

STATE OF TENNESSEE



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT

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STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

Sender's telephone: 615.770.1754
Sender's email: heather.iverson@tn.gov

May 30, 2018

Fiscal Review Committee
The Honorable Ken Yager, Chair
The Honorable Mark White, Vice-Chair
8th Floor, Rachel Jackson Building
425 5th Avenue North
Nashville, Tennessee 37243

To the Distinguished Members of the Fiscal Review Committee,

The Department of Treasury respectfully requests to amend its contract with Verus Financial LLC (the "Contractor") for the provision of auditing services for the Department's Unclaimed Property program. The Department seeks to amend the contract in two respects. First, the Contractor has legally changed its name to Verus Analytics LLC in order to better reflect the services the Contractor provides. The amendment would reflect this name change. Second, the Department seeks to increase the maximum liability of the contract from \$5,000,000 to \$9,000,000. Under the terms of the existing contract, the Contractor's compensation is calculated as a percentage of the amount of unclaimed property it delivers to the Department. Because the Contractor has been very successful in delivering unclaimed property to the Department, the Contractor's compensation is already approaching the maximum liability under the contract. The Department would like to increase the maximum liability of the Contract to ensure that the Department can continue to receive deliveries of unclaimed property through the term of the contract. No other aspect of the Contract is being amended. The Contract term began in 2015 and expires in 2020.

Thank you for your consideration of this request. If you need additional information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Heather Iverson".

Heather Iverson,
Assistant General Counsel

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Heather Iverson	*Contact Phone:	615-770-1754		
*Presenter's name(s):	John Gabriel and Steve Summerall				
Edison Contract Number: <i>(if applicable)</i>	47655	RFS Number: <i>(if applicable)</i>			
*Original or Proposed Contract Begin Date:	September 15, 2015	*Current or Proposed End Date:	September 14, 2020		
Current Request Amendment Number: <i>(if applicable)</i>	Two				
Proposed Amendment Effective Date: <i>(if applicable)</i>	August 1, 2018				
*Department Submitting:	Department of Treasury				
*Division:	Unclaimed Property				
*Date Submitted:	May 30, 2018				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	Verus Financial LLC (changing its name to Verus Analytics LLC)				
*Current or Proposed Maximum Liability:	\$5,000,000 (requesting amendment to increase to \$9,000,000)				
*Estimated Total Spend for Commodities:	\$0				
*Current or Proposed Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY: 2016	FY: 2017	FY: 2018	FY:2019	FY2020	FY
\$2,000,000	\$3,000,000	\$1,500,000	\$1,500,000	\$1,000,000	\$
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from Edison)</i>					
FY: 2016	FY: 2017	FY: 2018	FY:2019	FY2020	FY
\$1,333,290.15	\$663,678.88	\$2,071,139.49	\$	\$	\$
<p>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</p>			<p>The program projected its allocation of funds over the term of the contract by reviewing historical data for the program's audits of holders. However, it is very difficult to predict how much property an audit will yield for the State. Because an audit firm's compensation is tied to the amount of property its audits yield for the State, it is difficult to predict an audit firm's compensation until its audits are concluded. Surplus funds across the allocation timeframe remained with the</p>		

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Fiscal Review Committee

		program.	
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:		While there is no carry forward provision for the program, there is recurring spending authority for administrative expenses, such as paying for holder audit services. Under T.C.A. §§ 66-29-146 and 66-29-148, all funds received by the program are deposited in the general fund, except that the treasurer may deduct administrative costs, including expenses incurred in examining records of and collecting property from putative holders.	
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:		N/A	
*Contract Funding Source/Amount:			
State:		Federal:	
<i>Interdepartmental:</i>		<i>Other:</i>	\$9,000,000
If “ <i>other</i> ” please define:		All program funds come from unclaimed property located by the program and its vendors. Under T.C.A. §§ 66-29-146 and 66-29-148, the Department may withhold sufficient funds from its transfer to the general fund each year to pay for administrative expenses for the unclaimed property program.	
If “ <i>interdepartmental</i> ” please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
July 21, 2017		Increase maximum liability from \$2,000,000 to \$5,000,000 (the maximum permitted under the delegated authority)	
Method of Original Award: <i>(if applicable)</i>		Delegated Authority. The approved solicitation was issued to eleven (11) companies that the Department identified as being	

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Fiscal Review Committee

	<p>able to perform the required services. All eleven (11) companies responded and each was awarded a contract. Since that time, one contractor has ceased performing audits, and the State terminated its contract with that contractor. Verus Analytics has taken over some of that contractor's audits.</p>
<p>*What were the projected costs of the service for the entire term of the contract prior to contract award? How was this cost determined?</p>	<p>The program determined projected \$2,000,000 in costs based on historical program costs related to the audit services that are the subject of the contract. It became clear that the contractor was on track to deliver much more property than expected, so the program amended the contract to permit the expenditure of additional funds up to the amount permitted by the delegated authority (\$5,000,000). The contractor has continued to exceed expectations, so the program desires to increase the maximum liability again in order to ensure that the State continues to receive deliveries of unclaimed property.</p>
<p>*List number of other potential vendors who could provide this good or service; efforts to identify other competitive procurement alternatives; and the reason(s) a sole-source contract is in the best interest of the State.</p>	<p>N/A</p>

Verus Financial Contract Payment Amounts

September 2015-End of Fiscal Year 2016	1,333,290.15
Fiscal Year 2017	663,678.88
July 2017-Current	2,071,139.49

Payments against a Contract 63

Unit	Sum Merchandise Amt	Edison Contract ID	Vendor ID	Vendor Name	Type
30901	18.13	0000000000000000(	000009731	VERUS Financia	SDA
30901	317.44	0000000000000000(	000009731	VERUS Financia	SDA
30901	343.34	0000000000000000(	000009731	VERUS Financia	SDA
30901	9,792.90	0000000000000000(	000009731	VERUS Financia	SDA
30901	273,088.53	0000000000000000(	000009731	VERUS Financia	SDA
31320	0.79	0000000000000000(	000009731	Verus Analytics	SDA
31320	22.11	0000000000000000(	000009731	Verus Analytics	SDA
31320	42.32	0000000000000000(	000009731	Verus Analytics	SDA
31320	131.04	0000000000000000(	000009731	VERUS Financia	SDA
31320	206.66	0000000000000000(	000009731	VERUS Financia	SDA
31320	343.20	0000000000000000(	000009731	VERUS Financia	SDA
31320	389.55	0000000000000000(	000009731	VERUS Financia	SDA
31320	399.13	0000000000000000(	000009731	Verus Analytics	SDA
31320	516.26	0000000000000000(	000009731	Verus Analytics	SDA
31320	564.39	0000000000000000(	000009731	VERUS Financia	SDA
31320	704.72	0000000000000000(	000009731	VERUS Financia	SDA
31320	1,018.48	0000000000000000(	000009731	Verus Analytics	SDA
31320	1,158.90	0000000000000000(	000009731	Verus Analytics	SDA
31320	1,500.46	0000000000000000(	000009731	Verus Analytics	SDA
31320	1,802.64	0000000000000000(	000009731	VERUS Financia	SDA
31320	1,845.21	0000000000000000(	000009731	VERUS Financia	SDA
31320	2,343.10	0000000000000000(	000009731	VERUS Financia	SDA
31320	2,469.19	0000000000000000(	000009731	VERUS Financia	SDA
31320	2,569.79	0000000000000000(	000009731	VERUS Financia	SDA
31320	2,974.63	0000000000000000(	000009731	VERUS Financia	SDA
31320	3,765.04	0000000000000000(	000009731	VERUS Financia	SDA
31320	3,843.20	0000000000000000(	000009731	VERUS Financia	SDA
31320	4,233.61	0000000000000000(	000009731	VERUS Financia	SDA
31320	5,078.27	0000000000000000(	000009731	VERUS Financia	SDA
31320	5,393.22	0000000000000000(	000009731	VERUS Financia	SDA
31320	7,094.78	0000000000000000(	000009731	Verus Analytics	SDA
31320	7,392.03	0000000000000000(	000009731	VERUS Financia	SDA
31320	9,400.13	0000000000000000(	000009731	Verus Analytics	SDA
31320	10,134.04	0000000000000000(	000009731	Verus Analytics	SDA
31320	10,156.83	0000000000000000(	000009731	VERUS Financia	SDA
31320	11,181.60	0000000000000000(	000009731	VERUS Financia	SDA
31320	14,100.31	0000000000000000(	000009731	VERUS Financia	SDA
31320	15,202.70	0000000000000000(	000009731	VERUS Financia	SDA
31320	17,062.82	0000000000000000(	000009731	VERUS Financia	SDA
31320	18,546.92	0000000000000000(	000009731	VERUS Financia	SDA
31320	21,453.08	0000000000000000(	000009731	VERUS Financia	SDA
31320	21,746.25	0000000000000000(	000009731	VERUS Financia	SDA
31320	24,157.71	0000000000000000(	000009731	VERUS Financia	SDA
31320	26,818.72	0000000000000000(	000009731	VERUS Financia	SDA

