



**STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES**

CITIZENS PLAZA BUILDING
400 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1403

TELEPHONE: 615-313-2263 FAX: 615-313-5356
www.tn.gov/humanserv/

BILL HASLAM
GOVERNOR

RAQUEL HATTER, MSW, Ed.D.
COMMISSIONER

December 20, 2016

Ms. Krista Lee
Executive Director of Fiscal Review
Tennessee General Assembly
8th Floor, Rachel Jackson Building
Nashville, TN 37243

Dear Ms. Lee:

This following information is provided in support of the subject Amendment Request and Rule Exception submitted by the Department of Human Services ("DHS") for consideration and approval of the Fiscal Review Committee. DHS is seeking approval of the associated Amendment Request for the following contract effective March 1, 2017:

Contract #26701 – [REDACTED]

Background

The current contract with [REDACTED] for Electronic Benefit Transfer Services ("EBT"), awarded March 1, 2012, will reach its end date on February 28, 2017. The contract was awarded through a competitive Request for Proposal (RFP) for a 60-month term. Initially DHS prepared to publish the replacement RFP in the November to December 2015 time frame, however, based on the recommendations from USDA Food and Nutrition Services (FNS) in September 2015, DHS combined EBT implementation and subsequent services for Women, Infants, and Children (WIC) on behalf of the Department of Health to be awarded as an independent contract under the same RFP. Due to the inclusion of these services, as recommended by FNS, additional development time was required to prepare the RFP for publication.

The Central Procurement Office issued a competitive RFP on May 3, 2016 to replace its existing DHS contract and include services on behalf of the Department of Health for WIC. The Central Procurement Office issued its award recommendation on July 8, 2016 to [REDACTED] Inc. at which point the open file period was initiated and scheduled to end on July 15, 2016. As a result of the award protest filed by [REDACTED] and resulting time to settle, in favor of Central Procurement's award recommendation, DHS respectfully requests consideration to allow for a 12-month transition period between vendors and continuation of existing services without disruption to Electronic Benefit Transfer Service clients.

Justification

The Amendment Request, Rule Exception, and proposed contract amendment are to allow for a 12-month extension for contract #26701, thus resulting in a 72-month contract. As a result of delays outside of the Department's and Central Procurement's complete control and recommendation from FNS to allow for a full 12-month transition period between vendors, the proposed amendment is required to allow for transition and uninterrupted EBT client services for the Department of Human Services.

Summary

The Department's Electronic Benefits Transfer Services contract is typically for sixty (60) months and the Department anticipates actual service provision via this contract for sixty (60) months, as well. However, due to the delays resulting from the protest filed by [REDACTED], the proposed amendment is submitted to provide a sufficient transition period for [REDACTED] to develop the infrastructure necessary to begin billable services on or before March 1, 2018 (thus facilitating a seamless transition from [REDACTED] to [REDACTED]).

The request is to extend the current contract ending February 28, 2017 to February 28, 2018. No additional funding will be required for the extension period as estimates based on current spend indicate that the remaining funding will cover the extension period.

Sincerely,



Tracy Bell
Chief Officer of Workforce Development, Employment, and Transformation

cc: Kevin Bartels, CPO General Counsel
Nicholas Edwards, CPO Sourcing Analyst
Dan Birdwell, DHS General Counsel
Stephen Reksten, DHS Director of Office of Procurement
Andy Kidd, CPO Director of Sourcing

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Donovan Morgan	*Contact Phone:	615-313-2241
*Presenter's name(s):	Andy Kidd, Director of Sourcing, Central Procurement Office Stephen Reksten, Director of Procurement, Department of Human Services		
Edison Contract Number: <i>(if applicable)</i>	26701	RFS Number: <i>(if applicable)</i>	34530-02512
*Original or Proposed Contract Begin Date:	March 1, 2012	*Current or Proposed End Date:	February 28, 2018
Current Request Amendment Number: <i>(if applicable)</i>	One		
Proposed Amendment Effective Date: <i>(if applicable)</i>	March 1, 2017		
*Department Submitting:	Department of Human Services		
*Division:	Family Assistance		
*Date Submitted:	December 15, 2016		
*Submitted Within Sixty (60) days:	Yes		
<i>If not, explain:</i>	Not Applicable		
*Contract Vendor Name:	[REDACTED]		
*Current or Proposed Maximum Liability:	\$25,500,000.00		
*Estimated Total Spend for Commodities:	Not Applicable		
*Current or Proposed Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)			
FY: 2012	FY: 2013	FY: 2014	FY: 2015
<i>See attached Exhibit A for current Fiscal Year allocations</i>			
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from Edison)			
FY: 2015	FY: 2016	FY: 2017	FY: 2018
<i>See attached Exhibit A for current Fiscal Year expenditures</i>			
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	N/A		

Supplemental Documentation Required for
Fiscal Review Committee

<p>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</p>	<p>Aa result of a cumulative surplus for all fiscal years of the contract term, surplus funds will be carried forward. Due to this surplus, the department does not anticipate the need to add funding for the proposed extension period.</p>
<p>IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:</p>	<p>N/A</p>

<p>*Contract Funding Source/Amount:</p>			
<p>State:</p>	<p>\$12,749,000.99</p>	<p>Federal:</p>	<p>\$12,750,000.01</p>
<p><i>Interdepartmental:</i></p>		<p><i>Other:</i></p>	
<p>If “<i>other</i>” please define:</p>			
<p>If “<i>interdepartmental</i>” please define:</p>			
<p>Dates of All Previous Amendments or Revisions: <i>(if applicable)</i></p>		<p>Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i></p>	
<p>N/A</p>		<p>N/A</p>	
<p>Method of Original Award: <i>(if applicable)</i></p>		<p>Request for Qualification (RFQ)</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>N/A</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>	

EXHIBIT A

*Current or Proposed Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)					
FY: 2012	FY: 2013	FY: 2014	FY: 2015	FY: 2016	FY: 2017
\$1,500,000.00	\$4,700,000.00	\$4,900,000.00	\$5,200,000.00	\$5,400,000.00	\$3,800,000.00

*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from Edison)					
FY: 2012	FY: 2013	FY: 2014	FY: 2015	FY: 2016	FY: 2017
\$0.00	\$3,875,065.91	\$4,567,618.51	\$3,962,124.44	\$3,638,476.66	\$1,530,033.71

Payments against Contract 26701 [REDACTED] **Fiscal Years 2012 to Curr**

Unit	Edison Contract ID	Vendor ID	Vendor Name	Voucher ID
34501	26701	140884	[REDACTED]	00085157
34501	26701	140884	[REDACTED]	00087461
34501	26701	140884	[REDACTED]	00090512
34501	26701	140884	[REDACTED]	00092514
34501	26701	140884	[REDACTED]	00094595
34501	26701	140884	[REDACTED]	00097314
34501	26701	140884	[REDACTED]	00098582
34501	26701	140884	[REDACTED]	00101677
34501	26701	140884	[REDACTED]	00104859
34501	26701	140884	[REDACTED]	00107024

