

**CONTRACT #8**  
**RFS # 343.39-02211**  
**FA # 11-33396**  
**Edison # 22299**

**Department of Health**

**VENDOR:**  
**HealthSpace USA, Inc.**



**STATE OF TENNESSEE**  
**DEPARTMENT OF HEALTH**

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JOHN J. DREYZEHNER, MD, MPH  
COMMISSIONER

BILL HASLAM  
GOVERNOR

April 29, 2013

Lucian Geise, Director  
Fiscal Review Committee  
320 Sixth Avenue North, 8<sup>th</sup> Floor  
Nashville, TN 37243

and

Jessica Robertson, Chief Procurement Officer  
Central Procurement Office  
William R. Snodgrass  
Tennessee Tower, 3rd Floor  
312 Rosa L. Parks Avenue  
Nashville, TN 37243-1102

Dear Director Geise and Ms. Robertson:

This request is for approval to execute a contract amendment with HealthSpace USA, Inc. (RFS # 34339-02211; Edison # 22299) for computer services for the Department of Health's statewide environmental health data management, tracking, billing, and permitting system. The original two-year contract ended June 28, 2012; the contract contains provisions for three, one-year extensions. The department exercised the first extension last year; that extension will expire on June 28, 2013.

The Department of Health has been working with Iron Data, LLC in the development of a new computer data management system to provide services for environmental health. Development of the new system is a component of an existing contract the Department of Health entered into with Iron Data, LLC in March 2011. The environmental health portion of the development began in April 2012 and was expected to "go live" in August 2012. However, coordinating the development of the environmental health portion of the new system with portions being developed for another section of the Department of Health has taken longer than originally planned; the new "go live" date is now late June 2013. In order to have no gap in data collection, billing, and permitting, it is essential for the Department of Health to maintain the system provided by HealthSpace USA, Inc. until such time that the Iron Data, LLC system is developed, tested, and online. Since the new "go live" date is so close to the expiration of the current contract extension, the Department of Health is requesting a six-month extension with HealthSpace USA, Inc. in

Lucian Geise, Director and

~~Mark Emkes, Commissioner~~

April 29, 2013

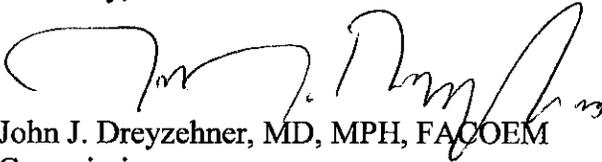
Page Two

Jessica Robertson, Chief Procurement  
Officer

order to be able to continue operations should any further delays arise. Once the new system is performing adequately, the Department of Health will reevaluate the necessity of maintaining the contract with HealthSpace USA, Inc.; by terms of the contract, the Department of Health can terminate the contract without cause with thirty (30) days notice.

We appreciate your consideration of our request for approval to proceed with this non-competitive contract amendment request. Thank you.

Sincerely,



John J. Dreyzehner, MD, MPH, FACOEM  
Commissioner

Supplemental Documentation Required for  
Fiscal Review Committee

*Contact Name:	Hugh Atkins	*Contact Phone:	(615) 741-7206		
*Original Contract Number:	FA1132849	*Original RFS Number:	34339-02211		
Edison Contract Number: <i>(if applicable)</i>	22299	Edison RFS Number: <i>(if applicable)</i>			
*Original Contract Begin Date:	August 1, 2010	*Current End Date:	June 28, 2013		
Current Request Amendment Number: <i>(if applicable)</i>	2				
Proposed Amendment Effective Date: <i>(if applicable)</i>	July 1, 2013				
*Department Submitting:	Department of Health				
*Division:	General Environmental Health				
*Date Submitted:	April 30, 2013				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	Healthspace USA, Inc.				
*Current Maximum Liability:	\$373,130.00				
<b>*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)</b>					
FY:2011	FY:2012	FY:2013	FY:	FY	FY
\$154,730	\$109,200	\$109,200	\$	\$	\$
<b>*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)</b>					
FY:2011	FY:2012	FY:2013	FY:	FY	FY
\$81,930	\$54,600	\$81,900	\$	\$	\$
<b>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</b>			Budget allocation was set based on payment methodology agreed upon in the base contract. In the first year of the contract, System Services were not performed until 7/1/11 resulting in the under expenditure of the contract. These unspent funds did not carry forward and are not available to spend.		
<b>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</b>			N/A		
<b>IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:</b>			N/A		

Supplemental Documentation Required for  
Fiscal Review Committee

<b>*Contract Funding Source/Amount:</b>	<b>State:</b>	\$373,130	<b>Federal:</b>	
<b>Interdepartmental:</b>			<i>Other:</i>	
<b>If "other" please define:</b>				
<b>Dates of All Previous Amendments or Revisions: (if applicable)</b>		<b>Brief Description of Actions in Previous Amendments or Revisions: (if applicable)</b>		
June 1, 2012		Term extension, maximum liability increase		
N/A		N/A		
N/A		N/A		
<b>Method of Original Award: (if applicable)</b>			RFP	
<b>*What were the projected costs of the service for the entire term of the contract prior to contract award?</b>			\$373,130	

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: 2011	FY: 2012	FY: 2013	FY:2014	FY:
Implementation	\$38,220				
Training	\$10,920				
Data Conversion	\$5,490				
System Services	\$9,100/month	\$9,100/month	\$9,100/month	\$9,100/month	

**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:
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

**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:
N/A	N/A	N/A	N/A	N/A	N/A
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A	N/A	N/A	N/A	N/A	N/A
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A	N/A	N/A	N/A	N/A	N/A



# 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.Agsprs@state.tn.us](mailto:Agsprs.Agsprs@state.tn.us)

**APPROVED**

COMMISSIONER OF FINANCE & ADMINISTRATION

<b>Request Tracking #</b>	34339-02211	
<b>1. Procuring Agency</b>	Department of Health	
<b>2. Contractor</b>	HealthSpace USA, Inc.	
<b>3. Contract #</b>	FA1132849	
<b>4. Proposed Amendment #</b>	2	
<b>5. Edison ID #</b>	22299	
<b>6. Contract Begin Date</b>	August 1, 2010	
<b>7. Current Contract End Date</b> – with ALL options to extend exercised	June 28, 2015	
<b>8. Proposed Contract End Date</b> – with ALL options to extend exercised	June 28, 2015	
<b>9. Current Maximum Contract Cost</b> – with ALL options to extend exercised	\$ 591,530	
<b>10. Proposed Maximum Contract Cost</b> – with ALL options to extend exercised	\$ 591,530	
<b>11. Office for Information Resources Endorsement</b> – information technology service (N/A to THDA)	<input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Attached	
<b>12. eHealth Initiative Support</b> – health-related professional, pharmaceutical, laboratory, or imaging	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>13. Human Resources Support</b> – state employee training service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>14. Explanation Need for the Proposed Amendment</b>	<p>An amendment to the approved contract is necessary to extend the contract by one year in order to bridge a gap in services between HealthSpace USA, Inc., and Iron Data, LLC, the company currently developing the new data management system for the Department of Health's statewide environmental Health Programs.</p>	
<b>15. Name &amp; Address of the Contractor's Principal Owner(s)</b> – NOT required for a TN state education institution	<p>HealthSpace USA, Inc., Suite 200, 4860 Cox Road, Glen Allen, VA 23060</p>	