31320	27,625.95	0000000000000000(000009731	VERUS Financia SDA
31320	27,870.68	0000000000000000(000009731	VERUS Financia SDA
31320	29,879.34	0000000000000000(000009731	VERUS Financia SDA
31320	33,435.88	0000000000000000(000009731	VERUS Financia SDA
31320	36,456.70	0000000000000000(000009731	VERUS Financia SDA
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31320	48,382.56	0000000000000000(000009731	VERUS Financia SDA
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31320	63,124.94	0000000000000000(000009731	VERUS Financia SDA
31320	67,889.07	0000000000000000(000009731	Verus Analytics SDA
31320	69,590.78	0000000000000000(000009731	VERUS Financia SDA
31320	83,958.15	0000000000000000(000009731	VERUS Financia SDA
31320	87,136.88	0000000000000000(000009731	VERUS Financia SDA
31320	111,767.94	0000000000000000(000009731	VERUS Financia SDA
31320	123,849.48	0000000000000000(000009731	VERUS Financia SDA
31320	166,052.08	0000000000000000(000009731	VERUS Financia SDA
31320	167,332.86	0000000000000000(000009731	Verus Analytics SDA
31320	249,847.02	0000000000000000(000009731	VERUS Financia SDA

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00000	00071487	1010201	11/15/2017	2018
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00000	00272556	0316201	4/13/2018	2018
00000	00273097	0322201	4/20/2018	2018
00000	00237996	0106201	8/11/2017	2018
00000	00243361	0810201	9/14/2017	2018
00000	00238901	1223201	8/18/2017	2018
00000	00265388	1229201	2/2/2018	2018
00000	00271736	1031201	4/9/2018	2018
00000	00273350	0328201	4/27/2018	2018
00000	00249106	0907201	10/6/2017	2018
00000	00265385	0119201	2/16/2018	2018
00000	00275583	0413201	5/18/2018	2018
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00000	00273096	0328201	4/27/2018	2018
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00000	00243360	0823201	9/22/2017	2018
00000	00269541	0215201	3/16/2018	2018
00000	00249105	0906201	10/11/2017	2018
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00000	00273348	0329201	4/27/2018	2018
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00000	00275586	0212201	5/30/2018	2018
00000	00238550	0606201	8/22/2017	2018
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00000	00238897	0725201	8/24/2017	2018
00000	00265387	0119201	2/16/2018	2018
00000	00251225	0920201	10/20/2017	2018
00000	00238900	1216201	8/25/2017	2018
00000	00272462	1128201	4/13/2018	2018
00000	00238896	0630201	8/24/2017	2018
00000	00266143	1222201	2/12/2018	2018
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00000	00254982	0531201	11/28/2017	2018
00000	00271737	0309201	4/11/2018	2018
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Payments against a Contract	64
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Unit	Sum Merchandise Amt	Edison Contract ID	Vendor ID	Vendor Name	Type
30901	186.80	0000000000000000(000009731	VERUS Financia	SDA
30901	243.14	0000000000000000(000009731	VERUS Financia	SDA
30901	259.29	0000000000000000(000009731	VERUS Financia	SDA
30901	616.83	0000000000000000(000009731	VERUS Financia	SDA
30901	1,682.27	0000000000000000(000009731	VERUS Financia	SDA
30901	1,978.34	0000000000000000(000009731	VERUS Financia	SDA
30901	2,134.65	0000000000000000(000009731	VERUS Financia	SDA
30901	2,873.62	0000000000000000(000009731	VERUS Financia	SDA
30901	3,141.87	0000000000000000(000009731	VERUS Financia	SDA
30901	4,975.78	0000000000000000(000009731	VERUS Financia	SDA
30901	5,902.45	0000000000000000(000009731	VERUS Financia	SDA
30901	9,719.69	0000000000000000(000009731	VERUS Financia	SDA
30901	168,237.83	0000000000000000(000009731	VERUS Financia	SDA
31320	10.51	0000000000000000(000009731	VERUS Financia	SDA
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31320	99.02	0000000000000000(000009731	VERUS Financia	SDA
31320	133.96	0000000000000000(000009731	VERUS Financia	SDA
31320	208.01	0000000000000000(000009731	VERUS Financia	SDA
31320	230.63	0000000000000000(000009731	VERUS Financia	SDA
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31320	373.83	0000000000000000(000009731	VERUS Financia	SDA
31320	386.20	0000000000000000(000009731	VERUS Financia	SDA
31320	388.53	0000000000000000(000009731	VERUS Financia	SDA
31320	389.09	0000000000000000(000009731	VERUS Financia	SDA
31320	431.23	0000000000000000(000009731	VERUS Financia	SDA
31320	438.82	0000000000000000(000009731	VERUS Financia	SDA
31320	491.91	0000000000000000(000009731	VERUS Financia	SDA
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31320	19,852.42	0000000000000000(000009731	VERUS Financia SDA
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31320	3,553.51	0000000000000000(000009731	VERUS Financia SDA
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31320	9,496.29	0000000000000000(000009731	VERUS Financia SDA
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31320	175.62	0000000000000000(000009731	VERUS Financia SDA
31320	17,013.60	0000000000000000(000009731	VERUS Financia SDA
31320	3,343.41	0000000000000000(000009731	VERUS Financia SDA
31320	714.38	0000000000000000(000009731	VERUS Financia SDA
31320	8,213.20	0000000000000000(000009731	VERUS Financia SDA
31320	198.26	0000000000000000(000009731	VERUS Financia SDA
31320	277.17	0000000000000000(000009731	VERUS Financia SDA
31320	5,879.61	0000000000000000(000009731	VERUS Financia SDA
31320	111,006.60	0000000000000000(000009731	VERUS Financia SDA
31320	1,691.92	0000000000000000(000009731	VERUS Financia SDA
31320	138.30	0000000000000000(000009731	VERUS Financia SDA
30901	192.50	0000000000000000(000009731	VERUS Financia SDA
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31320	154.81	0000000000000000(000009731	VERUS Financia SDA
31320	768.96	0000000000000000(000009731	VERUS Financia SDA
31320	3,650.92	0000000000000000(000009731	VERUS Financia SDA
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31320	18,782.60	0000000000000000(000009731	VERUS Financia SDA
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31320	14,472.16	0000000000000000(000009731	VERUS Financia SDA
31320	67,111.33	0000000000000000(000009731	VERUS Financia SDA
31320	204.94	0000000000000000(000009731	VERUS Financia SDA
31320	373.28	0000000000000000(000009731	VERUS Financia SDA
31320	2,730.34	0000000000000000(000009731	VERUS Financia SDA
31320	16,775.83	0000000000000000(000009731	VERUS Financia SDA
31320	178,289.47	0000000000000000(000009731	VERUS Financia SDA
31320	2,164.42	0000000000000000(000009731	VERUS Financia SDA
31320	34,369.18	0000000000000000(000009731	VERUS Financia SDA