34501	26701	140884	[REDACTED]	00109957
34501	26701	140884	[REDACTED]	00114294
34501	26701	140884	[REDACTED]	00114298
34501	26701	140884	[REDACTED]	00116027
34501	26701	140884	[REDACTED]	00118909
34501	26701	140884	[REDACTED]	00121013
34501	26701	140884	[REDACTED]	00123361
34501	26701	140884	[REDACTED]	00125502
34501	26701	140884	[REDACTED]	00128293
34501	26701	140884	[REDACTED]	00132195
34501	26701	140884	[REDACTED]	00135409
34501	26701	140884	[REDACTED]	00135793

34501	26701	140884	[REDACTED]	00137880
34501	26701	140884	[REDACTED]	00139994
34501	26701	140884	[REDACTED]	00142221
34501	26701	140884	[REDACTED]	00147311
34501	26701	140884	[REDACTED]	00147310
34501	26701	140884	[REDACTED]	00149320
34501	26701	140884	[REDACTED]	00151366
34501	26701	140884	[REDACTED]	00152847
34501	26701	140884	[REDACTED]	00154516
34501	26701	140884	[REDACTED]	00156342
34501	26701	140884	[REDACTED]	00159031

34501	26701	140884	[REDACTED]	00161177
34501	26701	140884	[REDACTED]	00163352
34501	26701	140884	[REDACTED]	00164948

34501	26701	140884		00166546
34501	26701	140884		00168388
34501	26701	140884		00170209
34501	26701	140884		00171827
34501	26701	140884		00172972
34501	26701	140884		00174974
34501	26701	140884		00178276
34501	26701	140884		00179560

34501	26701	140884		00181359
34501	26701	140884		00183769
34501	26701	140884		00182784
34501	26701	140884		00185848
34501	26701	140884		00186557

ent

PO ID	Invoice Date	Voucher Accounting Date	Payment Date	Voucher Line Description
0000009356	9/14/2012	9/26/2012	10/4/2012	051506 FOOD STAMP PROGRAM
0000009672	10/11/2012	10/22/2012	10/26/2012	051506 FOOD STAMP PROGRAM
0000009966	11/15/2012	11/28/2012	12/6/2012	051506 FOOD STAMP PROGRAM
0000010176	12/13/2012	12/21/2012	1/9/2013	030112 SNAP Program
0000010320	1/15/2013	2/7/2013	2/14/2013	051506 FOOD STAMP PROGRAM
0000010595	2/13/2013	3/1/2013	3/14/2013	051506 FOOD STAMP PROGRAM
0000010759	3/12/2013	3/18/2013	3/21/2013	051506 FOOD STAMP PROGRAM
0000011078	4/11/2013	4/23/2013	5/3/2013	051506 FOOD STAMP PROGRAM
0000011385	5/13/2013	5/29/2013	6/4/2013	051506 FOOD STAMP PROGRAM
0000011620	6/14/2013	6/24/2013	6/28/2013	051506 FOOD STAMP PROGRAM

0000011834	7/12/2013	7/29/2013	8/1/2013	051506 FOOD STAMP PROGRAM
0000012365	8/12/2013	9/24/2013	9/26/2013	051506 FOOD STAMP PROGRAM
0000012366	9/13/2013	9/24/2013	9/26/2013	051506 FOOD STAMP PROGRAM
0000012557	10/14/2013	10/16/2013	10/23/2013	051506 FOOD STAMP PROGRAM
0000012875	11/15/2013	11/22/2013	12/2/2013	051506 FOOD STAMP PROGRAM
0000013120	12/16/2013	12/19/2013	12/27/2013	051506 FOOD STAMP PROGRAM
0000013345	1/16/2014	1/24/2014	1/29/2014	051506 FOOD STAMP PROGRAM
0000013624	2/19/2014	2/25/2014	3/3/2014	051506 FOOD STAMP PROGRAM
0000013933	3/14/2014	3/25/2014	4/4/2014	051506 FOOD STAMP PROGRAM
0000014186	4/15/2014	5/8/2014	5/14/2014	051506 FOOD STAMP PROGRAM
0000014515	5/14/2014	6/16/2014	6/19/2014	051506 FOOD STAMP PROGRAM
0000014577	6/12/2014	6/20/2014	6/26/2014	051506 FOOD STAMP PROGRAM

0000014816	7/15/2014	7/22/2014	8/7/2014	051506 FOOD STAMP PROGRAM
0000015050	8/14/2014	8/20/2014	8/29/2014	051506 FOOD STAMP PROGRAM
0000015391	9/16/2014	9/19/2014	10/16/2014	051506 FOOD STAMP PROGRAM
0000016130	10/14/2014	11/26/2014	12/5/2014	051506 FOOD STAMP PROGRAM
0000016131	11/14/2014	11/26/2014	12/9/2014	051506 FOOD STAMP PROGRAM
0000016392	12/15/2014	12/30/2014	1/9/2015	051506 FOOD STAMP PROGRAM
0000016585	1/16/2015	1/29/2015	2/9/2015	051506 FOOD STAMP PROGRAM
0000016805	2/13/2015	2/24/2015	3/11/2015	051506 FOOD STAMP PROGRAM
0000016997	3/16/2015	3/19/2015	4/10/2015	051506 FOOD STAMP PROGRAM
0000017199	4/13/2015	4/16/2015	5/8/2015	051506 FOOD STAMP PROGRAM
0000017483	5/14/2015	5/27/2015	6/3/2015	051506 FOOD STAMP PROGRAM

0000017790	6/16/2015	6/25/2015	7/2/2015	051506 FOOD STAMP PROGRAM
0000018024	7/17/2015	7/30/2015	8/14/2015	051506 FOOD STAMP PROGRAM
0000018286	8/20/2015	8/26/2015	9/18/2015	051506 FOOD STAMP PROGRAM

0000018564	9/18/2015	9/23/2015	10/16/2015	051506 FOOD STAMP PROGRAM
0000018921	10/20/2015	11/1/2015	12/4/2015	051506 FOOD STAMP PROGRAM
0000019216	11/23/2015	11/30/2015	12/8/2015	051506 FOOD STAMP PROGRAM
0000019699	12/21/2015	1/5/2016	1/13/2016	051506 FOOD STAMP PROGRAM
0000019925	1/22/2016	2/1/2016	2/9/2016	051506 FOOD STAMP PROGRAM
0000020170	2/22/2016	2/29/2016	3/9/2016	051506 FOOD STAMP PROGRAM
0000020604	4/24/2016	5/5/2016	5/20/2016	051506 FOOD STAMP PROGRAM
0000020776	5/20/2016	6/1/2016	6/8/2016	051506 FOOD STAMP PROGRAM

0000021011	6/15/2016	6/30/2016	7/12/2016	051506 FOOD STAMP PROGRAM
0000021694	8/18/2016	8/26/2016	9/6/2016	051506 FOOD STAMP PROGRAM
0000021296	7/20/2016	8/9/2016	9/9/2016	051506 FOOD STAMP PROGRAM
0000022352	9/19/2016	10/25/2016	11/9/2016	051506 FOOD STAMP PROGRAM
0000022532	10/13/2016	11/15/2016	11/21/2016	051506 FOOD STAMP PROGRAM