Request Tracking #	34339-02211
<p><b>16. Evidence Contractor's Experience &amp; Length Of Experience Providing the Service</b></p> <p>The Department has had a successful affiliation with HealthSpace USA, Inc., since July 2010. HealthSpace USA, Inc., developed a computer services system for the statewide environmental health programs and has maintained the system adequately for the length of the contract.</p>	
<p><b>17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives</b></p> <p>The original contract with HealthSpace USA, Inc., was entered into after a competitive bid process; the contract term was for two years with provisions for three additional one-year extensions. The requested amendment is for the second of the three, one-year extensions. The Department entered into a separate contract with Iron Data, LLC, in March 2011 after a competitive bid process. Iron Data, LLC, developed a computer services system for Health Licensure and Registration, with the contract calling for the development of a system for statewide environmental health services to begin in April 2012. Therefore, the Department will extend a contract that was established through the competitive procurement process and will eventually have services provided by a company under a separate contract established through the competitive procurement process.</p>	
<p><b>18. Justification</b> – <i>specifically explain why non-competitive negotiation is in the best interest of the state</i></p> <p>The Department of Health is currently working with Iron Data, LLC, in the development of a new computer data management system to provide services for environmental health. Development of the new system is a component of an existing contract the Department of Health entered into with Iron Data, LLC, in March 2011. The environmental health portion of the development began in April 2012 and is expected to "go live" in August 2013. In order to have no gap in data collection, billing, and permitting, it is essential for the Department of Health to maintain the system provided by HealthSpace USA, Inc., until such time that the Iron Data, LLC, system is developed, tested and online. Once the new system is performing adequately, the Department of Health will reevaluate the necessity of maintaining the contract with HealthSpace USA, Inc.; by terms of the contract, the Department of Health can terminate the contract without case with thirty (30) days notice.</p>	
<p><b>Agency Head Signature and Date</b> – <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> <div style="text-align: right; margin-top: 20px;">  <p>3/21/13</p> </div>	



## CONTRACT AMENDMENT

<b>Agency Tracking #</b> 34339-02211	<b>Edison ID</b> 22299	<b>Contract #</b> FA1132849	<b>Amendment #</b> 2		
<b>Contractor Legal Entity Name</b> Healthspace USA, Inc.			<b>Edison Vendor ID</b> 129726		
<b>Amendment Purpose &amp; Effect(s)</b> Extend term and maximum liability of original contract					
<b>Amendment Changes Contract End Date:</b> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		<b>End Date:</b> December 31, 2013			
<b>TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A):</b>			<b>+ \$ 54,600</b>		
<b>Funding —</b>					
<b>FY</b>	<b>State</b>	<b>Federal</b>	<b>Interdepartmental</b>	<b>Other</b>	<b>TOTAL Contract Amount</b>
2011	\$154,730.00				\$154,730.00
2012	\$109,200.00				\$109,200.00
2013	\$109,200.00				\$109,200.00
2014	\$54,600.00				\$54,600.00
<b>TOTAL:</b>	<b>\$427,730.00</b>				<b>\$427,730.00</b>
<b>American Recovery and Reinvestment Act (ARRA) Funding:</b> <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
<b>Budget Officer Confirmation:</b> 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.				<i>OCR USE</i>	
<b>Speed Chart (optional)</b> HL00000225		<b>Account Code (optional)</b> 70899000			

**AMENDMENT TWO  
OF CONTRACT FA1132849**

This Amendment is made and entered by and between the State of Tennessee, Department of Health, hereinafter referred to as the "State" and Healthspace USA, Inc., 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. 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 August 1, 2010, and ending on December 31, 2013. 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.
  
2. 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 Four Hundred Twenty Seven Thousand Seven Hundred Thirty Dollars (\$427,730). 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.

Required Approvals. The State is not bound by this Amendment 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).

Amendment Effective Date. The revisions set forth herein shall be effective July 1, 2013. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

**IN WITNESS WHEREOF,**

**HEALTHSPACE USA, INC.:**

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**SIGNATURE**

**DATE**

---

**PRINTED NAME AND TITLE OF SIGNATORY (above)**

**DEPARTMENT OF HEALTH:**

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**JOHN J. DREYZEHNER, MD, MPH, FACOEM, COMMISSIONER**

**DATE**



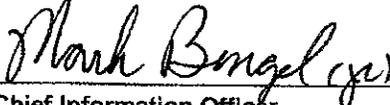
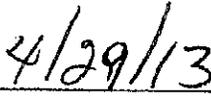
## OIR Pre-Approval Endorsement Request E-Mail Transmittal

**TO :** Jane Chittenden, OIR Procurement & Contract Management Director  
Department of Finance & Administration  
E-mail : [Jane.Chittenden@tn.gov](mailto:Jane.Chittenden@tn.gov)

**FROM :** Carole Sumner, ITSD Contracts Administration  
E-mail : [Carole.Sumner@tn.gov](mailto:Carole.Sumner@tn.gov)

**DATE :** April 29, 2013

**RE :** Request for OIR Pre-Approval Endorsement

<b>Applicable RFS #</b> 34339-02211 Healthspace USA, Amendment #2
<b>OIR Endorsement Signature &amp; Date:</b>
 
Chief Information Officer
<i>NOTE: Proposed contract/grant support is applicable to the subject IT service technical merit.</i>

Office for Information Resources (OIR) pre-approval endorsement appears to be required pursuant to professional service contracting regulations pertaining to procurements with information technology as a component of the scope of service. This request seeks to ensure that OIR is aware of and has an opportunity to review the procurement detailed below and in the attached documents.

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

<b>Contracting Agency</b>	Healthspace USA
<b>Agency Contact</b> (name, phone, e-mail)	Wendy Darden, 741-8534, <a href="mailto:Wendy.Darden@tn.gov">Wendy.Darden@tn.gov</a>
<b>Subject Procurement Document</b> (mark one)	
<input type="checkbox"/> RFP	<input type="checkbox"/> Contract
<input type="checkbox"/> Competitive Negotiation Request	<input checked="" type="checkbox"/> Contract Amendment
<input type="checkbox"/> Alternative Procurement Method Request	<input type="checkbox"/> Grant
<input type="checkbox"/> Non-Competitive Contract Request	<input type="checkbox"/> Grant Amendment
<input type="checkbox"/> Non-Competitive Amendment Request	
<b>Information Systems Plan (ISP) Project Applicability</b>	
<input checked="" type="checkbox"/> Not Applicable to this Request	
<input type="checkbox"/> Applicable- ISP Project#	
<b>Response Confirmed by IT Director/Staff</b> (name): Mike Newman, Health CIO	

**Applicable RFS #** 34339-02211 Healthspace USA, Amendment #2

**Required Attachments** (as applicable – copies with signatures acceptable)

- RFP, Competitive Negotiation Request, Alternative Procurement Method Request, Non-Competitive Contract Request, Non-Competitive Amendment Request
- Original Contract/Grant or Amendment
- Proposed Contract/Grant or Amendment

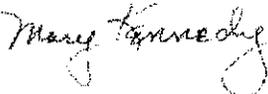
**Subject Information Technology Service Description**

(Brief summary of information technology services involved. Clearly identify included technologies such as system development/maintenance, security, networking, etc. As applicable, identify the contract & solicitation sections related to the IT services.)

This extension will allow for continued use of existing technology for a period not to exceed one year. The system has been developed by the vendor; no further information technology development will be required.

# Contract Approval – Agency Legal Certification

A completed contract routed for Central Procurement Office (CPO) approval via Edison must be accompanied by this Agency Legal Certification form that has been signed and attached in PDF format.

1. Edison Contract ID #	
2. Contracting Agency Name	Department of Health
3. Contractor Name (RFS#)	34339-02211 A2 Healthspace
4. Service Caption	Environmental Health Computer Services
5. Agency Contact (name, phone, e-mail)	Glenda Case (615) 532-7140 glenda.s.case@tn.gov
<p><b>6. Legal Certification</b></p> <p><i>By signing below, the department's legal staff certifies that:</i></p> <ol style="list-style-type: none"> <li>1) the contract as submitted includes only CPO template language (unless the agency has obtained an approved rule exception request);</li> <li>2) the contract is legally sufficient both in form and substance to protect the best interests of the State; and</li> <li>3) the contract does not contravene applicable law.</li> </ol>	
	
Agency Attorney Signature & Date	4/26/13
<p><b>7. (Optional) Alternative to Legal Certification Request</b></p> <p><b>Note:</b> If there are extenuating circumstances and a department's legal staff is unable to certify to a contract in the above manner, you must provide a written explanation with Agency Head signature, in the space provided below. Once the explanation is received by the CPO, instructions will be provided to the department as to what will be needed in order to gain approval of the contract, e.g., providing a Microsoft Word version of the contract, etc. <u>Please keep in mind that this alternative will slow down the approval process and should be the exception, not the rule.</u></p> <p>Justification</p>	
<p>Agency Head Signature &amp; Date – contracting agency head or authorized signatory</p>	



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE  
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8<sup>th</sup> 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