PO ID	Voucher ID	Invoice	Date	Fiscal Year
00000	00160337	073120	10/21/2015	2016
00000	00160345	081820	10/21/2015	2016
00000	00160339	081420	10/21/2015	2016
00000	00160341	081420	10/21/2015	2016
00000	00160343	081720	10/21/2015	2016
00000	00160335	071520	10/21/2015	2016
00000	00160358	091820	10/22/2015	2016
00000	00160364	093020	10/22/2015	2016
00000	00160355	091520	10/22/2015	2016
00000	00160330	072120	10/22/2015	2016
00000	00160334	071520	10/22/2015	2016
00000	00160332	071620	10/22/2015	2016
00000	00160349	082720	10/22/2015	2016
00000	00160347	082520	10/22/2015	2016
00000	00160328	072220	10/22/2015	2016
00000	00160351	082820	10/22/2015	2016
00000	00160357	091520	10/27/2015	2016
00000	00160353	090420	10/27/2015	2016
00000	00160360	092220	10/27/2015	2016
00000	00160362	092320	10/27/2015	2016
00000	00161446	100520	11/4/2015	2016
00000	00161447	100920	11/6/2015	2016
00000	00161449	101520	11/13/2015	2016
00000	00161451	101620	11/13/2015	2016
00000	00161450	101620	11/13/2015	2016
00000	00161448	101520	11/13/2015	2016
00000	00161452	101920	11/18/2015	2016
00000	00167158	111020	12/9/2015	2016
00000	00167157	110520	12/9/2015	2016
00000	00167160	111320	12/11/2015	2016
00000	00167159	111220	12/11/2015	2016
00000	00167156	102820	12/11/2015	2016
00000	00167161	111620	12/16/2015	2016
00000	00167162	111620	12/16/2015	2016
00000	00167163	111920	12/18/2015	2016
00000	00167164	112420	12/23/2015	2016
00000	00167648	120120	12/30/2015	2016
00000	00167649	120220	12/30/2015	2016
00000	00170921	121520	1/14/2016	2016
00000	00171055	122120	1/20/2016	2016
00000	00171056	122220	1/22/2016	2016
00000	00171057	123120	1/29/2016	2016
00000	00172688	123020	2/5/2016	2016
00000	00172851	110620	2/11/2016	2016

00000i00172690	0115201	2/12/2016	2016
00000i00172691	0115201	2/12/2016	2016
00000i00173084	1218201	2/12/2016	2016
00000i00172689	0115201	2/12/2016	2016
00000i00173086	1215201	2/12/2016	2016
00000i00173085	1217201	2/12/2016	2016
00000i00174384	0119201	2/25/2016	2016
00000i00174385	0115201	2/25/2016	2016
00000i00174383	0127201	2/26/2016	2016
00000i00174382	0129201	2/26/2016	2016
00000i00175637	0212201	3/11/2016	2016
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00000i00175635	0218201	3/18/2016	2016
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00000i00176535	0229201	3/30/2016	2016
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00000i00178455	0315201	4/14/2016	2016
00000i00178458	0318201	4/15/2016	2016
00000i00178459	0318201	4/15/2016	2016
00000i00178457	0318201	4/15/2016	2016
00000i00178942	0322201	4/21/2016	2016
00000i00178943	0325201	4/22/2016	2016
00000i00178944	0329201	4/28/2016	2016
00000i00061581	0406201	5/20/2016	2016
00000i00061582	0406201	5/26/2016	2016
00000i00187595	0516201	6/24/2016	2016
00000i00187593	0422201	6/24/2016	2016
00000i00187591	0419201	6/24/2016	2016
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00000i00187598	0520201	6/29/2016	2016
00000i00187597	0520201	6/29/2016	2016
00000i00187596	0518201	6/29/2016	2016
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00000i00187601	0606201	7/6/2016	2016
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00000i00188699	0615201	7/15/2016	2016
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00000i00188704	0617201	7/15/2016	2016
00000i00188307	0415201	7/15/2016	2016
00000i00188702	0621201	7/21/2016	2016
00000i00188703	0628201	7/28/2016	2016

Amendment Request

This request form is not required for amendments to grant contracts. Route a completed request, as one file in PDF format, via e-mail attachment sent to: AgSprs.Agspr@spr.tn.gov

APPROVED

**Kevin C. Bartels
for Michael F.
Perry**

Digitally signed by Kevin C. Bartels for Michael F. Perry
DN: cn=Kevin C. Bartels for Michael F. Perry, o=CPO, ou,
email=Kevin.C.Bartels@tn.gov, c=US
Date: 2018.04.03 16:29:37 -05'00'

CHIEF PROCUREMENT OFFICER

DATE

Agency request tracking #	30901-28915	
1. Procuring Agency	Treasury Department	
2. Contractor	Verus Financial LLC	
3. Edison contract ID #	47655	
4. Proposed amendment #	1	
5. Contract's Original Effective Date	September 15, 2015	
6. Current end date	September 14, 2020	
7. Proposed end date	September 14, 2020	
8. Current Maximum Liability or Estimated Liability	\$ 2,000,000	
9. Proposed Maximum Liability or Estimated Liability	\$ 2,000,000	
10. Strategic Technology Solutions Pre-Approval Endorsement Request – information technology service (N/A to THDA)	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
11. eHealth Pre-Approval Endorsement Request – health-related professional, pharmaceutical, laboratory, or imaging	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
12. Human Resources Pre-Approval Endorsement Request – state employee training service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
13. Explain why the proposed amendment is needed	<p>This Contractor assists the Department's Unclaimed Property Division in examining, identifying, recovering, processing and otherwise reporting past due unclaimed property to the State. The Contractor has legally changed its name to Verus Analytics LLC because the Contractor thinks this name better fits the services it provides. No other aspect of the Contract is changing.</p>	
14. If the amendment involves a change in Scope, describe efforts to identify reasonable, competitive, procurement alternatives to amending the contract.		

Agency request tracking #	30901-28915
N/A	
<p>Signature of Agency head or authorized designee, title of signatory, and date (the authorized designee may sign his or her own name if indicated on the Signature Certification and Authorization document)</p> <p> <i>March 28, 2018</i></p> <p>David H. Lillard, Jr., State Treasurer</p>	

Approved for signature by CA 3/24/18

Rule Exception Request for the DA or DG templates

Use this document to request changes to the Delegated Authority ("DA") Template or Delegated Grant Authority ("DG") Template or to request a delegation of authority that remains in force and effect for more than twelve (12) months. If requesting a delegation period in excess of twelve (12) months because of the term of a federal award, attach supporting documentation of the federal award, which may include a hyperlink to the federal award information. Complete section ten (10) below only if requesting a delegation period in excess of twelve (12) months and the delegation does NOT involve federal funds. Complete this document in conformity with Tenn. Comp. R. & Reg. 0690-03-01-.17 and send it in PDF format to: Agsprsr.Agsprsr@tn.gov. In accordance with Tenn. Comp. R. & Reg. 0690-03-01-.04, all proposed changes to the DA or DG templates must be reviewed and approved by the Chief Procurement Officer and Comptroller of the Treasury.