Qty Vouchered	Unit Price	Unit Price * Qty Vouchered
1.0000	\$377,666.51	\$377,666.51
1.0000	\$374,811.85	\$374,811.85
1.0000	\$474,970.33	\$474,970.33
1.0000	\$375,984.73	\$375,984.73
1.0000	\$375,573.06	\$375,573.06
1.0000	\$379,145.44	\$379,145.44
1.0000	\$377,222.59	\$377,222.59
1.0000	\$378,611.33	\$378,611.33
1.0000	\$379,347.56	\$379,347.56
1.0000	\$381,732.51	\$381,732.51
FY 2013 Total:		\$3,875,065.91

1.0000	\$382,002.34	\$382,002.34
1.0000	\$382,893.74	\$382,893.74
1.0000	\$382,971.94	\$382,971.94
1.0000	\$379,372.99	\$379,372.99
1.0000	\$381,464.47	\$381,464.47
1.0000	\$378,174.67	\$378,174.67
1.0000	\$375,752.17	\$375,752.17
1.0000	\$377,116.06	\$377,116.06
1.0000	\$372,487.27	\$372,487.27
1.0000	\$410,906.38	\$410,906.38
1.0000	\$372,642.03	\$372,642.03
1.0000	\$371,834.45	\$371,834.45
FY 2014 Total:		\$4,567,618.51

1.0000	\$369,557.53	\$369,557.53
1.0000	\$370,398.90	\$370,398.90
1.0000	\$367,703.21	\$367,703.21
1.0000	\$363,462.12	\$363,462.12
1.0000	\$364,643.44	\$364,643.44
1.0000	\$360,075.04	\$360,075.04
1.0000	\$360,972.55	\$360,972.55
1.0000	\$357,861.06	\$357,861.06
1.0000	\$350,771.79	\$350,771.79
1.0000	\$349,976.11	\$349,976.11
1.0000	\$346,702.69	\$346,702.69
FY 2015 Total:		\$3,962,124.44

1.0000	\$344,819.37	\$344,819.37
1.0000	\$343,139.02	\$343,139.02
1.0000	\$341,328.94	\$341,328.94

1.0000	\$337,329.17	\$337,329.17
1.0000	\$342,817.12	\$342,817.12
1.0000	\$330,894.40	\$330,894.40
1.0000	\$324,891.45	\$324,891.45
1.0000	\$324,274.81	\$324,274.81
1.0000	\$326,861.66	\$326,861.66
1.0000	\$313,741.97	\$313,741.97
1.0000	\$308,378.75	\$308,378.75
FY 2016 Total:		\$3,638,476.66

1.0000	\$302,686.07	\$302,686.07
1.0000	\$301,313.83	\$301,313.83
1.0000	\$325,180.62	\$325,180.62
1.0000	\$300,287.38	\$300,287.38
1.0000	\$300,565.81	\$300,565.81
FY 2017 Total:		\$1,530,033.71

Rule Exception Request

Use this document to request changes to Central Procurement Office templates, policies, or other procurement documents or to modify the "necessary contract clauses" identified in Tenn. Comp. R. & Reg. 0690-03-01-.17 ("CPO Rule 17"). Complete this document in conformity with CPO Rule 17, which is available [here](#). Send the completed document in PDF format to: Agsprrs.Agsprsr@tn.gov All Rule Exception Requests are subject to review and approval by the Chief Procurement Officer. Rule Exception Requests that propose to modify any of CPO Rule 17's necessary contract clauses shall be subject to review and approval by the Comptroller of the Treasury.

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: 2016.12.16 10:47:49 -06'00'
 CHIEF PROCUREMENT OFFICER

APPROVED

 COMPTROLLER OF THE TREASURY

Agency request tracking #	34530-02512A
1. Procuring Agency	Department of Human Services
2. Edison contract ID #	26701 [Electronic Benefits Transfer Services]
3. Contractor or Grantee	[REDACTED]
4. Contract's Effective Date	March 1, 2012
5. Contract or grant contract's Term (with ALL options to extend exercised)	72-Months
6. Contract's Maximum Liability (with ALL options to extend exercised)	\$25,500,000.00
7. Citation and explanation of the rule(s) for which the exception is requested	The Department of Human Services requests an exception pursuant to Tenn. Comp. Rule & Regs. 0690-03-01-.14 and 0690-03-01-17(4) in order to permit a contract term greater than 60 months.
8. Description of requested changes If adding new provisions or modifying existing provisions, insert the new or modified provisions in their entirety.	12-month extension for contract 26701
9. Justification	The Department's Electronic Benefits Transfer Services contract is typically for sixty (60) months and the Department anticipates actual service provision via this contract for sixty (60) months, as well. However, due to the Protest filed by [REDACTED] of the State's proposed award to [REDACTED] on July 8, 2016, and delay of such award, this exception is necessary in order to provide sufficient lead time and transition activities for [REDACTED] to develop the infrastructure necessary to begin billable services on or before March 1, 2018, thus facilitating a seamless transition from [REDACTED] to [REDACTED].

Signature of Agency head or designee and date
 12/14/16



CONTRACT AMENDMENT COVER SHEET

Agency Tracking # 34530-02512	Edison ID 26701	Contract #	Amendment # One
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Contractor Legal Entity Name [REDACTED]	Edison Vendor ID 140884
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Amendment Purpose & Effect(s)
Contract Extension (12 - Months)

Amendment Changes Contract End Date: YES NO **End Date:** February 28, 2018

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): \$ 0.00

Funding ---

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2012	\$750,000.00	\$750,000.00	\$0.00	\$0.00	\$1,500,000.00
2013	\$2,350,000.00	\$2,350,000.00	\$0.00	\$0.00	\$4,700,000.00
2014	\$2,450,000.00	\$2,450,000.00	\$0.00	\$0.00	\$4,900,000.00
2015	\$2,503,156.87	\$2,503,156.88	\$0.00	\$0.00	\$5,006,313.75
2016	\$1,946,843.12	\$1,946,843.13	\$0.00	\$0.00	\$3,893,686.25
2017	\$1,900,000.00	\$1,900,000.00	\$0.00	\$0.00	\$3,800,000.00
2018	\$850,000.00	\$850,000.00	\$0.00	\$0.00	\$1,700,000.00
TOTAL:	\$12,749,999.99	\$12,750,000.01	\$0.00	\$0.00	\$25,500,000.00

American Recovery and Reinvestment Act (ARRA) Funding: Yes No

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

Winfield Shiers

CPO USE

Speed Code (optional)	Account Code (optional)

REVISED cy16-7760

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.Agsprs@tn.gov

APPROVED

CHIEF PROCUREMENT OFFICER

DATE

Agency request tracking #	34530-02512	
1. Procuring Agency	Department of Human Services	
2. Contractor	[REDACTED]	
3. Edison contract ID #	26701	
4. Proposed amendment #	One	
5. Contract's Effective Date	March, 1, 2012	
6. Current end date	February 28, 2017	
7. Proposed end date	February 28, 2018	
8. Current Maximum Liability or Estimated Liability	\$25,500,000.00	
9. Proposed Maximum Liability or Estimated Liability	\$25,500,000.00	
10. Office for Information Resources 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>The Department's Electronic Benefits Transfer Services contract is typically for sixty (60) months and the Department anticipates actual service provision via this contract for sixty (60) months, as well. However, due to the delay resulting from the Protest filed by [REDACTED] of the State's proposed award to [REDACTED] on July 8, 2016, this exception is in order to provide a sufficient transition period for [REDACTED] to develop the infrastructure necessary to begin billable services on or before March 1, 2018 (thus facilitating a seamless transition from [REDACTED] to [REDACTED]).</p> <p>The request is to extend the current contract ending February 28, 2017 to February, 2018. No additional funding will be required for the extension period as estimates based current spend indicate that the remaining funding will</p>	