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

MEMORANDUM

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

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

DATE:                 June 7, 2012

SUBJECT:             **Contract Comments**  
                          (Fiscal Review Committee Meeting 6/4/12)

**RFS# 343.39-02211 (Edison # 22299)**

**Department: Health**

**Vendor: Healthspace USA, Inc.**

**Summary: The vendor provides web-based computer services to support the Department's statewide environmental health data management, tracking, billing, and permitting system. The proposed amendment extends the current contract for an additional year through June 28, 2013, and increases the maximum liability by \$109,200.**

**Current maximum liability: \$263,930**

**Proposed maximum liability: \$373,130**

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

cc: The Honorable John Dreyzehner, Commissioner  
     Ms. Jessica Robertson, Chief Procurement Officer



**STATE OF TENNESSEE**  
**DEPARTMENT OF HEALTH**

JOHN J. DREYZEHNER, MD, MPH  
COMMISSIONER

BILL HASLAM  
GOVERNOR

May 15, 2012

Lucian Geise, Director  
Fiscal Review Committee  
320 Sixth Avenue North, 8<sup>th</sup> Floor  
Nashville, TN 37243

and

Mark Emkes, Commissioner  
Department of Finance & Administration  
State Capitol, First Floor  
Nashville, TN 37243-0285

Dear Director Geise and Commissioner Emkes:

This request is for approval to execute a contract amendment with HealthSpace USA, Inc. (RFS # 34339-02211; Edison # 22299) for computer services for the Department of Health's statewide environmental health data management, tracking, billing, and permitting system. The original two-year contract ends June 28, 2012; however, the contract contains provisions for up to three, one-year extensions.

The Department of Health currently is working with Iron Data, LLC in the development of a new computer data management system to provide services for environmental health. Development of the new system is a component of an existing contract the Department of Health entered into with Iron Data, LLC in March 2011. The environmental health portion of the development began in April 2012 and is expected to "go live" in August 2012. In order to have no gap in data collection, billing, and permitting, it is essential for the Department of Health to maintain the system provided by HealthSpace USA, Inc. until such time as the Iron Data, LLC system is developed, tested, and fully functioning online. Once the new system is performing adequately, the Department of Health will reevaluate the necessity of maintaining the contract with HealthSpace USA, Inc. By terms of the contract, the Department of Health can terminate the contract without cause by providing thirty (30) days notice.

We appreciate your consideration of our request for approval to proceed with this non-competitive contract amendment. Thank you.

Sincerely,

John J. Dreyzehner, MD, MPH, FACOEM  
Commissioner

3<sup>rd</sup> Floor, Cordell Hull Building  
425 5<sup>th</sup> Avenue North \* Nashville, TN 37243  
(615) 741-3111 \* [www.tn.gov/health](http://www.tn.gov/health)

Supplemental Documentation Required for  
Fiscal Review Committee

*Contact Name:	Hugh Atkins	*Contact Phone:	(615) 741-7206
*Original Contract Number:	FA1132849	*Original RFS Number:	34339-02211
Edison Contract Number: <i>(if applicable)</i>	22299	Edison RFS Number: <i>(if applicable)</i>	
*Original Contract Begin Date:	August 1, 2010	*Current End Date:	June 28, 2012
Current Request Amendment Number: <i>(if applicable)</i>	1		
Proposed Amendment Effective Date: <i>(if applicable)</i>	June 1, 2012		
*Department Submitting:	Department of Health		
*Division:	General Environmental Health		
*Date Submitted:	<del>June 4, 2012</del> 5-22-12		
*Submitted Within Sixty (60) days:	No		
<i>If not, explain:</i>	General Environment Health submitted the amendment following the standard guidelines for completion. Their unawareness that this would have to be submitted to FRC caused this delay.		
*Contract Vendor Name:	Healthspace USA, Inc.		
*Current Maximum Liability:	\$263,930		
<b>*Current Contract Allocation by Fiscal Year:</b> <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>			
FY:2011	FY:2012	FY:	FY:
\$154,730	\$109,200	\$	\$
<b>*Current Total Expenditures by Fiscal Year of Contract:</b> <i>(attach backup documentation from STARS or FDAS report)</i>			
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\$81,930	\$54,600	\$	\$
<b>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</b>	Budget allocation was set based on payment methodology agreed upon in the base contract. In the first year of the contract, System Services were not performed until 7/1/11 resulting in the under expenditure of the contract. These unspent funds did not carry forward and are not available to spend.		
<b>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</b>	N/A		
<b>IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:</b>	N/A		

Supplemental Documentation Required for  
Fiscal Review Committee

*Contract Funding Source/Amount:	State:	\$263,930	Federal:	
Interdepartmental:			Other:	
If "other" 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>		
N/A		N/A		
N/A		N/A		
N/A		N/A		
Method of Original Award: <i>(if applicable)</i>			RFP	
*What were the projected costs of the service for the entire term of the contract prior to contract award?			\$263,930	

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: 2011	FY: 2012	FY: 2013	FY:	FY:
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Data Conversion	\$5,490				
System Services	\$9,100/month	\$9,100/month	\$9,100/month		

**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:
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

**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:
N/A	N/A	N/A	N/A	N/A	N/A
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A	N/A	N/A	N/A	N/A	N/A
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A	N/A	N/A	N/A	N/A	N/A



**HEALTH SPACE USA, INC.**  
**Expenditures for FY 2012**

Information from Edison (Query Name: TN\_PU\_CN0009)

Contract ID	CO BU	SO ID	Vendor ID	Vendor Name	Country Code	Category Code	Item	Description	Program	EO Receipt Status	Receipt Date	Invoice Date	Amount	Invoice Post Status
<p>March 2012 Invoice is currently in process (as of 3/14/12)</p>													\$54,000.00	
<p><b>Total FY 2012</b></p>													<b>\$54,000.00</b>	

Keep



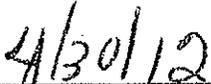
## OIR Pre-Approval Endorsement Request E-Mail Transmittal

**TO :** Jane Chittenden, OIR Procurement & Contract Management Director  
Department of Finance & Administration  
E-mail : [Jane.Chittenden@tn.gov](mailto:Jane.Chittenden@tn.gov)

**FROM :** Carole Sumner  
E-mail : [Carole.Sumner@tn.gov](mailto:Carole.Sumner@tn.gov)

**DATE :** April 27, 2012

**RE :** Request for OIR Pre-Approval Endorsement

<b>Applicable RFS #</b> 34339-02211
<b>OIR Endorsement Signature &amp; Date:</b>
 
Chief Information Officer
<i>NOTE: Proposed contract/grant support is applicable to the subject IT service technical merit.</i>

Office for Information Resources (OIR) pre-approval endorsement appears to be required pursuant to professional service contracting regulations pertaining to procurements with information technology as a component of the scope of service. This request seeks to ensure that OIR is aware of and has an opportunity to review the procurement detailed below and in the attached documents.

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

<b>Contracting Agency</b>	Healthspace USA
<b>Agency Contact</b> (name, phone, e-mail)	Wendy Darden, 741-8534, <a href="mailto:Wendy.Darden@tn.gov">Wendy.Darden@tn.gov</a>
<b>Subject Procurement Document</b> (mark one)	
<input type="checkbox"/> RFP	<input type="checkbox"/> Contract
<input type="checkbox"/> Competitive Negotiation Request	<input checked="" type="checkbox"/> Contract Amendment
<input type="checkbox"/> Alternative Procurement Method Request	<input type="checkbox"/> Grant
<input type="checkbox"/> Non-Competitive Contract Request	<input type="checkbox"/> Grant Amendment
<input type="checkbox"/> Non-Competitive Amendment Request	
<b>Information Systems Plan (ISP) Project Applicability</b>	
<input checked="" type="checkbox"/> Not Applicable to this Request	
<input type="checkbox"/> Applicable-- ISP Project#	
<b>Response Confirmed by IT Director/Staff</b> (name): Mike Newman, Health CIO	

**Applicable RFS # 34339-02211**

**Required Attachments** (as applicable – copies without signatures acceptable)

- RFP, Competitive Negotiation Request, Alternative Procurement Method Request, Non-Competitive Contract Request, Non-Competitive Amendment Request
- Original Contract/Grant or Amendment
- Proposed Contract/Grant or Amendment

**Subject Information Technology Service Description**

(Brief summary of information technology services involved. Clearly identify included technologies such as system development/maintenance, security, networking, etc. As applicable, identify the contract & solicitation sections related to the IT services.)