<p>APPROVED Cooper N. Gallimore for Michael F. Perry</p> <p><small>Digitally signed by Cooper N. Gallimore for Michael F. Perry DN: cn=Cooper N. Gallimore for Michael F. Perry, o=CPO, ou, email=Cooper.Gallimore@tn.gov, c=US Date: 2018.05.15 13:11:30 -0500'</small></p> <hr/> <p>CHIEF PROCUREMENT OFFICER</p>	<p>APPROVED Don Ivancic on behalf of Comptroller Justin P. Wilson</p> <p><small>Digitally signed by Don Ivancic on behalf of Comptroller Justin P. Wilson Date: 2018.05.18 08:36:32 -0500'</small></p> <hr/> <p>COMPTROLLER OF THE TREASURY</p>
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Agency request tracking #	30901-28915
1. Procuring Agency	Department of Treasury
2. Edison contract ID #	46384
3. Delegation's Effective Date	August 15, 2015
4. Delegation's end date	August 14, 2020
5. Delegation's Maximum Liability	\$ 20,000,000
6. Maximum Liability for a single procurement/ grant	\$ 5,000,000
7. Citation and explanation of the rule(s) for which the exception is requested	The instructions on the Delegated Authority ("DA") application provide that the total maximum liability of a purchase order or contract shall not exceed five million dollars (\$5,000,000) without an approved RER.
8. Description of requested change(s) to the DA or DGA template	The Treasury Department seeks a rule exception to permit a total maximum liability of an individual contract procured the DA to exceed the permitted \$5,000,000 to \$9,000,000.
9. Justification	The maximum liability for each individual contract under the DA was determined based on the results of the firm's preliminary estimate of the number of potential unclaimed audits it will conduct during the contract period, the size of the entities that may be audited, and an estimate of the potential amount of unclaimed property the entities may be holding. In addition, the Department considered the historical amounts of unclaimed property that have been remitted through similar audits. The compensation payable to audit firms is a percentage of the value of the unclaimed property actually delivered to and received by the State as a result of the firm's services. It is extremely difficult to predict the maximum liability because it is not known how much

	<p>unclaimed property is held by entities until the firm conducts the audits.</p> <p>Fortunately for the State and its citizens, audits conducted by one of its contractors has yielded much more unclaimed property than expected. This contractor is one of the only audit firms of the ten currently contracting with the Department that have the capacity to handle audits of larger companies. Also, this firm has assumed responsibility of multiple audits that were being handled by another contractor that ceased conducting audits last year. Because the State is receiving more unclaimed property than expected as a result of this contractor's services, the compensation to the contractor will also be greater than anticipated and may exceed the current maximum liability.</p> <p>As the current maximum liability under the contract is the maximum permitted under the Delegated Authority, the Department seeks this RER to amend the Delegated Authority to permit contracts exceeding \$5,000,000.</p>
<p>10. If requesting a delegation period in excess of twelve (12) months, respond to the following:</p> <ul style="list-style-type: none"> a. Describe the funding source and how it impacts the delegation period; b. What are the benefits of a delegation period in excess of twelve (12) months; and c. What are the risks if this request is not approved? 	
<p>11. If requesting a delegation period in excess of twelve (12) months and the delegation does NOT involve federal funds, address the following:</p> <ul style="list-style-type: none"> a. Provide a quarterly disbursement plan for the delegation period and attach it to this document; and b. Explain the internal controls and monitoring procedures that will be used to avoid exceeding or amending the Maximum Liability. 	
<p>Signature of Agency head or designee and date</p> <p><i>David A. [Signature]</i> May 9, 2018</p>	

Approved for signature by CA# 519118



CONTRACT AMENDMENT COVER SHEET

Agency Tracking # 30901-28915	Edison ID 47655	Contract #	Amendment # 2		
Contractor Legal Entity Name Verus Financial LLC			Edison Vendor ID 97315		
Amendment Purpose & Effect(s) Increase maximum liability and change contractor name					
Amendment Changes Contract End Date: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		End Date: September 14, 2020			
TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A):			\$ 4,000,000		
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2016				\$2,000,000	\$2,000,000
2017				\$3,000,000	\$3,000,000
2018				\$1,500,000	\$1,500,000
2019				\$1,500,000	\$1,500,000
2020				\$1,000,000	\$1,000,000
TOTAL:					\$9,000,000
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.				<i>CPO USE</i>	
Speed Chart (optional)		Account Code (optional)			

**AMENDMENT TWO
OF CONTRACT 47655**

This Amendment is made and entered by and between the State of Tennessee, Department of Treasury, hereinafter referred to as the "State" and Verus Financial LLC hereinafter referred to as the "Contractor." For good and valuable consideration, the sufficiency of which is hereby acknowledged, it is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract (the "Contract") is hereby amended as follows:

1. Contract section C.1 is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed nine million dollars (\$9,000,000). 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, overhead, 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.

2. The following is added as Contract section E.14:

E.14. Contractor Name. All references to "Verus Financial LLC" shall be deleted and replaced with "Verus Analytics LLC."

3. 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).
4. Amendment Effective Date. The revisions set forth herein shall be effective August 1, 2018. All other terms and conditions of the Contract not expressly amended herein shall remain in full force and effect.

Signature page follows

IN WITNESS WHEREOF,

VERUS FINANCIAL LLC:

SIGNATURE

DATE

PRINTED NAME AND TITLE OF SIGNATORY (above)

STATE OF TENNESSEE, DEPARTMENT OF TREASURY:

DAVID H. LILLARD, JR., STATE TREASURER

DATE



CONTRACT AMENDMENT COVER SHEET

Agency Tracking #	Edison ID	Contract #	Amendment #
30901 28915	47655	47655	1

Contractor Legal Entity Name	Edison Vendor ID
Zelus Financial LLC	97315

Amendment Purpose & Effect(s)
 increase maximum liability to the previously approved aggregate total amount of \$5,000,000.

Amendment Changes Contract End Date: YES NO End Date: September 14, 2020

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if \$ 0)
 \$ 3,000,000

Funding					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2015				\$2,000,000	\$2,000,000
2016				\$3,000,000	\$3,000,000
2017				\$0	\$0
2018				\$0	\$0
2019				\$0	\$0
2020				\$0	\$0
TOTAL				\$5,000,000	\$5,000,000

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

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay obligations.	<i>CPO USE</i>
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Special Chart (optional)	Account Code (optional)
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**AMENDMENT ONE
OF CONTRACT 47655**

This Amendment is made and entered by and between the State of Tennessee, Department of Treasury, hereinafter referred to as the "State" and Verus Financial LLC, hereinafter referred to as the "Contractor." For good and valuable consideration, the sufficiency of which is hereby acknowledged, 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 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 five million dollars (\$5,000,000). 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.

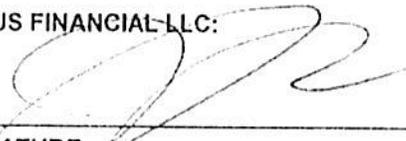
The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the 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 21, 2017. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

VERUS FINANCIAL-LLC:

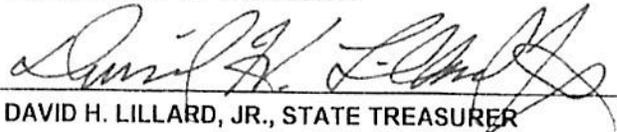


SIGNATURE 10/29/2017
DATE

James E. Hartley, Chief Executive Officer

PRINTED NAME AND TITLE OF SIGNATORY (above)

DEPARTMENT OF TREASURY:



DAVID H. LILLARD, JR., STATE TREASURER July 18, 2017
DATE

Approved for signature by CA 71717



CONTRACT

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

Begin Date September 15, 2015	End Date September 14, 2020	Agency Tracking # 30901-28915	Edison Record ID 47655
Contractor Legal Entity Name Verus Financial LLC			Edison Vendor ID 97315

Goods or Services Caption (one line only)
Examining, identifying, recovering, processing and otherwise reporting past due unclaimed property to the State

Contractor <input checked="" type="checkbox"/> Contractor	CFDA #
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Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2016				\$2,000,000	\$2,000,000
2017				\$0	\$0
2018				\$0	\$0
2019				\$0	\$0
2020				\$0	\$0
2021				\$0	\$0
TOTAL:				\$2,000,000	\$2,000,000

Contractor Ownership Characteristics:

Minority Business Enterprise (MBE): African American, Asian American, Hispanic American, Native American

Woman Business Enterprise (WBE)

Tennessee Service Disabled Veteran Enterprise (SDVBE)

Tennessee Small Business Enterprise (SBE): \$10,000,000.00 averaged over a three (3) year period or employs no more than ninety-nine (99) employees.