Agency request tracking #	34530-02512
cover the extension period.	
14. If the amendment involves a change in Scope, describe efforts to identify reasonable, competitive, procurement alternatives to amending the contract. Scope revisions are not applicable to this request.	
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) Raquel Hatcher ^{PSA} 12/14/16	

**AMENDMENT ONE
OF CONTRACT 26701**

This Amendment is made and entered by and between the State of Tennessee, Department of Human Services, hereinafter referred to as the "State" and [REDACTED], 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:

Contract Section B is deleted in its entirety and replaced with the following provision:

B. CONTRACT PERIOD

This Contract shall be effective for the period beginning March 1, 2012 ("Effective Date") and ending on November 30, 2017 ("Term"). The State shall have no obligation for goods delivered or services provided by the Contractor prior to the Effective Date.

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 **DATE**. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

[REDACTED] AS [REDACTED]:

SIGNATURE

DATE

PRINTED NAME AND TITLE OF SIGNATORY (above)

DEPARTMENT OF HUMAN SERVICES:

DANIELLE BARNES, COMMISSIONER

DATE



CONTRACT

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

Begin Date March 1, 2012	End Date February 28, 2017	Agency Tracking # 34530-02512	Edison Record ID 26701
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Contractor Legal Entity Name [REDACTED]	Edison Vendor ID 140884
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Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA # N/A	FEIN or SSN (optional)
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Service Caption (one line only)
Electronic Benefits Transfer Services

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2012	\$750,000.00	\$750,000.00	\$0.00	\$0.00	\$1,500,000.00
2013	\$2,350,000.00	\$2,350,000.00	\$0.00	\$0.00	\$4,700,000.00
2014	\$2,450,000.00	\$2,450,000.00	\$0.00	\$0.00	\$4,900,000.00
2015	\$2,600,000.00	\$2,600,000.00	\$0.00	\$0.00	\$5,200,000.00
2016	\$2,700,000.00	\$2,700,000.00	\$0.00	\$0.00	\$5,400,000.00
2017	\$1,900,000.00	\$1,900,000.00	\$0.00	\$0.00	\$3,800,000.00
TOTAL:	\$12,750,000.00	\$12,750,000.00	\$0.00	\$0.00	\$25,500,000.00

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

Ownership/Control

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

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

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

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

Basil A. Dosunmu

Speed Code (optional)	Account Code (optional)

Contracting Document

FA1235516



**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF HUMAN SERVICES
AND**

This Contract, by and between the State of Tennessee, Department of Human Services, hereinafter referred to as the "State" and [REDACTED] hereinafter referred to as the "Contractor," is for the provision of electronic benefit transfer (EBT) services, as further defined in the "SCOPE OF SERVICES."

The Contractor is a For-Profit Corporation.

Contractor Federal Employer Identification Number [REDACTED]

Contractor Place of Incorporation or Organization: Delaware

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.
- A.2. The Contractor shall provide Electronic Benefit Transfer (EBT) services for the State's Supplemental Nutrition Assistance Program (SNAP), also referred to as the Food Stamp Program, in accordance with 7 CFR 274 and all applicable State waivers, Temporary Assistance to Needy Families (TANF) Program, also referred to as Families First in Tennessee, and other programs or benefit types as requested by the State.
- A.3. Electronic Benefit Transfer (EBT) Service Components. The Contractor shall provide the following components related to Electronic Benefit Transfer (EBT). Each component applies to Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance to Needy Families (TANF) benefits, unless otherwise directed by the State.
- a. Account Establishment
 - b. Card Issuance and Replacement
 - c. Client Account Maintenance
 - d. Transaction Processing
 - e. Customer Service
 - f. Retailer Management
 - g. Federal and State Reconciliation/Settlement
 - h. Reporting
 - i. Training and Marketing
 - j. Terminal Acquisition and Installment
 - k. Administrative Terminal
 - l. Disaster Services
 - m. SNAP Adjustment Services
- A.4. EBT Administrative Terminals. The Contractor shall support on-line administrative transactions from EBT Administrative Terminals.
- a. Functionality. Administrative terminal functionality shall include multi-level access controls to ensure that only individuals authorized by the State can process administrative transactions or access client account information through EBT administrative terminals. At a minimum, the following transaction set shall be supported by the Contractor's EBT Administrative terminal:
 - 1. EBT Account Set-up
 - 2. EBT Account Maintenance
 - 3. Benefit Authorization



4. Benefit Cancellation (prior to availability date)
5. Card Status Change
6. Card Issuance and Replacement
7. Card Inquiry
8. Client Search (by name, card, case, account, SSN)
9. Client Account Information Inquiry (client demographics, benefit data)
10. Account Password Assignment
11. Transaction History Inquiry [by Primary Account Number (PAN), case number, and Food and Nutrition Service (FNS) number]
12. Repayment Functionality
13. Retrieval of Archived Data

Administrative terminal web pages shall utilize user-friendly data formatting and navigation.

- b. The Contractor shall provide a security system for the EBT administrative terminals whereby user profiles can be established based upon the specific administrative terminal functions required by the user to perform his/her respective job. The State will define the user profiles with the assistance of the Contractor. The Contractor's administrative terminals shall utilize the State's current user identification and password formats.
- c. The Contractor's system shall enable the State to authorize individual employee access to the administrative terminal.
- d. The Contractor shall maintain current EBT account balances and a rolling 180-day transaction history for each account for on-line access through the EBT administrative terminals. After 180 days, transaction history data shall be maintained off-line for three (3) years, or longer if required by FNS or federal legislation. At a minimum, data within the transaction history inquiries shall include:
 1. PAN (card number)
 2. EBT account number
 3. Client case identification numbers
 4. Benefit program identifier
 5. Retailer identification numbers (both FNS and acquirer) and Federal Reserve Regulation E data for retailer information
 6. Terminal identification number
 7. Transaction type
 8. Transaction amount
 9. Balance by benefit type
 10. Manual voucher information
 11. Transaction date and time
 12. Transaction results (approval code or denial reason)

- A.5. Communication. The Contractor shall maintain ongoing communication with the State and notify the State of any issues or system problems within one hour of discovery. The Contractor assigned Project Manager shall be the point person for ongoing communications to the State for all EBT system, EBT clients, and operational issues.

The Contractor shall provide the State a comprehensive Project Management Plan that illustrates how the Contractor will ensure the continuation of the scope of services, manage the Life Cycle of the System, and accomplish the required objectives. The Project Management Plan shall be submitted within ten (10) business days following State approval of the Project Work Plan (Reference Section A.74).