This extension will allow for continued use of existing technology for a period not to exceed one year. The system has been developed by the vendor; no further information technology development will be required.

# 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: [Agors.Agsprs@state.tn.us](mailto:Agors.Agsprs@state.tn.us)

**APPROVED**

**COMMISSIONER OF FINANCE & ADMINISTRATION**

<b>Request Tracking #</b>	34339-02211	
<b>1. Procuring Agency</b>	Department of Health	
<b>2. Contractor</b>	HealthSpace USA, Inc.	
<b>3. Contract #</b>	FA1132849	
<b>4. Proposed Amendment #</b>	1	
<b>5. Edison ID #</b>	22299	
<b>6. Contract Begin Date</b>	August 1, 2010	
<b>7. Current Contract End Date</b> – with ALL options to extend exercised	June 28, 2015	
<b>8. Proposed Contract End Date</b> – with ALL options to extend exercised	June 28, 2015	
<b>9. Current Maximum Contract Cost</b> – with ALL options to extend exercised	\$ 591,530	
<b>10. Proposed Maximum Contract Cost</b> – with ALL options to extend exercised	\$ 591,530	
<b>11. Office for Information Resources Endorsement</b> – information technology service (N/A to THDA)	<input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Attached	
<b>12. eHealth Initiative Support</b> – health-related professional, pharmaceutical, laboratory, or imaging	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>13. Human Resources Support</b> – state employee training service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>14. Explanation Need for the Proposed Amendment</b>	<p>An amendment to the approved contract is necessary to extend the contract by one year in order to bridge a gap in services between HealthSpace USA, Inc., and Iron Data, LLC, the company currently developing the new data management system for the Department of Health's statewide environmental Health Programs.</p>	
<b>15. Name &amp; Address of the Contractor's Principal Owner(s)</b> – NOT required for a TN state education institution	<p>HealthSpace USA, Inc., Suite 200, 4860 Cox Road, Glen Allen, VA 23060</p>	

Request Tracking #	34339-02211
<p><b>16. Evidence Contractor's Experience &amp; Length Of Experience Providing the Service</b></p> <p>The Department has had a successful affiliation with HealthSpace USA, Inc., since July 2010. HealthSpace USA, Inc., developed a computer services system for the statewide environmental health programs and has maintained the system adequately for the length of the contract.</p>	
<p><b>17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives</b></p> <p>The original contract with HealthSpace USA, Inc., was entered into after a competitive bid process; the contract term was for two years with provisions for three additional one-year extensions. The requested amendment is for the first of the three, one-year extensions. The Department entered into a separate contract with Iron Data, LLC, in March 2011 after a competitive bid process. Iron Data, LLC, developed a computer services system for Health Licensure and Registration, with the contract calling for the development of a system for statewide environmental health services to begin in April 2012. Therefore, the Department will extend a contract that was established through the competitive procurement process and will eventually have services provided by a company under a separate contract established through the competitive procurement process.</p>	
<p><b>18. Justification</b> – <i>specifically explain why non-competitive negotiation is in the best interest of the state</i></p> <p>The Department of Health is currently working with Iron Data, LLC, in the development of a new computer data management system to provide services for environmental health. Development of the new system is a component of an existing contract the Department of Health entered into with Iron Data, LLC, in March 2011. The environmental health portion of the development began in April 2012 and is expected to "go live" in August 2012. In order to have no gap in data collection, billing, and permitting, it is essential for the Department of Health to maintain the system provided by HealthSpace USA, Inc., until such time that the Iron Data, LLC, system is developed, tested and online. Once the new system is performing adequately, the Department of Health will reevaluate the necessity of maintaining the contract with HealthSpace USA, Inc.; by terms of the contract, the Department of Health can terminate the contract without case with thirty (30) days notice.</p>	
<p><b>Agency Head Signature and Date</b> – <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 style="text-align: center;"> 21 May 12</p>	



 <b>CONTRACT AMENDMENT</b>					
Agency Tracking #		Edison ID		Contract #	Amendment #
34339-02211		22299		FA1132849	1
Contractor Legal Entity Name					Edison Vendor ID
Healthspace USA, Inc.					129726
Amendment Purpose & Effect(s)					
Extend term of original contract					
Amendment Changes Contract End Date:				<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	End Date: June 28, 2013
TOTAL Contract Amount INCREASE or DECREASE <u>per this Amendment</u> (zero if N/A):					\$ 109,200
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011	\$154,730.00				\$154,730.00
2012	\$109,200.00				\$109,200.00
2013	\$109,200.00				\$109,200.00
<b>TOTAL:</b>	<b>\$373,130.00</b>				<b>\$373,130.00</b>
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
<b>Budget Officer Confirmation:</b> 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	
				FA1132849-01	
Speed Chart (optional)		Account Code (optional)			
HL00000225		70899000			

8-7-12  
 [Signature]  
 8/7/12



8-7-12

AMENDMENT ONE  
OF GRANT CONTRACT FA1132849

SD/BC  
8-7-12

This Amendment is made and entered by and between the State of Tennessee, Department of Health, hereinafter referred to as the "State" and Healthspace USA, Inc., 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. 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 August 1, 2010, and ending on June 28, 2013. 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.
2. 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 Three Hundred Seventy Three Thousand One Hundred Thirty Dollars (\$373,130). 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.

Required Approvals. The State is not bound by this Amendment 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).

Amendment Effective Date. The revisions set forth herein shall be effective June 29, 2012. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

HEALTHSPACE USA, INC.:

SIGNATURE

June 25, 2012  
DATE



Joseph D. Willmont, President

PRINTED NAME AND TITLE OF SIGNATORY (above)

DEPARTMENT OF HEALTH:

John J. Dreyzehner, MD, MPH/CHW

JOHN J. DREYZEHNER, MD, MPH, FACOEM, COMMISSIONER

6/29/2012

DATE

# BASE CONTRACT



## CONTRACT

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

<b>Agency Tracking #</b> <p style="text-align: center;">34339-02211</p>	<b>Edison ID</b> <p style="text-align: center;">22299</p>
<b>Contractor</b> Healthspace USA, Inc.	<b>Contractor Federal Employer Identification or Social Security #</b> <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 98-0338608

**Service**  
General Environmental Health Computer Services

<b>Contract Begin Date</b> August 1, 2010	<b>Contract End Date</b> June 28, 2012	<b>Subrecipient or Vendor</b> <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	<b>CFDA #(s)</b>
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FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011	154,730				154,730
2012	109,200				109,200
2013					
2014					
2015					
<b>TOTAL:</b>	<b>\$263,930</b>				<b>\$263,930</b>

**American Recovery and Reinvestment Act (ARRA) Funding** -  YES  NO

<div style="text-align: center;"> <p style="font-size: 2em; font-weight: bold; margin: 0;"># FA1132849</p> </div>	<b>Agency Contact &amp; Telephone #</b> Crystal Allen (615) 741-9419  <b>Agency Budget Officer Approval</b> (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)  <div style="text-align: right;"> </div>
<b>Speed Code</b> HL00000225	<b>Account Code</b> 70899000

**Contractor Ownership/Control**

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

**Contractor Selection Method**

<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation *	<input type="checkbox"/> Alternative Competitive Method *
<input type="checkbox"/> Non-Competitive Negotiation *	<input type="checkbox"/> Other *	

**\*Procurement Process Summary**  
RFP process



# CONTRACT

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

Agency Tracking # <b>34339-02211</b>	Edison ID
Contractor Healthspace USA, Inc.	Contractor Federal Employer identification or Social Security # <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 98-0338608

Service  
General Environmental Health Computer Services

Contract Begin Date August 1, 2010	Contract End Date June 28, 2012	Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #(s)
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FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011	154,730				154,730
2012	109,200				109,200
2013					
2014					
2015					
<b>TOTAL:</b>	<b>\$263,930</b>				<b>\$263,930</b>

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

OCR USE FA	Agency Contact & Telephone # Crystal Allen (615) 741-9419
	Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
	Speed Code HL00000225
	Account Code 70899000

Contractor Ownership/Control

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

Contractor Selection Method

RFP   
 Competitive Negotiation \*   
 Alternative Competitive Method \*  
 Non-Competitive Negotiation \*   
 Other \*

\*Procurement Process Summary  
RFP process

**CONTRACT  
BETWEEN THE STATE OF TENNESSEE,  
DEPARTMENT OF HEALTH  
AND  
HEALTHSPACE USA, INC.**

This Contract, by and between the State of Tennessee, Department of Health, hereinafter referred to as the "State" and Healthspace USA, Inc., hereinafter referred to as the "Contractor," is for the provision of computer services to support licensure and regulatory activities of the State's General Environmental Health Section, as further defined in the "SCOPE OF SERVICES."