Other:

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

Competitive Selection

Procured the contract through an approved Delegated Authority Application, which contained the solicitation. In summary, the approved solicitation was issued to eleven (11) companies that the Treasury Department identified as being able to perform the services at issue. The Department is a member of the National Association of State Unclaimed Property Administrators, which consists of all the states in the union. Through the Department's active participation in this organization, we believe we identified the companies that can perform these services.

Any firm that met the pass/fail requirements of the solicitation was awarded the contract. The firm was also required to sign the contract as drafted by the State (which was included in the solicitation). The solicitation did not provide for a Cost Offer component in as much as the firms will provide the identical services and will only be entitled to

compensation if unclaimed property is actually delivered to and received by the State as a result of the firms' services. The compensation is 12% of the value of the unclaimed property actually received by the State and the firm is responsible for all direct and indirect costs it incurs in performing the services under the contract. In addition, the contingency fee percentage will not exceed the lowest contingent fee percentage charged by the firm to any other state for unclaimed property in conjunction with an audit of the same Unclaimed Property Holder for the State. In such case, the firm will provide the same fee to the State.

All eleven (11) companies submitted an offer in response to the Solicitation and all eleven (11) companies met the pass/fail requirements of the solicitation. Consequently, all eleven (11) were awarded the contract.

Other

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

Kemp Hartley

Speed Chart (optional)

Account Code (optional)

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TREASURY
AND
VERUS FINANCIAL LLC**

This Contract, by and between the State of Tennessee, Department of Treasury, hereinafter referred to as the "State", and Verus Financial LLC, hereinafter referred to as the "Contractor", is for the provision of examining, identifying, recovering, processing and otherwise reporting past due unclaimed property to the State, as further defined in the "SCOPE OF SERVICES."

The Contractor is a limited liability company.

Contractor Place of Incorporation or Organization: State of Connecticut

Contractor Edison Registration ID # 97315

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.
- A.2. Appointment as Agent. The State hereby appoints the Contractor as agent for the State of Tennessee pursuant to Tennessee Code Annotated, Section 66-29-134 for the purpose of assisting the State in carrying out certain provisions of the Tennessee Uniform Disposition of Unclaimed Property Act.
- A.3. In General. The Contractor shall identify entities potentially holding unclaimed property who have never reported such unclaimed property, or who have not adequately reported such unclaimed property to the State, and perform all of the following services according to the following specific requirements:
- a. The Contractor shall locate entities believed to be holding or in possession of past-due unclaimed property subject to report and delivery under Tennessee Code Annotated, Sections 66-29-101, *et. seq* (the "Holder").
 - b. The Contractor shall identify past due unclaimed property by performing an audit of the financial records of the Holder for unclaimed property. For purposes of this Contract, "Audit" means the examination of the financial records of a Holder, wherein the Contractor takes custody of the Holder's records, either on-site or off-site, and performs a physical examination of such records to determine whether the Holder is in compliance with reporting and remitting of all unclaimed property to the State.
 - c. After the Audit is completed, the Contractor shall provide to the State the unclaimed property report in proper format, and shall direct the Holder or its transfer agent to promptly transfer or otherwise deliver the unclaimed property to the State.
 - d. The Contractor shall provide an Audit Procedures Manual to be used for all Audits performed on behalf of the State. The Procedures Manual shall include the specific procedures and methodology the Contractor will employ to identify a Holder's unclaimed property liability. The Audit Procedures Manual shall also specifically address how the Contractor will manage the nonexistence of owners' addresses, out-of-proof records, and insufficient or unavailable records.
- A.4. Authorization.
- a. The Contractor shall obtain specific written authorization to conduct an Audit of a Holder from the State before commencing the Audit on the State's behalf
 - b. The Contractor shall include in each authorization request a certification by the Contractor

that the Contractor, or an affiliate of the Contractor, has not had a business relationship with regards to reporting, remitting, or processing unclaimed property for the Holder during the previous five (5) years.

- c. An Audit may be proposed by either party to the other party. For each proposed Audit, the proposing party shall, at a minimum, provide the other party with the following information about the Holder and the proposed Audit. These items can be changed upon written agreement by both parties, without a formal amendment to this Contract.
 - (1) Names and Federal Employer Identification Numbers ("FEIN") of all business entities to be audited, including subsidiaries and any affiliated companies whether or not they are subject to the Audit;
 - (2) Address (physical and mailing), contact person, and telephone number of the Holder's principal place of business as determined by the latest annual report or filed Form 10-K or other such probative evidence;
 - (3) If applicable, name, address, contact person, and telephone number of the Holder's transfer agent;
 - (4) The State(s) of incorporation of the Holder and its subsidiaries and affiliated companies;
 - (5) Description of the line of business the company is engaged in and why the proposing party is considering the Holder for Audit; and
 - (6) Scope of the Audit, i.e., the property types and time period of the records to be examined.
- d. The State will determine whether participation in the Audit is in the best interest of the State of Tennessee. The State will notify the Contractor of its decision within thirty (30) calendar days of receiving the written request from the Contractor.
- e. The Contractor will determine whether conducting the audit proposed by the State is in the best interest of the Contractor. The Contractor will notify the State of its decision within thirty (30) calendar days of receiving the written request from the State. Notwithstanding the foregoing, the Contractor agrees to conduct at least one (1) Audit per year that the State proposes to the Contractor for Audit.
- f. The decisions of the State shall be final and binding on both parties in the event of any doubt or differences of opinion as to the procedures to be used or the services to be furnished by the Contractor hereunder.

A.5. Audit.

- a. After receipt of the written authorization letter from the State, the Contractor shall schedule an opening conference with the Holder at a time mutually agreeable with the Holder, but not later than ninety (90) calendar days of the date of State's authorization letter. If the Contractor has not scheduled the opening conference within the ninety-day period, the Contractor shall inform the State in writing as to the reasons why and shall request the assistance and direction of the State as to the next appropriate course of action.
- a. The Contractor shall notify the State of the date and location of the opening conference at least thirty (30) calendar days prior to the conference or as otherwise agreed upon by the Contractor and the State. The State shall be permitted to attend the opening conference. The State, at its sole discretion, may elect to attend either in person or by conference call. The number for the conference call shall be provided to the State at least ten (10) calendar days prior to the conference or as otherwise agreed upon by the Contractor and the State.
- b. Prior to the opening conference, the Contractor shall provide the Holder with a copy of each of the following items:
 - (1) A copy of Tennessee's Unclaimed Property law;
 - (2) An executed copy of this Contract. At the Contractor's discretion, said copy may have the fees in Section C.3 redacted; and