The Contractor shall maintain and update all system design documents, plans, and operational manuals. The Contractor shall provide all updated manuals and documentation to the State prior to implementing system and operational modifications.



A.6. Disaster Back-up and Recovery. The Contractor shall ensure that in the event of a disaster of any type (natural or manmade) that its EBT system is up and running as prescribed elsewhere in this Contract. The Contractor attests and affirms that it has and keeps current a disaster recovery plan that is tested at least annually. The Contractor shall grant the State access to the results of the annual disaster plan test upon request.

A.7. System Security. The Contractor shall implement system security as follows:

- a. Provide the ability to execute secure, authenticated, two-way transactions;
- b. Prohibit access to State data unless such access is expressly approved by the State;
- c. Maintain and ensure data integrity, confidentiality, and privacy;
- d. Ensure transaction validation and security;
- e. Address issues such as misuse or fraud, including resolution options;
- f. Ensure implementation and maintenance of security guidelines, protocols, and procedures;
- g. Provide an audit trail for identifying all network security breaches and attempted breaches;
- h. Report to the State upon discovery any breach or compromise of security;
- i. Accommodate scheduled and unscheduled audits of the security system by State and Federal personnel or their designees; and
- j. Ensure full cooperation with government agencies in the event of security breaches.

A.8. EBT Card Production and Distribution. The Contractor shall supply magnetic stripe cards to the State's EBT clients. The Contractor shall develop processes to issue, replace, and distribute cards to clients. The Contractor shall provide the State access to a centralized card issuance management database for the purpose of tracking. The EBT system shall provide online, real time access to clients' EBT accounts via a benefit access card containing a magnetic stripe that supports electronic transactions.

- a. The Contractor shall ensure that the EBT card produced for the Tennessee EBT system complies with the specifications prescribed in the QUEST® Operating Rules, and the International Standards Organization (ISO) and American National Standards Institution (ANSI) standards relating to cards used for financial transactions.
- b. The EBT card supplied by the Contractor shall include the following design features:
 - 1. The face of the card must include the following:
 - a) The cardholder's name and the PAN must be embossed with silver tipping;
 - b) A four color printing process must be used; and
 - c) The card must contain fine line printing.
 - 2. The back of the card must include the following features:
 - a) A high-coercivity magnetic stripe (for specifications see Track 2 format in item A.8.c. below);
 - b) A tamper evident signature panel;
 - c) The statement, "Do Not Write PIN on Card";
 - d) The toll-free numbers for Cardholder and Retailer/Merchant Assistance;
 - e) An address where the card is to be returned if found;
 - f) The QUEST® logo, and
 - g) The following non-discrimination statement: "The USDA is an equal opportunity provider and employer".
- c. Track 2 of the EBT benefit card(s) shall be encoded in accordance with ISO 7813. The maximum character count in Track 2 shall not exceed 40 characters, including all control characters. The layout of the Track 2 for the current EBT card is as follows:

Field Nbr.	Field Name	Length
1	Start Sentinel	1



Field Nbr.	Field Name	Length
2	Primary Account Number	16
3	Field Separator	1
4	Expiration Date	4
5	Service Code	3
6	Card Authentication Value (CAV)	3
7	Generation Number	2
9	Longitudinal Redundancy Check	1

The Contractor shall provide EBT cards with an expiration date of “4912” **encoded** on Track 2, and the Service Code field shall be encoded with a value of “120”. The Contractor shall use the encryption keys currently in use. The Contractor shall encode the CAV field on Track 2 with a cryptographic value to validate the Track 2 data contents.

- d. The State of Tennessee’s Bank Identification Number (BIN) for EBT cards is 507702. The Contractor shall issue EBT cards containing a 16 digit PAN that utilize the State’s current BIN. The process by which the Contractor calculates the PAN for issued cards shall not interfere with the existing card base being utilized by the State of Tennessee clients.
- e. The Contractor may revise the current EBT card design with approval of the State.

A.9. Issuance of EBT Cards. The Contractor shall issue a Tennessee EBT card when indicated by the State’s eligibility system. The Contractor shall receive EBT card issuance data in a format prescribed by the State.

Card issuance requests for new or replacement cards received from the State by 1:00 p.m. Central Time shall be processed and the cards postmarked the same day. All card issuance requests for new or replacement cards received after 1:00 p.m. Central Time shall be processed and the cards postmarked the next business day. All costs associated with card delivery shall be borne by the Contractor. The cards shall be delivered via the U.S. Postal Service, using first class, postage pre-paid mail, unless an alternate delivery system is approved by the State. Under certain circumstances, the Contractor shall, as authorized by the State employ the services of an overnight carrier to deliver cards. The State shall bear the cost for this overnight carrier service by authorizing the Contractor to use the State’s contract for such services.

Each card shall be issued to the client in an inactive status. A sticker shall be placed on the front of the card explaining how to activate the card. The client shall be required to call the customer service Help Desk and provide adequate verification of identity as prescribed by the State prior to card activation. Client PIN selection shall be via one-call Automated Response Unit (ARU) PIN select procedures.

The Contractor shall provide to the State a report of cards returned by the Postal Service as undeliverable. Said report shall be in a form and frequency acceptable to the State.

The Contractor shall provide the State access to all card generation and card mailing information.

A.10. Replacement Card Issuance. The Contractor shall receive calls from clients to the Customer Service Help Desk to report a lost or stolen card and have a replacement card issued. The Contractor shall deactivate previously issued cards immediately. The first two replacement cards that do not follow a break in client participation shall be at no charge to the client or the State.



The Contractor may charge the client an amount approved by the State to issue a third and any subsequent replacement card(s) within a twelve (12) month period.

- a. The Contractor shall insure that replacement card issuance meets the same timeliness requirements as original cards.
- b. The Contractor shall transfer the existing PIN to the replacement card.
- c. Each client shall be able to report a compromised PIN by calling the Customer Service Help Desk. The system shall allow the client to select his or her own PIN by using the single call Automated Response Unit PIN Select procedure.

- A.11. Disaster Readiness. The Contractor shall support the issuance of benefits to State clients subsequent to the occurrence of a disaster.

To support the State's plan for EBT disaster services, the Contractor shall establish and maintain on the EBT database, predefined disaster accounts and related EBT cards. The Contractor shall create 40,000 EBT accounts pursuant to file formats provided by the State to be used for disaster services, and an inventory of pre-embossed and pre-encoded EBT cards in an equivalent number. The State will prescribe how the PIN is to be formatted. Of the 40,000 cards created, 15,000 shall be provided to the State, and 25,000 shall be retained by the Contractor to be available for express shipping to the State within twelve (12) hours of a request. The State shall bear the shipping cost by authorizing the Contractor to use the State's contract for such services. The Contractor shall replenish their internal inventory to maintain 25,000 cards.

The Contractor must support disaster account maintenance updates with associated client, benefit, and demographic information through both the administrative terminal and pre-designed eligibility system interface for the distribution of Disaster SNAP benefits.

The Contractor's data warehouse shall support the reporting of daily disaster transactions by recipient and benefit type.