The Contractor is a for profit corporation.

Contractor Federal Employer Identification or Social Security Number: 98-0338608

Contractor Place of Incorporation or Organization: Virginia

**A. SCOPE OF SERVICES:**

A.1. The Contractor shall provide all service and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.

A.2. The System

- a. The Contractor shall provide web based computer services to the State using computer software (the "System") to support the licensure and regulation activities of the State's General Environmental Health Section.
- b. The Contractor's System shall allow State users to connect to the System through use of Internet browser software, providing authentication information as required by the System, and interacting with the System as specified in System documentation provided by Contractor. The Contractor's System shall not allow User credentials to be passed in clear text.
- c. The Contractor's System shall afford the State's users access to the System at various levels of security or data access based upon the characteristics of the data, and/or the user's role.
- d. The Contractor's System shall provide for a common database of establishments, with an Owner/Operator and other relevant establishment information, e.g. name, address, key contacts, phone, website, email address.
- e. The Contractor's System shall provide for tracking of all establishment and contact interactions, including inspections, tasks, e-mails, meetings, calls, letters and complaints.
- f. The Contractor's System shall provide for System administration functions, including but not limited to, user authorization, System parameter and table maintenance, and System administrative reports.
- g. The Contractor's System shall provide for a public web site that will make licensure and inspection data available to anyone, without cost.
- h. The Contractor's System shall provide support for the twenty five (25) Program Areas. These Program Areas, include at least eighty seven (82) Establishment Types. The Contractor's System shall also provide for future growth in the sixty three thousand three hundred sixty five (63,365) establishments of up to twenty five percent (25%) over the contract term, except those establishment types (Rabies and General Complaints) that

will grow at a rate of up to one hundred percent (100%) per year. The Contractor shall be able to add new Program Areas and Establishment Types as requested.

- i. The Contractor shall make necessary adjustments and repairs to keep the System operating without abnormal interruptions and to correct latent deficiencies with respect to software specifications.
- j. The Contractor shall provide services, either by email or by telephone, between the business hours of 8:00 AM-5:00 PM CST, Monday through Friday, excluding State holidays.
- k. The Contractor shall respond to problems, technical support, or requests for information within three (3) days, by either correcting the problem, providing information, or technical support as requested, or providing a plan, including a delivery date, for the information or support requested.

A.3. Definitions and Project Size Data.

- a. Program Areas are designations assigned to establishments which are related to the overall program or establishment purpose. The Program Areas are further subdivided into establishment types, based on established similarities. The current Program Areas, numbers of establishment types, and number of establishments are as follows:

	Program Area	Number of Establishment Types	Number of Establishments
1.	Food Service Establishment - Hazardous Food	10	27,000
2.	Food Service Establishment - Non-Hazardous Food	10	3,600
3.	Food Service Establishment - Temporary	1	5,000
4.	Hotel/Motel Establishment	1	2,000
5.	Bed and Breakfast Establishment	1	150
6.	Child Care Facility	8	3,800
7.	School Plant Facility	7	1,500
8.	Correctional Facility	6	25
9.	Organized Camp	6	750
10.	Tattoo Artist, Apprentice or Operator	3	1,200
11.	Tattoo Artist -- Temporary	1	60
12.	Tattoo Establishment	1	300
13.	Tattoo Establishment - Temporary	1	60
14.	Body Piercing Technician or Operator	1	400
15.	Body Piercing Technician - Temporary	1	10
16.	Body Piercing Establishment	1	200
17.	Body Piercing Establishment - Temporary	1	10
18.	Public Swimming Pool	20	5,800
19.	Rabies *	1	10,000
20.	General Complaints *	1	1,500
	Total	82	63,365
*	Note: The Program Areas "Rabies" and "General Complaints" have establishments that represent occurrences of entities (owner, place, victim,		

etc.) associated with a rabies incident or general complaint, respectively. Therefore the number of establishments is stated as an annual rate and the 63,365 establishments will grow constantly, unless offset by establishments that are deleted.
--

- b. Establishment Type. A subcategory of a program area for the purpose of data capture or permit fee calculation.
- c. Establishment. A business or individual that is subject to licensure and regulation by the State.

A.4. Applications and Permits

- a. The Contractor's System must provide for automated application, plan review monitoring, and permit issuance. At a minimum the Contractor's System must be capable of the following functions:
  - 1. The System shall afford the State the ability to track user changes throughout the permitting and application process.
  - 2. The System's plan review process shall be automated by providing a standardized step-by-step process that allows State to efficiently conduct and complete plan reviews. At a minimum, the Contractor's System must be capable of performing the following functions:
    - a) recording and tracking the status of plan reviews,
    - b) allowing authorized users to view current plan review status at any time,
    - c) assigning activities and due dates to the appropriate parties,
    - d) scheduling establishment inspections.
  - 3. The System shall allow customized fee schedules such that permit fees and late penalties may be calculated based on application or permit information as defined in State provided tables. (Attachment #1).
  - 4. The System shall prevent permit issuance until the Establishment has paid all applicable fees.
  - 5. The System shall flag permits to print automatically when Establishment invoices are paid.
  - 6. Permits must be sent to print queue or printed and issued upon zero account balance or upon a System override by an authorized user. Printing of permits will occur on printers at State Print Services.
  - 7. The System shall provide for the processing and storage of graphic documents or photos, as used by the State.
  - 8. The Contractor shall provide quarterly a complete data set including all data in a format acceptable to the State.

A.5. Billing and Fee Collection

- a. The Contractor's System must manage general financial information, including accounts receivable, accounts payable, and invoicing. The System must provide for fee calculation methods, determined by establishment type. Fee calculation methods shall determine the measure, or measures, and the rate(s) that determine the fee. At a minimum, the Contractor's System shall be capable of performing the following functions:

1. Offering instant and real time establishment or owner history inquiry during data entry for easy access to establishment data and all transactions affecting an invoice.
2. Automatically generating invoices as part of the application and plan review process.
3. Processing payments of invoices, including invoices for partial payments.
4. Processing subsequent invoices for payments based on billing cycles as established by the State.
5. Calculating penalties for late or non-payment of permit fees.
6. Calculating inspection and/or violation civil fines and/or penalties based upon the State's rules and regulations.
7. Applying state and local surcharges, as required.
8. Collecting fees for all services offered by the State.
9. Ability for uploading fee payment data from the State's online E-government transactions services vendor.
10. Automatically generating renewal notices.
11. Allowing for annual/monthly and renewal billing, as required.
12. Allowing for inspection based billing.
13. Allowing for creating manual renewal notices and adjustments.
14. Allowing for penalty assessment for late fees.
15. Allowing for high volume payment entry such as bar code scanning, multiple establishment/payment entry, and batch screen entry.
16. Allowing for on-demand applications/on-demand permits.
17. Allowing for E-mail to be sent to permit holders whose email address is stored on the System.
18. Allowing role-based security.
19. Allowing for open credits and deposits to be applied to renewal notices, late charges, penalties or as cash refunds.
20. Distributing renewal notices and statements by e-mail.
21. Providing full auditing functionality of all payment activity.
22. Offering the ability to print and reprint renewal notices and statement.
23. Offering the ability to locate establishment data in the System relying solely on information contained on the renewal notice.
24. Coordinating information, systems and procedures to maximize statewide collection of past-due accounts and debt collection.

25. Allowing for On-line searching of customer balances and payment history.
26. Supporting electronic cash application, which allows receipt of bank lock-box transmissions complete with renewal notice detail and the automatic application of cash payments to specified renewals.
27. Automatically generating late permit fees on past-due items based upon specific criteria of date of cash deposit or renewal or late payment date.

