timeline addressing both the Contractor and State resources and the schedule required for the successful completion of all milestones and associated deliverables detailed within this scope of service (refer to contract section A.3.). This milestone shall be compensable	\$ Amount

only upon State acceptance of all aspects of the subject deliverable(s).	
Detailed, comprehensive proposal to consolidate procurement statutes, rules, policies and procedures (refer to contract section A.4.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$ Amount
Organizational structure and job classifications proposal with a date specific transition plan (refer to contract section A.5.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$ Amount
Draft Request for Proposal to procure services for spend analysis and strategic sourcing initiatives (refer to contract section A.6.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$ Amount
Report on Top Twelve (12) Contract Review (as required in contract sections A.7.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$ Amount

- c. The Contractor shall be compensated for changes requested and performed pursuant to Contract Section A.9., without a formal amendment of this contract based upon the payment rates detailed in the schedule below and as agreed pursuant to said Section A.9., PROVIDED THAT compensation to the Contractor for such "change order" work shall not exceed SEVEN PERCENT (7%) of the contract maximum liability. If, at any point during the Contract period, the State determines that the cost of necessary "change order" work would exceed said maximum amount, the State may amend this Contract to address the need.

Service Description	Amount (per compensable increment)
Consulting Service or Procurement Consolidation Support (only compensable for work that is <u>NOT</u> required for the performance of any requirement or deliverable specified within contract sections A.1.– A.8.)	\$ Amount per hour
NOTE: The Contractor shall not be compensated for travel time to the primary location of service provision.	

- C.4. Travel Compensation. The Contractor shall NOT be compensated for travel expenses of any type except in the event that the state specifically requests the Contractor to travel from, Nashville, Tennessee, the primary location of service delivery to a location outside Davidson County, Tennessee and documents approval for said travel relating to and required by a contract service deliverable.

In which case, compensation to the Contractor shall be limited to the necessary and actual cost of transportation, meals, or lodging expenses from and back to the primary location of service delivery, and shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time. The Contractor must include (in addition to other invoice requirements of this Contract) a complete itemization of travel compensation requested in accordance with and attaching to the invoice appropriate documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations."

- C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in section C.3, above, and present said invoices no more often than monthly, with all necessary supporting documentation, to:

Department of General Services
Office of Financial Management
665 Mainstream Drive
Nashville, Tennessee 37243

- a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).
- (1) Invoice Number (assigned by the Contractor)
 - (2) Invoice Date
 - (3) Contract Number (assigned by the State)
 - (4) Customer Account Name: Department of General Services
 - (5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
 - (6) Contractor Name
 - (7) Contractor Federal Employer Identification, Social Security, or Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
 - (8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
 - (9) Contractor Remittance Address
 - (10) Description of Delivered Service
 - (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name & title as applicable) of each service invoiced
 - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
 - iv. Amount Due by Service
 - v. Total Amount Due for the invoice period
- b. The Contractor understands and agrees that an invoice under this Contract shall:
- (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
 - (2) only be submitted for completed service and shall not include any charge for future work;
 - (3) not include sales tax or shipping charges; and
 - (4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.

- C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount invoiced.

- C.7. 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.8. 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.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.
- a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, 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).
 - b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.
- D. STANDARD TERMS AND CONDITIONS:**
- D.1. Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
- 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 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, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). 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.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six months has been, an employee of the State of Tennessee.

- 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 handicap or 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. Prohibition of Illegal Immigrants. The requirements of *Tennessee Code Annotated*, Section 12-4-124, *et seq.*, 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 1, 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 *Tennessee Code Annotated*, Section 12-4-124, *et seq.* 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.