- A.12. Client PIN Selection. Clients shall have the option at any time to select their own PIN by using a PIN select ARU. The Contractor shall develop a secure ARU PIN select procedure that requires the client to make only one call. The one call, automated PIN selection function must require positive verification of the cardholder's identification using demographic data such as the primary cardholder's date of birth, the primary cardholder's social security number, and/or the primary cardholder's case number. In addition, for those cardholders who have pass code protection on their case, this pass code must be verified. Authorized representatives and protective payees are required to use and verify the primary cardholder's demographic information.

- A.13. Contractor Financial Liabilities. The Contractor shall bear financial responsibility for any errors in the areas indicated below:

- a. The Contractor shall bear all liability with regard to authorization of State administered programs into a client account as described in OMB Circular A-87, 45 CFR§200, 45 CFR§74, and 7 CFR§276.
- b. The Contractor shall bear all liability for any losses resulting from any acts, errors or omissions including fraud and abuse on the part of the Contractor or its representatives or subcontractors. These liabilities shall include, but are not limited to:
 1. Any duplicate or erroneous postings to a client account.
 2. Any losses from funds drawn from an account after the client notified the Contractor that the card had been lost or stolen.
 3. Any losses from transactions performed with cards issued but not activated by the client and/or the Contractor.



4. Any damages or losses suffered by a Federal or State Agency due to negligence or fraud on the part of the Contractor.
 5. Any loss of benefits to any recipient of services caused by negligence, fraud or abuse by the Contractor or its representatives or subcontractors.
- c. The Contractor shall bear financial responsibility for any Federal funds drawn for SNAP transactions in excess of State-authorized issuance amounts.
- A.14. Benefit Authorization. The Contractor shall receive and process all SNAP and cash benefit authorizations transmitted by the State. The Contractor shall process Benefit Authorizations and post the authorized benefit amounts to the appropriate EBT accounts, based on the unique EBT Account Number, benefit type, case number, and unique authorization number generated by the State for each benefit authorization. The number and type of benefit authorizations shall not be limited by the Contractor nor shall the Contractor impose increased costs on the State for adding new cash or SNAP benefit types.
- A.15. Benefit Availability. The Contractor shall post monthly ongoing cash benefits to be accessible to the respective clients no later than 5:00 a.m. Central Time on the day of availability (the 1st day of each month). Any other benefit record is considered a daily update and the benefit should be made available to the client no later than 5:00 a.m. Central Time on the day following the day the Contractor receives the update file.
- The Contractor shall post monthly ongoing SNAP benefits as available on a schedule prescribed by the State. The State shall provide an availability date, which is included in the benefit detail record passed to the Contractor. On the specified availability date, benefits shall be accessible no later than 5:00 a.m. Central Time. Any other benefit record is considered an update and should be made available to the client no later than 5:00 a.m. Central Time on the day following the day the Contractor receives the update file. Benefits shall be made available to the client no later than 5:00 a.m. Central Time
- The Contractor shall maintain on-line individual accounts for clients to access benefit information. At the request of the client, the Contractor may notify of benefit availability via interactive voice response (IVR), text message, or some other State-approved method of contact.
- A.16. Benefit Aging. The Contractor shall, on a monthly basis, send to the State an extract file of all benefits falling into the aging periods in accordance with federal regulations 7 CFR §274 and as prescribed by the State.
- The EBT contractor shall expunge individual SNAP benefit authorizations after the respective benefit authorization has been in the EBT account for three hundred sixty-five days (365) days of inactivity. The EBT contractor shall report all expungements to the State in a monthly grant expungement report. For each benefit expunged, the Contractor shall report the case number, authorization number, benefit type, and grant availability date, expungement amount, and original authorization amount. The Contractor's system shall not reinstate benefit authorizations that have been expunged.
- A.17. Data Transmission Protocol. The Contractor shall accept and process transactions in a file format prescribed by the State. The Contractor shall also design, develop, and test any changes required to the Contractor interface in order to insure compatibility with a State legacy system replacement.
- A.18. Transaction Processing. The Contractor shall be responsible for the authorization of client initiated SNAP and cash transactions. The Contractor shall have the capability to receive and process client transactions from both automated teller machine (ATM) and point of sale (POS) devices. The Contractor shall ensure that clients access their SNAP benefits only at POS terminals in authorized food retailer locations. Cash benefits may be accessed through participating ATMs or POS terminals (excluding government-deployed EBT-only POS devices). Clients may be entitled to benefits under a number of programs. Each transaction must be allocated to the appropriate benefit type. Benefits within the EBT account shall be distributed on a first in, first out basis.



- a. The Contractor's process for transaction authorization will require:
 1. Accepting transactions coming from an authorized transaction acquirer.
 2. Authorizing or denying transactions.
 3. Sending response messages back to the transaction acquirer authorizing or rejecting client transactions.
 4. Logging the authorized/denied transactions for subsequent settlement and reconciliation processing, transaction reporting, and for viewing through transaction history.
- b. The EBT system will go through a series of checks and processes to determine whether a transaction being initiated by a client should be approved. These checks shall include determining whether:
 1. The merchant has a valid FNS authorization number (if it is a SNAP transaction);
 2. The card number (PAN) is verified and the card is active;
 3. The PIN is verified as being entered correctly;
 4. The account is active; and
 5. The EBT account holds a sufficient balance in order to satisfy the transaction request.

If any one of the above conditions is not met, the Contractor shall deny the transaction. If the maximum number of consecutive failed Personal Identification Number (PIN) entry attempts has been exceeded, the Contractor shall deny the transaction. The system must return a message to the retailer/provider indicating the reason for denial (e.g., invalid PAN, invalid PIN, NSF, etc.).

- A.19. Transaction Service Requirements (FNS Standards). The Contractor will comply with the software and automated data processing equipment ownership rights prescribed in federal regulations and as further clarified or negotiated with the State and the federal government. The Contractor is responsible for ensuring that the EBT system meets the processing requirements and criteria established by FNS.
- A.20. Governing Regulations and Guidelines. The Contractor shall ensure that the EBT system meets performance and technical standards outlined in Federal regulations and Quest® EBT Operating Rules in the areas of:
 - a. System processing speeds
 - b. Availability and reliability
 - c. Security
 - d. Ease-of-use
 - e. Minimum card requirements
 - f. Performance
 - g. Minimum transaction set

Conflicts within the governing regulations and guidelines regarding a specific standard will be resolved by the State. If the State determines that any change in rules or regulations necessitates any additional work by the Contractor, the State may authorize increased payment to the Contractor via a contract amendment.

- A.21. Processing Speed Requirements. The Contractor shall comply with all relevant processing speed requirements as stated in 7 CFR §274. The Contractor shall provide backup purchase procedures for FNS authorized retailers when the EBT system is unavailable; both for unscheduled and planned outages.
- A.22. EBT System Availability. The Contractor's EBT system, including the system's central computer, any network or intermediate processing facilities under the control of the Contractor (either service provider or subcontractor to the Contractor), shall be available 99.9% of scheduled uptime, 24 hours a day, seven days per week. Scheduled uptime shall mean the time the



database is available and accessible for transaction processing, and shall exclude scheduled downtime for routine maintenance.