A.6. Inspection Management and Data Collection

- a. The Contractor's System must automate the process of documenting inspection violations and be capable of performing the following:
  1. Scheduling inspections, auto-schedule recurring inspections, and store, process, and report inspection data via generated reports and on-line inquiry.
  2. Collecting field inspection data with handheld computers and/or paper-based forms.
  3. Creating reports through the use of hand held Systems, including providing a means of printing inspection results and non-compliance documents at the establishment.
  4. Providing for the processing and storage of graphic documents or photos as they may be used by the State for the inspection process.
  5. Providing for the processing and storage of plan reviews, establishment inspections, complaint investigations, as well as daily activity entries.
  6. Providing for the construction of violation tables, built according to program area. Violation records shall store the weight of the violation used in the score calculation.
  7. Allowing for data to be entered into the System from various input sources (manually, Scantron form or input files from handheld devices i.e. Tablet PCs/ Laptops / Personal Digital Assistants).
  8. Providing for on-screen data entry error notification based on the State's defined business rules.
  9. Calculating score/grade automatically based on indicated violations.
  10. Linking complaint inspections/investigations to establishments.
  11. Searching Inspection reports by establishment, complaint, date range, county, or program.
  12. Allowing for the entry of a State defined reason code.
  13. Allowing for the override of inspector data on the entry screen.
  14. Allowing for the capture of "general" comments for an inspection.
  15. Allowing for the capture of either canned comments (from a predefined pick list) or the inspector's free form written comments.
  16. Allowing for Inspection views to be displayed as a facsimile of the inspection form.

17. Allowing for Inspectors to create an on-demand "Inspection Roster" (places to be inspected). The report shall allow the inspector to limit selection by date range, county, and/or program area.

A.7. Violation Tracking

- a. The Contractor's System must allow the State to issue and track required corrective actions to address inspection violations and be capable of performing the following functions:
  1. Providing required corrective actions for inspection violations as identified from a list or table provided by the State.
  2. Connecting inspection results and violations to establishment scoring or grading.
  3. Automatically scheduling re-inspections. Automatically generate next inspection dates based on interval and/or violations.
  4. Generating enforcement letters.
  5. Automatically tracking specific or certain consecutive violations.
  6. Assigning reason codes to inspection violations for statistical analysis.
  7. Allowing users to generate reports of non-corrected (open) and corrected (closed) inspection violations.
  8. Allowing users to access the current status of corrective actions, from creation to close.
  9. Providing for the processing and storage of graphic documents or photos as may be used by the State for the evaluation of violations during the inspection process.
  10. Posting inspection results on a secure website for viewing by employees, establishment personnel, or the public.
  11. Generating accounts receivable violation penalties.

A.8. Complaint Tracking

- a. The Contractor's System must provide the State with the ability to manage complaints and must be capable of performing the following functions:
  1. Entering complaints and associated information (e.g. complainant name, nature of complaint) by an in-office administrator or a field inspector.
  2. Assigning responsibility for complaint resolution to inspectors, with task lists of pending actions for each individual, including due date for the completion of tasks.
  3. Creating immediate action and/or corrective action, including investigation actions.
  4. Viewing capability of current status of complaint resolution by users. Complaints must be recorded and tracked throughout the entire resolution process.
  5. Scheduling verification inspections by the administrator or inspector.

6. Tracking complaint trends for items, including, but not limited to, establishment type, ownership, and type of complaint.
7. Providing for the processing and storage of graphic documents or photos as used by the State during complaint investigations.
8. Allowing for logging and tracking of requests for service or complaints from inception to resolution. Tracking complaints by program area.
9. Ability to assign inspectors manually or automatically.
10. Ability to schedule inspections/investigations and track next inspection/investigation dates.
11. Capturing inspection/investigation results and automatically post to inspection database.
12. Duplicate checking to avoid multiple instances of complaints.

A.9. Inspection Data Analysis

- a. The Contractor's System shall have the capability to report statistical analysis of inspection data at the State's request. The Contractor's System must provide, at a minimum, for analysis of inspection frequencies of complete, complaint, and follow-up inspection types, according to various selection criteria, including, but not limited to, establishment type, jurisdiction, location, and inspector name.
- b. The Contractor's System shall have the capability to analyze and report at the State's request, the inspection violation rate. The inspection violation rate is the rate at which violations are identified as a percentage of the establishments inspected. The System shall be capable of reporting the inspection violation rate, according to various selection criteria, including, but not limited to, establishment type, jurisdiction, location, and inspector name.
- c. The Contractor's System must present data analyses in both tabular and graphical report formats.
- d. The Contractor's System must allow for the export of data to Microsoft Excel.

A.10. Reports

- a. The System shall provide standard reporting processes that allow users to request reports or groups of reports through on-line screens. Various report options must be included, including but not limited to, time periods, levels of detail, data sorting, activity status and additional selection criteria when requesting reports.
- b. The System shall provide a process to create billing and fee collection reports that include, at a minimum, aging reports, accounts receivables, past due notices, and invoices on demand.
- c. The standard reporting process must provide for the following:
  1. Reports produced on a variety of paper sizes to accommodate character, line, or laser printers in the agencies;
  2. Reports requested in electronic format for audit trail and archival purposes;
  3. Reports exported for analysis, forecasting, and presentation. The reports shall be exported in a format acceptable to the State

A.11. Maintenance Features

- a. The System shall maintain complete establishment information, including but not limited to, e-mail, mailing, and physical establishment addresses; current balance, and payment history.
- b. The System shall enable rapid creation of new establishment records by utilizing defaults in data entry fields
- c. The System shall allow global changes to multiple establishment records simultaneously expediting the record updating process.
- d. The System shall minimize data entry errors and maintain clutter-free reports and results screens by hiding inactive establishment records from search windows.
- e. The System shall allow for new establishments to be added "on the fly" during invoice and transaction entry to minimize interruptions during data entry.
- f. The System shall provide alerts when attempting to delete an establishment from the System.
- g. The System shall provide warning of duplicate invoices for each establishment.

A.12. Form Features

- a. The System shall allow for the printing renewal notices, invoices, and statements on plain paper or preprinted forms utilizing several invoice formats approved by the State.
- b. The System shall allow for disablement of specific invoice entry fields to customize and simplify invoice entry.

A.13. Project Management

- a. The Contractor shall create and maintain a Project Plan, during the Implementation, Training and Data Conversion phases, including a project schedule for all tasks to be completed by the Contractor and/or the State. The format and contents of the Project Plan will follow the Project Management Methodology of the Project Management Institute and must be approved in advance by the State prior to implementation.
- b. The Contractor and the State will conduct joint project status meetings, as required. For each project status meeting the Contractor shall prepare an updated project schedule reflecting the completed tasks to date.
- c. There will be no cost to the state for the creation and maintenance of the Project Plan.

A.14. Implementation

- a. The Contractor shall prepare documentation of the System, including individual printed and electronic versions of user manual and an administrator manual.
- b. The Contractor shall have the System prepared for acceptance testing no later than August 23, 2010.
- c. The Contractor shall support the State in the performance of the acceptance test with personnel to answer questions, resolve design, development, and systems administration issues.

- d. The Contractor shall be accessible by email and available for contact by telephone during the business hours of 8:00 AM-5:00 PM CST, Monday through Friday, excluding State holidays.
- e. The Contractor shall ensure that any parameters and/or tables shall be loaded prior to the acceptance test.
- f. The Contractor shall, with the State, devise and execute a performance test that shall demonstrate that the System has the capacity to meet the workload projected by the State and maintain reasonable (average less than 15 seconds) response times.
- g. The Contractor shall have completed Project Implementation when the documentation, acceptance test, and performance test have been accepted by the State.

A.15. Training

- a. The Contractor shall train four (4) individuals to act as trainers of the end users of the System. This training shall include all user tasks and shall include sufficient workshops or hands-on experience to assure that the administrators can perform necessary user tasks by the System live production date. The State shall provide the location and computer equipment for the training.
- b. The Contractor shall provide training materials, in a reproducible format, for the training of end users.
- c. Training shall be accomplished within fifteen (15) days of the actual System live production date.