- D.9. Records. The Contractor shall maintain documentation for all charges 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.10. 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.*.
- D.11. 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.12. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.13. 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.14. 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.15. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.16. 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, natural disasters, riots, wars, epidemics, or any other similar cause.
- D.17. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.18. 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.19. 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.20. 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.21. 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 certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Mike Perry, Assistant Commissioner
Department of General Services
William R. Snodgrass Tennessee Tower, 24th Floor
312 Rosa L. Parks Avenue
Nashville, Tennessee 37243
Telephone # 615-741-3625
E-Mail: Mike.Perry@tn.gov

The Contractor:

Contractor Contact Name & Title
Contractor Name
Address
Email Address
Telephone # Number
FAX # Number

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

- 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. 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, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.
- E.5. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.
- a. The Contractor shall maintain, at minimum, the following insurance coverage:
- (1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars (\$1,000,000) per occurrence for employers' liability whichever is greater.
 - (2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.
 - (3) Automobile Coverage (including owned, leased, hired, and non-owned vehicles) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence.
- b. At any time State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.
- E.6. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.7. State Ownership of Work Products. The State shall have ownership, right, title, and interest, including ownership of copyright, in all work products, including computer source code, created, designed, developed, derived, documented, installed, or delivered under this Contract subject to the next subsection and full and final payment for each "Work Product." The State shall have royalty-free and unlimited rights and license to use, disclose, reproduce, publish, distribute, modify, maintain, or create derivative works from, for any purpose whatsoever, all said Work Products.
- a. To the extent that the Contractor uses any of its pre-existing, proprietary or independently developed tools, materials or information ("Contractor Materials"), the Contractor shall retain all right, title and interest in and to such Contractor Materials, and the State shall acquire no right, title or interest in or to such Contractor Materials EXCEPT the Contractor grants to the State an unlimited, non-transferable license to use, copy and distribute internally, solely for the State's internal purposes, any Contractor Materials reasonably associated with any Work Product provided under the Contract.
 - b. The Contractor shall furnish such information and data as the State may request, including but not limited to computer code, that is applicable, essential, fundamental, or intrinsic to any Work Product and Contractor Materials reasonably associated with any Work Product, in accordance with this Contract and applicable state law.
 - c. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.
 - d. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.
- E.8. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.
- E.9. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below.
- a. this Contract document with any attachments or exhibits (excluding the items listed at subsections b. through e., below);
 - b. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
 - c. the State solicitation, as may be amended, requesting proposals in competition for this Contract;
 - d. any technical specifications provided to proposers during the procurement process to award this Contract;
 - e. the Contractor's proposal seeking this Contract.

E.10. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's Offer responding to Solicitation 32101-20111 (in particular, the Contractor's Qualifications Evidence) resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such reports shall be provided to the state of Tennessee Governor's Office of Diversity Business Enterprise in form and substance as required by said office.

E.11. Limitation of Liability. The parties agree that the Contractor's liability under this Contract shall be limited to an amount equal to Written Number ≥ 2 (Number) times the Maximum Liability amount detailed in section C.1. and as may be amended, PROVIDED THAT in no event shall this section limit the liability of the Contractor for intentional torts, criminal acts, or fraudulent conduct.

E.12. 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.13. Disclosure of Personal Identity Information. The Contractor shall report to the State any instances of unauthorized disclosure of confidential information that come to the attention of the Contractor. Any such report shall be made by the Contractor within twenty-four (24) hours after the instance has come to the attention of the Contractor. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals that are deemed to be part of a potential disclosure. The Contractor shall bear the cost of notification to individuals having personal identity information involved in a potential disclosure event, including individual letters and/or public notice.

IN WITNESS WHEREOF,

CONTRACTOR LEGAL ENTITY NAME:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF GENERAL SERVICES:

STEVEN G. CATES, COMMISSIONER

DATE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	

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

SOLICITATION # 32101-20111

ATTACHMENT 3 — STATEMENT OF CERTIFICATIONS AND ASSURANCES

The Offeror does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:

1. The Offeror will provide all services as defined in the of the solicitation's *pro forma* contract scope of services for the total contract period.
2. The Offeror accepts and agrees to all terms and conditions set out in the solicitation's *pro forma* contract.
3. The Offeror acknowledges and agrees that a contract resulting from the solicitation may incorporate, by reference, all information provided in response to the solicitation as a part of the contract.
4. The Offeror will comply with:
 - (a) the laws of the State of Tennessee;
 - (b) Title VI of the federal Civil Rights Act of 1964;
 - (c) Title IX of the federal Education Amendments Act of 1972;
 - (d) the Equal Employment Opportunity Act and the regulations issued there under by the federal government; and,
 - (e) the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government.
5. To the knowledge of the undersigned, the information detailed within the information submitted in response to the solicitation is accurate.
6. The information submitted in response to the solicitation was independently prepared, without collusion, under penalty of perjury.
7. No 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 Offeror in connection with the solicitation or any resulting contract.

By signing this Statement of Certifications and Assurances, below, the signatory also certifies legal authority to bind the Offeror to any contract awarded pursuant to the solicitation. If the signatory is not the Offeror (if an individual) or the Offeror's President or Chief Executive Officer, this document must attach evidence showing the individual's authority to bind the Offeror.

DO NOT SIGN THIS DOCUMENT IF YOU ARE NOT LEGALLY AUTHORIZED TO BIND THE INDIVIDUAL OR ENTITY MAKING AN OFFER IN RESPONSE TO THE SUBJECT SOLICITATION

OFFEROR SIGNATURE:

PRINTED NAME & TITLE:

DATE:

OFFEROR LEGAL ENTITY NAME:

OFFEROR FEDERAL EMPLOYER IDENTIFICATION NUMBER (or SSN):

SOLICITATION # 32101-20111
ATTACHMENT 4 – Reference Questionnaire

(following pages)

**SOLICITATION # 32101-20111
REFERENCE QUESTIONNAIRE**

REFERENCE SUBJECT: OFFEROR NAME (completed by Offeror before reference is requested)

The "reference subject" specified above, intends to submit an Offer to the State of Tennessee in response to SOLICITATION # 32101-20111. As a part of such Offer, the reference subject must include a number of completed and sealed reference questionnaires (using this form).

Each individual responding to this reference questionnaire is asked to follow these instructions:

- complete this questionnaire (either using the form provided or an exact duplicate of this document);
- sign and date the completed questionnaire;
- seal the completed, signed, and dated questionnaire in a new standard #10 envelope;
- sign in ink across the sealed portion of the envelope; and
- return the sealed envelope containing the completed questionnaire directly to the reference subject.

(1) What is the name of the individual, company, organization, or entity responding to this reference questionnaire?

(2) Please provide the following information about the individual completing this reference questionnaire on behalf of the above-named individual, company, organization, or entity.

NAME:	
TITLE:	
TELEPHONE #	
E-MAIL ADDRESS:	

(3) What services does /did the reference subject provide to your company or organization?

(4) What is the level of your overall satisfaction with the reference subject as a vendor of the services described above?

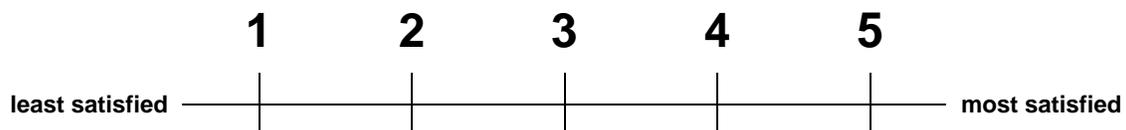
Please respond by circling the appropriate number on the scale below.

	1	2	3	4	5	
least satisfied						most satisfied

If you circled 3 or less above, what could the reference subject have done to improve that rating?

- (5) If the services that the reference subject provided to your company or organization are completed, were the services completed in compliance with the terms of the contract, on time, and within budget? If not, please explain.
- (6) If the reference subject is still providing services to your company or organization, are these services being provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.
- (7) How satisfied are you with the reference subject's ability to perform based on your expectations and according to the contractual arrangements?
- (8) In what areas of service delivery does /did the reference subject excel?
- (9) In what areas of service delivery does /did the reference subject fall short?
- (10) What is the level of your satisfaction with the reference subject's project management structures, processes, and personnel?