The Contractor shall attach particular importance to providing the State advance notification of scheduled system downtime. This notification shall be at least thirty (30) calendar days prior to scheduled system downtime and must be provided in writing (paper or e-mail will be accepted). The Contractor shall notify the State in advance of scheduled downtime for routine maintenance, which shall occur during off-peak transaction periods. The Contractor shall provide the State with any scheduled downtime outside of the time required for routine maintenance, and obtain the State's approval for such downtime.

The Contractor shall provide immediate notification to the State in the event of unscheduled downtime, to include the reason(s) for the unscheduled downtime, the course of action to be taken to resolve the issue(s) causing the downtime, and an estimate as to when the system will again be available.

A.23. FNS Standards for System Accuracy. As defined in the federal regulations, the Contractor's EBT System Central Computer shall permit no more than two (2) inaccurate EBT transactions for every 10,000 EBT transactions processed. The transactions to be included in measuring system accuracy shall include:

- a. All SNAP and Cash transactions occurring at ATM and/or POS terminals and processed through the host computer
- b. Manual transactions entered into the system, including manual voucher authorization and subsequent settlement, which may occur by clearing a physical, manual voucher document
- c. Credits to EBT accounts

A.24. Interoperability Requirement. The Contractor shall support the federal requirement of processing interoperable SNAP transactions, including SNAP transactions acquired at a State of Tennessee retailer where the client has benefits issued by a State other than the State of Tennessee. In addition, the Contractor shall have the capability of accepting and processing client transactions occurring at out-of-state (non-Tennessee) retailers.

A.25. POS Transaction Sets. The Contractor shall accept EBT transactions from POS devices for both SNAP and cash benefits.

At a minimum, the following SNAP transaction types shall be processed:

- a. SNAP Purchase
- b. SNAP Merchandise Return
- c. Manual Authorization
- d. Voucher Clear
- e. Balance Inquiry
- f. Voids or Cancellations
- g. Reversals

At a minimum, the following cash transaction types shall be processed:

- a. Cash Purchase
- b. Purchase with Cash Back
- c. Cash Withdrawal
- d. Balance Inquiry
- e. Voids or Cancellations
- f. Reversals

A.26. ATM Transaction Sets. The Contractor shall maintain an EBT system that will process and authorize cash withdrawal transactions originating from ATMs. The Contractor shall ensure that the EBT system will deny transactions if the balance of the Cash Account will not support both the requested withdrawal/transaction and all allowable charges/fees.



The Contractor shall have the capability to process the following ATM transaction types:

- a. Withdrawal from Cash Account
- b. Balance Inquiry from Cash Account
- c. Adjustments
- d. Reversals
- e. Cancellations

A.27. Manual Authorizations. The Contractor shall process manual SNAP transactions. The manual authorization process may be used by:

- a. Authorized retailers who do not have immediate access to a POS device at the time of purchase, including stationary food stores that choose to make home deliveries to FNS certified households, house-to-house trade routes that operate on standing orders from customers, food buying cooperatives, farmers markets, and other retailers authorized to participate in the SNAP;
- b. Authorized retailers who do not possess a POS terminal, such as those who do not qualify to receive Contractor provided equipment because their total monthly SNAP sales are under \$100; and
- c. Authorized retailers who have POS equipment, but their POS terminals are inoperable, there are problems with the telecommunications network between the POS terminal and the EBT host processor system, or the EBT System is down or otherwise not available.

The Contractor shall design and distribute a paper voucher to FNS-authorized retailers for use in processing manual SNAP transactions. Retailers may utilize their own manual voucher forms as long as they include, at a minimum, the data elements on the voucher designed by the Contractor. If the retailer opts to use the Contractor's form, the Contractor shall provide an adequate supply of manual vouchers to the retailer at no additional cost to the retailer. The authorized retailer is required to complete the manual voucher and call the EBT Contractor's retailer customer service line to obtain a voice authorization prior to completing the manual transaction, when the retailer is not able to access the Contractor's EBT system at the time that the purchase is made.

A.28. Voice Authorizations. The Contractor shall employ the "Stand-in Processing" function discussed below, in the event that an authorized retailer is unable to obtain prior authorization because the Contractor's System is unavailable for authorization processing.

- a. If the authorized retailer does not have access to a telephone (e.g., route vendor, farmers market), the retailer shall obtain (or attempt to obtain) a voice authorization as soon as possible after the purchase. Such transactions are performed "at the retailer's risk". The retailer shall be liable for declined transactions if the retailer fails to obtain prior authorization and the EBT account has insufficient funds to cover the purchase. In such instances, the retailer may immediately request that the balance of funds remaining in the account at that time be placed on "hold" by the Contractor as partial payment for the transaction. The retailer may subsequently clear the voucher only for the reduced amount that was authorized.
- b. If the manual transaction involves a SNAP return, the authorized retailer is required to complete the manual voucher but may or may not be required to obtain a voice authorization prior to completing the transaction.
- c. Whenever a paper voucher is used, the Contractor shall require the client's signature and the authorization number, provided by the Contractor at the time the hold was placed on the EBT account, on the voucher as a condition for processing. Clients shall also be required to produce their EBT Card. A toll-free telephone number shall be provided to authorized retailers to obtain authorizations for the manual vouchers. The authorization process shall be automated as part of the help desk ARU functionality; however if the ARU is not accessible, authorized retailers must be able to obtain manual authorizations from a Customer Service Representative (CSR). The Contractor shall not limit the number of manual authorizations



that may be performed during a single call to the ARU, but may limit the number of authorizations performed through a CSR.

- d. Upon providing a telephone authorization for a manual SNAP transaction, the Contractor shall place a “hold” on the amount of benefits necessary to fund the transaction. The Contractor shall maintain the hold on SNAP benefits until the voucher transaction is “cleared”, up to a maximum of thirty (30) days. An authorized retailer has thirty (30) calendar days to submit the voucher, either electronically or by paper copy, to complete the transaction. If the retailer fails to submit the voucher within the thirty (30) days, the hold shall be released and the use of these funds shall revert back to the client. The retailer or acquirer bears the liability for the transaction if the voucher is not cleared in a timely manner.
- e. The authorized retailer shall not be allowed to clear any voucher for more than the authorized amount, nor shall the retailer be allowed to clear a voucher for a SNAP return transaction for less than the authorized amount. The Contractor shall have a process available to allow the retailer to:
 - 1. Clear a purchase voucher for less than the authorized amount; and
 - 2. Cancel a purchase authorization completely before the thirty (30) day hold period has expired (or clear the voucher for \$0.00).

- A.29. Stand-in Processing. The Contractor shall allow for “stand-in” processing of SNAP purchases up to Forty Dollars and No Cents (\$40.00), if an FNS authorized retailer cannot access the Contractor EBT system because the Contractor’s EBT System is unavailable for authorization processing and a voice authorization cannot be obtained. In this event, the Contractor shall be liable for insufficient funds.

The Contractor’s system shall be designed to prevent merchants from re-presenting manual vouchers in subsequent months. However, an exception to re-presentation shall be allowed if the insufficient funds for the voucher occurred while the Contractor was authorizing transactions in a “stand-in” processing mode.