A.16. Data Conversion

- a. The Contractor shall develop automated procedures to convert the data presently held by the current contractor to the new System.
- b. The Contractor shall execute the data conversion procedures twice within thirty (30) days of the live production date.
- c. The Contractor shall support the State in the performance of the acceptance test of the data conversion procedures with on-site personnel to answer questions, resolve design, development, and systems administration issues.
- d. The Contractor shall include data cleansing and quality assurance procedures in the data conversion, including but not limited to record counts before and after conversion. A complete report of the data conversion shall be prepared. The Contractor shall complete data cleansing and quality assurance testing within ten (10) days of the first data conversion date.
- e. The Contractor shall include any necessary code conversions in the data conversion procedures.
- f. The Contractor shall analyze the data to be converted and shall advise the State of any data quality issues that shall impact the System after the data conversion. State may elect to alter such data on the current System, before execution of the data conversion procedures, or may require the Contractor to include specific data cleansing procedures in the data conversion procedures.

B. CONTRACT TERM:

- B.1. **Contract Term.** This Contract shall be effective for the period commencing on August 1, 2010 and ending on June 28, 2012. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
- B.2. **Term Extension.** The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no greater five (5) years, provided that the State notifies the Contractor in writing of its intention to do so at least thirty (30) days prior to the contract expiration date. An extension of the term of this Contract will be affected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be affected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

**C. PAYMENT TERMS AND CONDITIONS:**

*8-19-10*  
*Aug 19, 2010*

**Maximum Liability.** In no event shall the maximum liability of the State under this Contract exceed Two Hundred Sixty Three Thousand Nine Hundred Thirty Dollars (\$263,930). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

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

Service Description	8/1/10— 6/28/11	6/29/11— 6/28/12	*6/29/12— 6/28/13	*6/29/13— 6/28/14	*6/29/14— 6/28/15
Implementation	\$38,220	n/a	n/a	n/a	n/a
Training	\$10,020	n/a	n/a	n/a	n/a
Date Conversion	\$5,490	n/a	n/a	n/a	n/a
Systems Services	\$9,100 /month	\$9,100 /month	\$9,100 /month	\$9,100 /month	\$9,100 /month

\*These months are contingent upon amendment per Section B.2 Term Extension being exercised.

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

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 as required below prior to any payment.

a. The Contractor shall submit invoices no more often than monthly, with all necessary supporting documentation, to:

Hugh Atkins  
State of Tennessee, Department of Health  
Division of General Environmental Health  
Cordell Hull Building, 3<sup>rd</sup> Floor  
425 5<sup>th</sup> Avenue North  
Nashville, TN 37243  
615-741-7206 (phone)  
615-741-8510 (fax)  
Hugh.atkins@tn.gov

b. The Contractor agrees that each invoice submitted shall clearly and accurately (all calculations must be extended and totaled correctly) detail the following required information.

- (1) Invoice/Reference Number (assigned by the Contractor);
- (2) Invoice Date;
- (3) Invoice Period (period to which all invoiced charges are applicable);
- (4) Contract Number (assigned by the State to this Contract);
- (5) Account Name: Tennessee Department of Health, Division of General Environmental Health
- (6) Account/Customer Number (uniquely assigned by the Contractor to the above-referenced Account Name);
- (7) Contractor Name;
- (8) Contractor Federal Employer Identification Number or Social Security Number (as referenced in this Contract);
- (9) Contractor Contact (name, phone, and/or fax for the individual to contact with billing questions);
- (10) Contractor Remittance Address;
- (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; and
  - v. Total Amount Due for the invoice period.

c. The Contractor understands and agrees that an invoice to the State 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) not include any future work but shall only be submitted for completed service; and
- (3) not include sales tax or shipping charges.

- d. The Contractor agrees that timeframe for payment (and any discounts) begins when the State is in receipt of each invoice meeting the minimum requirements above.
  - e. The Contractor shall complete and sign a "Substitute W-9 Form" provided to the Contractor by the State. The taxpayer identification number contained in the Substitute W-9 submitted to the State shall agree to the Federal Employer Identification Number or Social Security Number referenced in this Contract for the Contractor. The Contractor shall not invoice the State for services until the State has received this completed form.
- C.6. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.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. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other Contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.
- D. STANDARD TERMS AND CONDITIONS:**
- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections

of this Contract 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.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment 2, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
  - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.
  - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
  - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
  - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or

regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

- 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. 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.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.12. 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.13. 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.14. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.15. 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.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.17. 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.18. 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.19. 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.20. 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:

Hugh Atkins  
Director  
Bureau of Health Services, Division of General Environmental Health  
Cordell Hull Building, 3rd Floor  
425 5<sup>th</sup> Avenue North  
Nashville, TN 37243  
Hugh.Atkins@tn.gov  
Telephone # 615-741-7206  
FAX # 615-741-8510

The Contractor:

Joseph Willmott, President and CEO  
Healthspace USA, Inc.  
Suite 200, 4860 Cox Road  
Glen Allen, VA 23060  
jwillmott@healthspace.com  
Telephone # 804-935-8532  
FAX # 804-747-6182

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 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. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.
- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
  - b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.
  - c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: [www.state.tn.us/finance/rds/ocr/waiver.html](http://www.state.tn.us/finance/rds/ocr/waiver.html). The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.
- E.6. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal 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 applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information 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 applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

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. Nothing in this paragraph shall permit Contractor to disclose any

information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

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

**E.7. Ownership of Software and Work Products.**

**a. Definitions.**

- (1) "Contractor-Owned Software," which shall mean commercially available software the rights to which are owned by Contractor, including but not limited to commercial "off-the-shelf" software which is not developed using State's money or resources.
- (2) "Custom-Developed Application Software," which shall mean customized application software developed by Contractor solely for State.
- (3) "Rights Transfer Application Software," which shall mean any pre-existing application software owned by Contractor or a third party, provided to State and to which Contractor will grant and assign, or will facilitate the granting and assignment of, all rights, including the source code, to State.
- (4) "Third-Party Software," which shall mean software not owned by the State or the Contractor.
- (5) "Work Product," which shall mean all deliverables exclusive of hardware, such as software, software source code, documentation, planning, etc., that are created, designed, developed, or documented by the Contractor for the State during the course of the project using State's money or resources, including Custom-Developed Application Software. If the System solution includes Rights Transfer Application Software, the definition of Work Product shall also include such software.

**b. Rights and Title to the Software**

- (1) All right, title and interest in and to the Contractor-Owned Software shall at all times remain with Contractor, subject to any license granted herein.
- (2) All right, title and interest in and to the Work Product, and to modifications thereof made by State, including without limitation all copyrights, patents, trade secrets and other intellectual property and other proprietary rights embodied by and arising out of the Work Product, shall belong to State. To the extent such rights do not automatically belong to State, Contractor hereby assigns, transfers, and conveys all right, title and interest in and to the Work Product, including without limitation the copyrights, patents, trade secrets, and other intellectual property rights arising out of or embodied by the Work Product. Contractor shall execute any other documents that State or its counsel deem necessary or desirable to document this transfer and/or allow State to register its claims and rights to such intellectual property rights or enforce them against third parties, and Contractor shall cooperate fully in the foregoing endeavors.
- (3) All right, title and interest in and to the Third-Party Software shall at all times remain with the third party, subject to any license granted thereby.

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

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

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

E.9. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed. It is expressly understood and agreed that the obligations set forth in this section shall survive the termination of this Contract in perpetuity.

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

- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into and is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, *U.S. Code*.

E.11. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

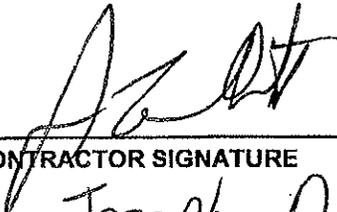
- E.12. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP-343.39-022-11 (Attachment 6.2, B.15) and resulting in this Contract.