- (3) A non-disclosure agreement signed by the Contractor wherein the Contractor agrees to preserve the Holder's reasonable expectation of privacy of the owner's interest.
- c. During the opening conference, the Contractor shall:
- (1) Identify in writing the time period to be covered by the Audit, the estimated length of time for the Audit to be completed, and describe the general audit methods to be employed, including sampling and estimation if applicable;
 - (2) Identify, in writing, the State's liaison to whom the Contractor is accountable, including the liaison's full name, title, address, telephone number, and e-mail address, and advise the Holder's representatives that they are free to discuss the Audit directly with the liaison at any time regarding allegations of misconduct, unethical behavior, or significant disagreement relating to the Contractor's legal authority to perform all or any portion of the Audit;
 - (3) Identify, in writing, every senior employee, representative, and agent of the Contractor who will participate in the Audit;
 - (4) Provide the approximate number of persons to be on-site at the Holder's location if an on-site Audit is to be conducted by the Contractor;
 - (5) Explain and describe the components of the Audit, which will typically involve the following phases:
 - i. Basic corporate information gathering;
 - ii. How and where the records are to be produced;
 - iii. Overview of the Audit program;
 - iv. Obtaining and detailed testing of Holder records;
 - v. Calculation of unclaimed property liability;
 - vi. Remediation and due diligence by the Holder; and
 - vii. Closing the Audit.
 - (6) Identify in writing the records that will be required and arrange for access to those records and how the security of those records will be addressed;
 - (7) Specify in writing if the Audit will include an examination of the books and records (being held by the Holder or its agent) involving securities-related property. If so, identify the types of securities and the time-period to be examined. Securities-related property includes, but is not limited to, stocks, bonds, mutual fund shares, and dividends; and
 - (8) Explain that at the closing of the Audit the State will provide in writing a demand letter to the Holder for the identified items that have not been resolved during the Audit. The Contractor will be required to provide the State with the unclaimed property report and the Holder will be required to remit the property directly to the State in accordance with the delivery instructions located at <http://treasury.tn.gov/unclaim> or at such other website address as the State may specify by notice to the Contractor. If securities-related property is to be remitted, the Holder or its transfer agent must make the necessary arrangements to have the property transferred to the State in accordance with the above described deliver instructions.
- d. The Audit scope will be ten (10) prior reporting cycles, unless otherwise authorized by the State in writing. At the State's written direction, the Audit scope shall be extended to include such additional years as the State shall determine.
- e. The Contractor will use its best efforts to conclude the Audit in the time frame set forth in the Audit schedule provided at the opening conference. The Contractor shall notify the Holder and the State whenever it intends to vary from the time frame presented to the Holder at the opening conference.
- f. The Contractor's off-site or on-site Audit team shall be supervised by a member of the Contractor's staff who:

- (1) Is qualified to supervise the Audit, as contemplated by Generally Accepted Auditing Standards; and
 - (2) Is a permanent member of the Contractor's staff (as contrasted with an employee hired only to perform the Audit); and
 - (3) Has at least five (5) years of unclaimed property audit experience; or
 - (4) Has at least five (5) years of Senior-Level Public Accounting Experience.
 - i. "Senior Level" is defined as at least five (5) years of full-time public accounting experience.
 - ii. "Public accounting experience" is defined as performing tax, audit, and management consulting or accounting work.
- a. The Contractor must have prior written approval from the State to conduct any estimate or sample used in any Audit that affects the State. The Contractor must present documentation as to the necessity, method, and procedure of any proposed estimate or sample as well as the method of apportionment to other states or parties, whether or not represented by the Contractor.
 - b. The Contractor shall prepare and submit monthly work-in-progress reports to the State on each Audit being conducted on behalf of the State. These reports shall, at a minimum, include the following information. These items can be changed upon written agreement by both parties, without a formal amendment to this Contract.
 - (1) Name of Holder;
 - (2) Holder's FEIN;
 - (3) Date of the opening conference with the Holder;
 - (4) Scope of the Audit, i.e., the property types and time period of the records to be examined;
 - (5) Date of last contact with Holder;
 - (6) Estimated completion date;
 - (7) Status of the Audit (i.e., records being reviewed, property delivered, etc.); and
 - (8) Any relevant comments regarding any unusual circumstances surrounding the Audit, difficulties encountered thus far, or difficulties anticipated during the Audit process.
 - c. The Contractor must schedule a closing conference with the Holder and the State
 - (1) The Contractor shall notify the State and the Holder of the date and location of the closing conference at least thirty (30) calendar days prior to the conference or as otherwise agreed upon by the Contractor and the State.
 - (2) The State shall, at its sole discretion, be permitted to attend the closing conference either in person or by conference call. The number for the conference call shall be provided to the State at least ten (10) calendar days prior to the conference or as otherwise agreed upon by the Contractor and the State.
 - (3) Prior to the closing conference, the Contractor shall provide a copy of the preliminary findings of the Audit to the Holder for its review.
 - d. Upon completion of the Audit, the Contractor must instruct the Holder, and Holder's agent, if applicable, to file all future reports directly with the State pursuant to Tennessee's reporting requirements.
 - e. The State, by written notice, may direct the Contractor to suspend work under this Contract at any time. The Contractor shall not resume work until the Contractor has received written approval from the State to proceed.
 - f. All Audits must be conducted solely by the Contractor unless a subcontractor is approved by the State pursuant to Section D.5 below. The Contractor must rely on the detailed and summary books and records of the Holder or of the Holder's agent, as applicable. The Contractor shall not use any books, records, or reports prepared by a third party without prior written approval of the State.

- g. The Contractor must Audit the records of Holders for unreported unclaimed property in a timely manner and with minimal disruption to the Holder's regular business activities.
- h. The Contractor shall notify the State if a holder files for bankruptcy before or during an approved Audit. Said notification shall be made within seven (7) calendar days of discovery by the Contractor of the bankruptcy filing. In such case, the Contractor shall prepare a proof of claim or provide such information to enable the State to file a proof of claim within seven (7) calendar days of discovery by the Contractor of the bankruptcy filing.

A.6. Enforcement Efforts and Audit Completion Deadline.

- a. The State agrees to send such notices that may be required to each Holder Audit candidate naming the Contractor as its agent and to assist the Contractor in obtaining access to the records that are necessary to complete its Audit. If a Holder refuses to permit its records to be reviewed, or is uncooperative, then the Contractor shall notify the State in writing within thirty (30) calendar days of such occurrence.
- b. The Contractor acknowledges and agrees that it cannot initiate legal action or enter into an agreement with a Holder on behalf of the State without the prior written consent of the State. In the event the State decides to file suit to recover the property, such suit shall be filed by the Tennessee State Attorney General, or such Attorney General's designee. The Contractor shall cooperate fully with State attorneys, and shall provide such attorneys with all records and other information in the Contractor's possession regarding the property sought to be obtained, including the provision of deposition testimony and/or trial testimony pertaining to the facts of the Audit and the property sought to be obtained.
- c. The Contractor may inform a holder of Tennessee law regarding penalties and interest, but shall not impose or threaten to impose such penalties or interest without the State's prior written consent. The State will be responsible for assessing and collecting any penalties from a Holder.

A.7. Audit Report.

- a. Upon completion of the Audit, the Contractor shall prepare and provide to the State, in a form acceptable to the State, a comprehensive and accurate Audit report that the State will use to create the demand letter. Out-of-proof reports will not be accepted unless prior written consent is given by the State. The Audit report shall, at a minimum, include:
 - (1) The name and address of the Holder;
 - (2) The FEIN of the Holder;
 - (3) A listing of property types with the amounts to be reported for each;
 - (4) If securities are included in the Audit report, the report must include, at a minimum:
 - i. Name of security
 - ii. Class of security
 - iii. Committee on Uniform Securities Identification (CUSIP) number
 - iv. Description of security
 - v. Number of shares for each issue
 - vi. Maturity date and interest, as applicable
 - (5) A total of the amounts to be reported;
 - (6) Future reportable items that are not yet due;
 - (7) A narrative summarizing the Audit findings including the periods covered and the records reviewed;
 - (8) Written certification, signed by the Holder or, if applicable, by the Holder's agent, that it has performed the due diligence required by Tennessee Code Annotated, Section 66-29-113(f);