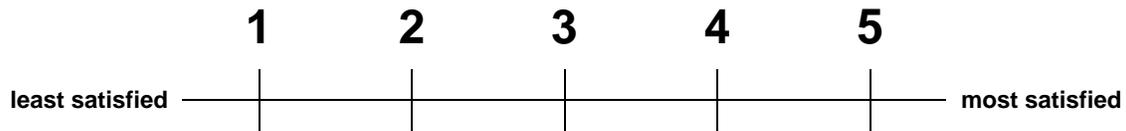
Please respond by circling the appropriate number on the scale below.



What, if any, comments do you have regarding the score selected above?

- (11) Considering the staff assigned by the reference subject to deliver the services described in response to question 3 above, how satisfied are you with the technical abilities, professionalism, and interpersonal skills of the individuals assigned?

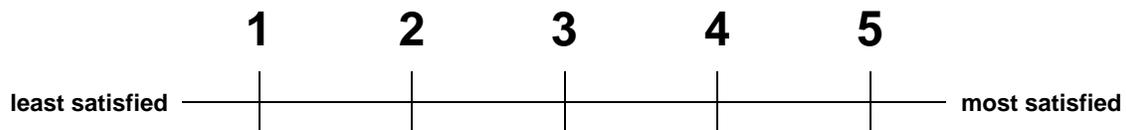
Please respond by circling the appropriate number on the scale below.



What, if any, comments do you have regarding the score selected above?

- (12) Would you contract again with the reference subject for the same or similar services?

Please respond by circling the appropriate number on the scale below.



What, if any, comments do you have regarding the score selected above?

REFERENCE SIGNATURE:

(by the individual completing this request for reference information)

(must be the same as the signature across the envelope seal)

DATE:

SOLICITATION # 32101-20111
ATTACHMENT 5 — COST OFFER

NOTICE: This Cost Offer MUST be completed EXACTLY as required.

The Cost Offer, detailed below, shall indicate the proposed price for providing all services as defined in the *Pro Forma Contract Scope of Services* for the total contract period.

OFFEROR SIGNATURE:	
PRINTED NAME & TITLE:	
DATE:	
OFFEROR LEGAL ENTITY NAME:	

NOTE: This document must be signed, in the space above, by an individual empowered to bind the Offeror to the provisions of any contract awarded pursuant to this solicitation.

Cost Item Description	Offered Cost	<i>State Use Only</i>	
		Evaluation Factor	Evaluation Cost (cost x factor)
Project Plan and Timeline addressing both the Contractor and State resources and the schedule required for the successful completion of all milestones and associated deliverables detailed within this scope of service (refer to contract section A.3.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$ _____ upon completion and acceptance	1	
Detailed, comprehensive proposal to consolidate procurement statutes, rules, policies and procedures (refer to contract section A.4.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$ _____ upon completion and acceptance	1	
Organizational structure and job classifications proposal with a date specific transition plan (refer to contract section A.5.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).	\$ _____ upon completion and acceptance	1	

Cost Item Description	Offered Cost	State Use Only	
		Evaluation Factor	Evaluation Cost (cost x factor)
<p>Draft Request for Proposal to procure services for spend analysis and strategic sourcing initiatives (refer to contract section A.6.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).</p>	<p>\$ _____ upon completion and acceptance</p>	1	
<p>Report on Top Twelve (12) Contract Review (as required in contract sections A.7.). This milestone shall be compensable only upon State acceptance of all aspects of the subject deliverable(s).</p>	<p>\$ _____ upon completion and acceptance</p>	1	
<p>Consulting Service or Procurement Consolidation Support (refer to contract section A.9.)</p> <p>NOTE: This shall apply <u>ONLY</u> to any work that is <u>NOT</u> required for the performance of any requirement or deliverable specified within contract sections A.1., through A.8.</p>	<p>\$ _____ per hour</p>	200	
EVALUATION COST AMOUNT (sum of evaluation costs above):.			