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

IN WITNESS WHEREOF,

HEALTHSPACE USA, INC.:

 <hr/> CONTRACTOR SIGNATURE	July 26, 2010 <hr/> DATE
Joseph D. Willmott      President <hr/> PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)	

DEPARTMENT OF HEALTH:

Susan R. Cooper, MSN, RN  
SUSAN R. COOPER, MSN, RN, COMMISSIONER

7.28.10  
DATE

PROGRAM AREA / PERMITTING PROCESS TABLE

PA	PROGRAM AREA (PA) DESCRIPTION	TYPE EST	TYPE EST DESCRIPTION	UNIT CD	SIZE	FEE	PERMIT YR	1/2 YR FEE	LATE PENALTY	BD CHK PEN
605	Food Service Establishment - Hazardous						Jul 1 - Jun 30	1-Jan	1/2 Fee Amt	1/2 Fee Amt
		001	Commercial Food	Seats	0-50	\$210				
					51+	\$360				
		002	School Cafeteria	Seats	N/A	\$80				
		004	Child Care Facility	Seats	0-50	\$50				
					51+	\$80				
		005	Organized Camp	Seats	0-50	\$210				
					51+	\$360				
		011	Auxiliary Food Service	Seats	N/A	\$100				
		017	Congregate Feeding	Seats	0-50	\$50				
					51+	\$80				
607	Food Service Establishment - Non - Hazardous						Jul 1 - Jun 30	1-Jan	1/2 Fee Amt	1/2 Fee Amt
		001	Commercial Food	Seats	0-50	\$210				
					51+	\$360				
		002	School Cafeteria	Seats	N/A	\$80				
		004	Child Care Facility	Seats	0-50	\$50				
					51+	\$80				
		005	Organized Camp	Seats	0-50	\$210				
					51+	\$360				
		011	Auxiliary Food Service	Seats	N/A	\$100				

Attachment 1

PA	PROGRAM AREA (PA) DESCRIPTION	TYPE EST	TYPE EST DESCRIPTION	UNIT CD	SIZE	FEE	PERMIT YR	1/2 YR FEE	LATE PENALTY	BD CHK PEN
		017	Congregate Feeding	Seats	0-50	\$50				
					51+	\$80				
608	Food Service Establishment - Temporary	016	Temporary Food	Seats	N/A	\$30	14 Days	N/A	N/A	1/2 Fee Amt
620	Hotels	091	Hotels				Jul 1 - Jun 30	1-Jan	1/2 Fee Amt	1/2 Fee Amt
				Rooms	0-50	\$170				
				Rooms	51-150	\$320				
				Rooms	151-250	\$500				
				Rooms	251+	\$650				
622	Bed & Breakfast	091	Bed & Breakfast	Rooms	1-12	\$140	Jul 1 - Jun 30	1-Jan	1/2 Fee Amt	1/2 Fee Amt
631	Child Care Facility									
				N/A	N/A	N/A	N/A	N/A	N/A	N/A
		201	Daycare Center							
		202	Group Day Care							
		203	Child Caring Inst							
		204	Group Care Home							
		205	Maternity Home							
		206	Runaway House							
		207	Other							
635	School Plant			N/A	N/A	N/A	N/A	N/A	N/A	N/A
		211	Elementary							
		212	Middle / Jr. High							
		213	Secondary / High							
		214	Vocational / Technical							
		215	College / University							
		216	Special Schools							
645	Correctional Facility			N/A	N/A	N/A	N/A	N/A	N/A	N/A
		161	Federal							

PA	PROGRAM AREA (PA) DESCRIPTION	TYPE EST	TYPE EST DESCRIPTION	UNIT CD	SIZE	FEE	PERMIT YR	1/2 YR FEE	LATE PENALTY	BD CHK PEN
		162	State							
		163	County							
		164	City							
		165	Other							
660	Organized Camp						Jan 1 - Dec 31	N/A	1/2 Fee Amt	1/2 Fee Amt
		182	Day	Sites	N/A	\$80				
		183	Resident	Persons	0-99	\$80				
					100+	\$150				
		184	Travel	Sites	1-25	\$80				
					26-75	\$120				
					76-150	\$170				
					151-250	\$230				
					251+	\$310				
		185	Primitive	Seats	N/A	\$80				
664	Tattoo Artist / Operator						Jan 1 - Dec 31		1/2 Fee Amt	1/2 Fee Amt
		233	Tattoo Artist			\$140				
		234	Tattoo Apprentice			\$140				
		235	Tattoo Operator			\$140				
665	Tattoo Establishment	231	Tattoo Parlor	N/A	N/A	\$280	Jan 1 - Dec 31		1/2 Fee Amt	1/2 Fee Amt
666	General Complaints	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A

PA	PROGRAM AREA (PA) DESCRIPTION	TYPE EST	TYPE EST DESCRIPTION	UNIT CD	SIZE	FEE	PERMIT YR	1/2 YR FEE	LATE PENALTY	BD CHK PEN
667	Tattoo Establishment Temporary	232	Temp Tattoo Parlor	N/A	N/A	\$50	14 Days			
668	Tattoo Artist - Temporary	236	Temp Tattoo Artist	N/A	N/A	\$140	10 Days	N/A	N/A	1/2 Fee Amt
669	Body Piercing Technician	237	Body Piercing Tech	N/A	N/A	\$140	Jan 1 - Dec 31		1/2 Fee Amt	1/2 Fee Amt
670	Body Piercing Studio	238	Body Piercing Establishment	N/A	N/A	\$70	Jan 1 - Dec 31		1/2 Fee Amt	1/2 Fee Amt
671	Body Piercing Technician - Temporary	251	Temp Body Piercing Tech	N/A	N/A	\$50	10 Days	N/A	N/A	1/2 Fee Amt
672	Body Piercing Studio - Temporary	252	Temp Body Piercing Establishment	N/A	N/A		14 Days	N/A	N/A	1/2 Fee Amt
690	Public Swimming Pool			N/A	N/A	\$340	Apr 1 - Mar 31	1-Oct	1/2 Fee Amt	1/2 Fee Amt
		101	General Admission							
		102	Other Institutional							
		103	School Pool							
		104	Child Care Facility							
		105	Resident Camp							
		106	Day Camp							
		107	Athletic Club							
		108	Country Club							
		111	Hotel/Motel							
		112	Apartment							
		113	Trailer Park							
		114	Condominium							
		115	Travel Camp							
		121	Wading / Kiddie							
		131	Whirlpool							
		132	Hot Tub							
		133	Therapeutic							
		141	Water Flume / Slide							

## ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	343.39-02211
CONTRACTOR LEGAL ENTITY NAME:	HealthSpace USA Inc.
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	98-0338608

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.




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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.

Joseph D. Willmott President

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PRINTED NAME AND TITLE OF SIGNATORY

July 26, 2010

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DATE OF ATTESTATION

<b>FA CONTRACT INFORMATION SUPPLEMENT</b> FOR ALL FA-TYPE CONTRACTS — COMPLETE <u>EITHER</u> SECTION A <u>OR</u> SECTION B	
<b>Contract RFS #</b>	343.39-02211
<b>Contractor:</b>	HEALTHSPACE USA, INC.
<b>SECTION A— CONTRACTOR IS AN INDIVIDUAL</b>	<b>SECTION B— CONTRACTOR IS A COMPANY</b> <i>(e.g., sole proprietorship, partnership, or corporation)</i>
<b>Is or has the contractor been a state employee?</b>  <input checked="" type="checkbox"/> <b>NO</b> <i>(no additional information required)</i> <input type="checkbox"/> <b>YES</b>	<b>Does an individual, who is or has been a state employee, own controlling interest in (or own) the contractor company?</b>  <input checked="" type="checkbox"/> <b>NO</b> <i>(no additional information required)</i> <input type="checkbox"/> <b>YES</b>
<b>Was such employment within the past six months?</b>  <input type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> <i>(an approved rule exception permitting a contract within six months of employment is also required)</i>	<b>Was such employment within the past six months?</b>  <input type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> <i>(an approved rule exception permitting a contract within six months of employment is also required)</i>
<b>Does the contractor receive Tennessee Consolidated Retirement System (TCRS) retirement benefits?</b>  <input type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> <i>(the procuring agency general counsel MUST sign an analysis of this procurement using the TCRS analysis guidelines)</i>	<b>Does the individual who owns controlling interest in the contractor company receive Tennessee Consolidated Retirement System (TCRS) retirement benefits?</b>  <input type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> <i>(the procuring agency general counsel MUST sign an analysis of this procurement using the TCRS analysis guidelines)</i>
<b>CONTRACTOR SIGNATURE</b>	
<b>CONTRACTOR</b>	<b>DATE</b>