- (9) Written certification, signed by the Contractor, that the Audit was completed by the Contractor in accordance with the requirements of this Contract, the Tennessee statutes, the Tennessee Administrative Code, and the holdings of the U.S. Supreme Court in *Texas v. New Jersey*, 380 U.S. 518, 85 S.Ct. 1136 (1965), and *Delaware v. New York*, 507 U.S. 490, 113 S.Ct. 1550 (1993).
- b. The Contractor shall properly document the Audits it performs on behalf of the State and make the working papers gathered during the Audit available on demand for review by the State. Such working papers will include planning information and all related calculations, statistical analyses, and summarizations.
- A 8. Property report and remittance (Delivery) The Contractor shall report all Tennessee property located during the Audit directly to the State using the State's reporting instructions, which are contained on the State's unclaimed property website described in Section A 5 d(8) above. The Contractor shall also direct the Holder or its transfer agent, whichever is applicable, to remit all such property to the State in accordance with the delivery instructions located at the website described in Section A 5 d(8) above.
- A 9. Joint Efforts with Participating States.
- a. The State acknowledges and agrees that the services contemplated hereby may be undertaken concurrently with several other states which have entered into similar agreements with the Contractor (hereinafter referred to as the Participating States) having similar demands in connection with their respective unclaimed property laws. The Contractor represents and warrants that it shall act as the sole agent of the State and the other Participating States in performing the services hereunder and shall not act as an agent for Holders of unclaimed property during the course of the Audit.
- b. If the Holder has unclaimed property for states not participating in an audit initiated by the State hereunder, it will be the Holder's responsibility to report the property to the appropriate states.
- c. At the State's request the Contractor shall supply the State with the names of any other states participating in an Audit hereunder.
- A.10. Disclosure of Findings. The Contractor may disclose information it acquires hereunder to the Participating States pursuant to a plan whereby the State similarly benefits from such reciprocal disclosures. Except as expressly allowed in this Contract, the Contractor shall not disclose any information it may obtain hereunder and all such information is acknowledged to be held confidentially for the State. The Contractor shall advise any party that may be assisting the Contractor in the performance of this Contract pursuant to Section D.5 below, including, but not limited to, attorneys, transfer agents, affiliated businesses or related parties, of the confidential nature thereof. It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.
- A.11. Audit Training. At no additional cost to the State, the Contractor agrees to provide two (2) days of audit training to Tennessee State staff each year if requested by the State. The training will be provided either at the State's facilities in Nashville, Tennessee or remotely by webinar as shall be determined at the State's sole discretion. The training shall occur on such dates and at such times as mutually agreed to by the parties.
- A.12. Non-Exclusive Contract. The Contractor recognizes that the State has or may contract with other entities to provide the same or similar services as those set forth in this Contract. As a consequence, the Contractor acknowledges and agrees that the State has the final and sole authority to decide which entity, if any, will conduct an Audit on behalf of the State in the event more than one entity desires to identify and collect unclaimed property from the same Holder.

B. TERM OF CONTRACT:

This Contract shall be effective on September 15, 2015 ("Effective Date"), and extend for a period of sixty (60) months after the Effective Date ("Term"). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed two million dollars (\$2,000,000). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

- C.2. Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.
- C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.
- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A
 - b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:
 - (1) Contingency Fee Rate. In consideration of the services performed as required in this Contract, the State shall pay the Contractor a sum equal to:
 - i. Twelve percent (12%) of the value of the identified cash-related unclaimed property that resulted from an Audit of a Holder's books and records and which is delivered to the State or its designee; and
 - ii. Twelve percent (12%) of the value of the identified securities-related unclaimed property that resulted from an Audit of the books and records of a Holder or of a Holder's agent and which is delivered to the State or its designee. Provided, however, the securities-related property must have been approved by the State to be included in the Audit of the Holder and the intent to examine the Holder's books and records for securities-related property was disclosed in the opening conference. "Securities-related property" includes, but is not limited to, stocks, bonds, mutual fund shares and dividends.
 - (2) Value of Unclaimed Property. The value of unclaimed property shall mean the cash value of the property. If other than cash (securities), then the value of the unclaimed property shall mean the closing price of any security traded on an exchange within three (3) business days of the date the property is registered to the State or received in the

State's custodial account. If the property is a security traded over-the-counter, the value shall be the bid price as set forth in the pink sheets within three (3) business days of the date the security is registered to the State or received in the State's custodial account. If the unclaimed property is an unlisted security, or other personal property without a listed value, its value shall be determined by the generally accepted valuation method applicable to such property.

- (3) Fee Waiver. Notwithstanding any provision of this Contract to the contrary, the payment of the Contractor's fees will not be made on unclaimed property until the property is reported and remitted pursuant to the State's reporting instructions. Further, payment of the Contractor's fee will not be made when required approval for an Audit was not granted by the State. Payment of the Contractor's fee will only be made on property that was identified in an Audit as past due.
- (4) Contingency of Fees. All fees of the Contractor under this Section C.3.b shall be contingent on the State's recovery and collection of past due unclaimed property and the Contractor shall be responsible for the payment or making provision for the payment of all expenses incurred in connection with all services provided herein.
- (5) Reduction in Fees. The total contingency fee percentage charged by the Contractor to the State shall not exceed the lowest contingent fee percentage charged by the Contractor to any other state for unclaimed property in conjunction with an Audit of the same Holder by the Contractor for the State. In such case, the Contractor shall: (i) provide the State written notice of the lower contingent fee for the Audit and (ii) agree to provide the same fee to the State.

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 present said invoices no more often than monthly, with all necessary supporting documentation, to:

Tennessee Treasury Department
Unclaimed Property Division
15th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, Tennessee 37243-0203

- a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).
 - (1) Invoice Number (assigned by the Contractor)
 - (2) Invoice Date
 - (3) Contract Number (assigned by the State)
 - (4) Customer Account Name: State of Tennessee, Department of Treasury, Division of Unclaimed Property
 - (5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
 - (6) Contractor Name
 - (7) Contractor Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
 - (8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
 - (9) Contractor Remittance Address
 - (10) Description of Delivered Service
 - (11) Complete Itemization of Charges, which shall detail the following:

- i. Service or Milestone Description (including name & title as applicable) of each service invoiced
- ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
- iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
- iv. Amount Due by Service
- v. Total Amount Due for the invoice period

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

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

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

C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts, which are or shall become due and payable to the State of Tennessee by the Contractor.

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

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

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

- D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

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

- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants. The requirements of *Tennessee Code Annotated*, Section 12-4-124, *et seq.*, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize

the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment 1, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.

- b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of *Tennessee Code Annotated*, Section 12-4-124, *et seq.* for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.
- D.9. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.10. Prevailing Wage Rates. All contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated*, Section 12-4-401, *et seq.*
- D.11. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.12. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.13. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or

provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

- D.14. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

- D.15. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.16. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.
- D.17. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.18. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.19. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.20. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.21. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
- D.22. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Health Information Technology for Economic and Clinical Health (HITECH) Act and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules").
- a. Contractor warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Contract.
 - b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the

Privacy Rules, in the course of performance of the Contract so that both parties will be in compliance with the Privacy Rules.

- c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and Contractor in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Contract is NOT "protected health information" as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver such information without entering into a business associate agreement or signing another such document.
- d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.

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:

John Gabriel, Director of Unclaimed Property Division
Tennessee Treasury Department
15th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, Tennessee 37243-0203
john.gabriel@tn.gov
Telephone # (615) 253-5354
FAX # (615) 401-6836

The Contractor:

Caroline Marshall, General Counsel
Verus Financial LLC
500 Chase Parkway
Waterbury, Connecticut 06708
cmarshall@verusfinancial.com
Telephone # (888) 308-3787, ext. 221
FAX # (203) 574-5555

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

E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the

Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- E.4. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.
- E.5. Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract
- E.6. 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 offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. are not presently indicted 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.7. Insurance.
- a. The Contractor shall carry adequate liability and other appropriate forms of insurance. The Contractor shall maintain, at minimum, Cyber Liability Insurance with a limit of not less than one million dollars (\$1,000,000) aggregate. Privacy Breach Response Coverage of not less than one million dollars (\$1,000,000) per occurrence and Network Asset Protection with a limit of not less than one million dollars (\$1,000,000) per occurrence.

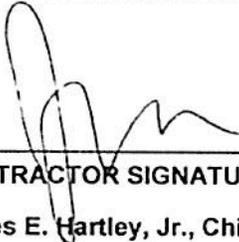
- b. The Contractor agrees to name the State as an additional insured on said policy for claims caused by the negligent acts or omissions of the Contractor.
 - c. The Contractor agrees that if the Contractor (i) fails at any time to maintain the said described insurance policy or (ii) fails at any time to include the State as an additional insured under that policy and under the terms specified in this Section, then (iii) each and the same shall be a material default under this Contract. The State agrees that it shall give written notice to the Contractor as soon as practical after the State becomes aware of any claim covered by the policy that is asserted or made against the State, but in no event later than thirty (30) calendar days after it becomes aware of such claim.
 - d. At any time the State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company and Policy Number; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.
- E.8. Ownership of Materials. All records, reports, documents and other material delivered or transmitted to the Contractor by the State shall remain the property of the State, and shall be returned by the Contractor to the State, at the Contractor's expense, at termination or expiration of this Contract, or at such earlier time as the State may request. All records, reports, documents, or other material related to this Contract and/or obtained or prepared by the Contractor in connection with the performance of the services hereunder shall become the property of the State, and shall, upon request, be transmitted by the Contractor to the State, at the Contractor's expense, at termination or expiration of this Contract or at such earlier time as the State may request. The Contractor may not produce or otherwise use the products of this Contract without the prior written consent of the State.
- E.9. Workpapers Subject to Review. The Contractor shall make all audit, accounting, or financial analysis workpapers, notes, and other documentation available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Contract.
- E.10. Applicable Gifts and Solicitations Policy. The Contractor shall not offer to give, or give, any gift to any employee of the State or to any member of a Board, Commission or Committee administratively attached to the State that would violate the State's Gifts and Solicitations Policy, included as Attachment 2 to this Contract.
- E.11. Representations. The Contractor represents and warrants that:
- a. By entering into this Contract, the Contractor is knowledgeable of Tennessee Code Annotated, Sections 66-29-101, *et. seq.*, relevant U.S. and Tennessee Supreme Court rulings, generally accepted accounting principles, generally accepted auditing standards, and any relevant audit procedures as they relate to the identification and collection of unclaimed property from Holders.
 - b. In the performance of services under this Contract, the Contractor shall not Audit any entity with whom the Contractor, or any affiliated company (i.e., under common control with, controlled by or controlling), has a current agreement or has had a prior agreement to represent the entity, or any related affiliate of the entity, in any capacity including but not limited to, the filing of unclaimed property reports, audit defense, consulting, or any other professional services or activity that could be construed as being in conflict with the work under this Contract.
 - c. Neither the Contractor, nor any affiliated company (i.e., under common control with, controlled by or controlling) will contract with a Holder to provide unclaimed property processing or reporting services for a fee during the time that the Contractor is performing an Audit of the Holder on behalf of the State, nor shall the Contractor, or any affiliate, contract for

(or otherwise attempt to sell) abandoned property processing or reporting services to a Holder which is under Audit by the Contractor on behalf of the State until the Audit report has been accepted by the State and a complete delivery of any unclaimed property due the State has been made.

- d. Neither the Contractor nor any affiliated company (i.e., under common control with, controlled by or controlling) will engage or enter into a contract for a fee with a potential unclaimed property owner that was identified during an Audit of a Holder's records for the purpose of assisting the owner in locating or otherwise recovering the owner's property.
- E.12. Authorized Individuals. Different persons may be authorized by the State to give instructions for different purposes. A resolution or other written action of the State may be received and accepted by the Contractor as conclusive evidence of the authority of any such person or persons to act, and may be considered as "in full force and effect" until written notice to the contrary is received by the Contractor.
- E.13. Transition Upon Termination. Upon the expiration or termination of this Contract for any reason, the Contractor shall be entitled to the fees provided for in Section C.3 of this Contract for all property subsequently delivered to the State by a Holder as a result of the Contractor's performance of its obligations under this Contract.

IN WITNESS WHEREOF,

VERUS FINANCIAL LLC:

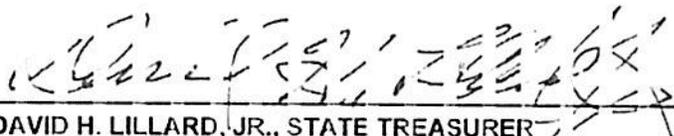


9/11/15
DATE

CONTRACTOR SIGNATURE

James E. Hartley, Jr., Chief Executive Officer

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)



9/11/15
DATE

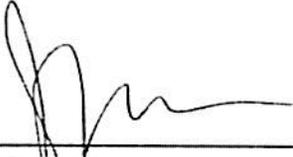
DAVID H. LILLARD, JR., STATE TREASURER

Approved for signature by CM 9/11/15

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

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

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



CONTRACTOR SIGNATURE

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

James E. Hartley, Jr., Chief Executive Officer

PRINTED NAME AND TITLE OF SIGNATORY

9/1/15

DATE OF ATTESTATION

TREASURY DEPARTMENT'S GIFTS AND SOLICITATIONS POLICY

No employee or any member of a Board, Commission or Committee administratively attached to the Department shall solicit, accept or agree to accept, directly or indirectly, on behalf themselves or their immediate family, any gift in violation of state law including, but not limited to, any gratuity, service, favor, entertainment, lodging, transportation, loan, loan guarantee rebate, money, any promise, obligation or contract for future awards or compensation or any other thing of monetary value, from any **individual** or **entity** that:

- Has, or is seeking to obtain, contractual or other business or financial relations with the Treasury Department or the Tennessee Consolidated Retirement System;
- Conducts operations or activities that are regulated by the Treasury Department;
- May bid on future procurement from the Department or a Board, Commission, or Committee administratively attached to the Department based on the employee's reasonable belief that the person or entity intends to submit a bid; or
- Has an interest that may be substantially affected by the performance or nonperformance of the employee's official duties.

Generally, gifts from a lobbyist or an employer of a lobbyist are prohibited; however, the following are exceptions to the general gift prohibition:

- A gift given for nonbusiness purpose and motivated by a close personal friendship and not by the position of the employee, and specifically authorized and defined by the Ethics Commission;
- Informational materials in the form of books, articles, periodicals, other written materials, audiotapes, videotapes, or other forms of communication;
- Sample merchandise, promotional items, and appreciation tokens if they are routinely given to customers, suppliers or potential customers or suppliers in the ordinary course of business;
- Unsolicited tokens or awards of appreciation, honorary degrees, or bona fide awards in recognition of public service in the form of a plaque, trophy, desk item, wall memento, and similar items, provided that any such item shall not be in a form which can readily be converted to cash;
- Benefits resulting from business, employment, or other outside activities of the employee or the employee's immediate family, if such benefits are customarily provided to others in similar circumstances and are not enhanced due to the status of the employee;
- Opportunities and benefits made available to all members of an appropriate class of the general public, including but not limited to, discounts afforded to the general public or prizes and awards given out in public contests;
- Expenses of out-of-state travel, if such expenses are paid for or reimbursed by a governmental entity or an established and recognized organization of elected or appointed state government officials;
- Food, refreshments, amenities, goody bags, entertainment, or beverages provided as part of a meal, reception or similar event including tradeshows and professional meetings; and

- Food, refreshments, meals, foodstuffs, entertainment, beverages that are provided in connection with the following: an event where the employee is a speaker or part of a panel discussion at a scheduled meeting of an established or recognized membership organization which regularly meets at in-state events in which invitations are extended to legislative or executive branch employees. The value of the items shall not exceed fifty dollars (\$50.00) per person, per day.*
- * The amount may be increased to reflect the percentage of change in the average consumer price index. The Ethics Commission publishes the increased amount on its website. For other gifts offered which are not included in the exceptions above, the employee must obtain the written approval of the Assistant Treasurer for Legal, Compliance and Audit.