- A.30. Manual Voucher Clear. The Contractor shall clear manual vouchers in accordance with the following process: if the authorized retailer has a POS device, the retailer will convert the manual transaction to an electronic transaction for transmission to the Contractor when the POS device is again able to communicate with the EBT Host. If the authorized retailer is a non-traditional or low-volume FNS authorized retailer who does not have a POS device, the voucher will be mailed or e-mailed directly to the Contractor for clearance and settlement. The Contractor shall process manual vouchers on the day the vouchers are received in the mail. If a retailer submits a voucher for which prior authorization was not obtained, or the signature is not present on the manual voucher, the transaction shall be declined and the retailer will be liable for the declined transaction.

- A.31. Voided or Cancellations. The Contractor shall have the capability to allow voided or cancelled transactions in accordance with the following process: a transaction may be voided/cancelled by a retailer at a POS device or by a client at an ATM. The void/cancellation message will include the trace number, the exact dollar amount, and other identifying information from the original transaction. The Contractor shall accurately process the void or cancellation transaction and have the effect of the void/cancelled transaction immediately and appropriately reflected in the client's EBT account.

- A.32. Reversals. The Contractor shall reverse a POS or ATM transaction if for some reason the completion of the transaction cannot take place at the originating ATM/POS device (e.g., communication failure with the device and/or a device malfunction, or a late response from the Contractor). The entity (specifically the third party provider (TPP), authorized retailer/benefit acquirer, or the ATM/POS device) within the response chain where the transaction error is recognized will generate a reversal message back to the Contractor. As defined within the EBT International Standards Organization (ISO) message specifications, the reversal message will include the trace number, the exact dollar amount, and other identifying information from the original transaction. The Contractor shall have the capability to accurately process the reversal transaction and have the results reflected immediately and appropriately in the client's account.



- A.33. Store and Forward. The Contractor's EBT system shall make accommodations for the following: At its option, a retailer may store and forward at a future time SNAP transactions, provided the retailer's equipment is capable of storing a client's encrypted PIN. SNAP store and forward transactions shall be processed at the retailer's risk. If funds are unavailable at the time the transaction is forwarded, the Contractor shall deny the transaction and the retailer may not represent the amount for payment. The Contractor's system shall prevent the use of store and forward as a way of accessing the client's future monthly benefits.
- A.34. Key-entered Transactions. The Contractor shall accept and process EBT transactions where the PAN has been manually entered (key-entered) into the POS device. Transactions may be key-entered at times when a card presented by a client is damaged and/or the POS device is unable to accurately read the magnetic stripe. The validation of the client's PIN is still required on key-entered transactions. If a PIN pad is defective or for other reasons a PIN does not accompany the transaction to the EBT host for processing, the Contractor shall deny the transaction.
- The Contractor shall adopt other security measures to prevent client and retailer abuse/misuse of the key-entry feature. The Contractor shall ensure that the PAN printed on the transaction receipt is truncated. The Contractor must be able to selectively disable or deny the capability of an EBT-only POS device from completing key-entered transactions. The Contractor shall track, and report to the State upon request, key-entered transactions by card number and by retailer site. The Contractor shall respond to client reports of malfunctioning or defective equipment at retailer sites, including both EBT-only POS devices and retailer owned devices.
- A.35. Transaction Fees. The Contractor's EBT system shall provide clients with the ability to complete two (2) successful cash withdrawal transactions per month per case (either from a POS device and/or ATM) without assessment of transaction fees by the Contractor. Transactions that are reversed or voided, either partially or completely, shall not count as one of the free cash withdrawal transactions. Once the client has performed the two (2) transaction fee-free cash withdrawal transactions, the client will be responsible for any additional fees associated with cash withdrawals as charged by the Contractor, but not to exceed one dollar (\$1.00) per transaction. Clients shall not be charged for cash withdrawal transactions that are subsequently reversed or voided, either partially or completely. Clients shall not be charged for cash purchases or purchases with cash back at POS devices. Additionally, FNS regulations prohibit the charging of a fee for any SNAP transactions.
- A.36. On-line Banking Transactions. The Contractor may offer on-line banking transactions to clients receiving cash benefits. The Contractor shall limit on-line banking fees to \$1.00 per transaction.
- A.37. Fraud Investigation. The Contractor shall support the creation and maintenance of EBT accounts for use in SNAP fraud investigations. Fraud accounts shall be set up through the Administrative Terminal. Benefit authorizations for these accounts will only be added through the EBT Administrative Terminal Application. Fraud accounts will only contain a primary client and will not contain Authorized Representatives or Protective Payee.
- In order to assist in ongoing investigations, FNS must have access to the State agency administrative terminals for selected field office, regional office, and investigative staff. Additionally, the Administrative Terminal application shall support the adding of benefits to assist in fraud investigation. The Contractor must provide on-line inquiry-only administrative terminal software that is Windows compatible or appropriate hardware and software to the locations identified by FNS. This will include a method to interface with the EBT host from multiple locations through dial-up or other means. This access enables inquiry on specific card and/or retailer details.
- A.38. Investigative Assistance. The Contractor shall advise, assist and appropriately act to aid the State in detection and investigations of abuses by stores, recipients or workers, including but not limited to, reporting unusual activity. The Contractor shall cooperate with State and Federal agencies responsible for compliance with laws and regulations for all programs supported under this contract. The Contractor shall assist the FNS Compliance Branch, USDA Office of Inspector General (OIG), Internal Revenue Service (IRS), Secret Service, State OIG, and local law enforcement in fraud monitoring and investigation activities. The State will notify the Contractor of



any coordinating responsibilities for investigations under this contract. Access to information concerning these matters shall be held in confidence by the Contractor so that the investigations are not compromised.

The Contractor shall provide, at a minimum, the following functions to support investigations:

- a. Creation of cases and cards to be used by investigators.
- b. Posting benefit amounts to the investigative cases, possibly on an irregular basis as needed by the investigators.
- c. Training, card issuance, and PIN selection for investigators.
- d. Providing data on the investigative cases showing the amounts funded to the cases and the transaction histories of the funds on a monthly basis.
- e. Providing data, as needed, for evidentiary purposes within 24 hours or request.
- f. Providing data reflecting retailer transaction history on a regular basis to the Food and Nutrition Service, including all FNS ALERT requirements
- g. Providing technical assistance to any authorized investigative agency conducting a fraud review or investigation; and
- h. Providing personnel to authenticate and explain records for grand jury or trial purposes.

A.39. Merchant Validation (FNS Retailer Number). For all SNAP transactions, the Contractor shall validate the transactions originated at an FNS authorized retail location. The Contractor shall maintain a database of authorization numbers for all FNS authorized retailers in accordance with the Retailer Validation Requirements specified in 7 CFR §274. The Contractor must access the FNS Retailer EBT Data Exchange (REDE) system daily to obtain updates of the national and/or State REDE files used to validate authorized FNS retailer numbers. The Contractor shall verify the retailer identification number is that of an FNS-authorized retailer prior to completing its processing of a transaction.

A.40. Cash Access from POS Terminals. The Contractor shall permit any retailer to provide cash access services to EBT clients through commercially deployed equipment only. The Contractor shall have the flexibility to deny cash access at specific retailers as specified by the State.

A.41. Adequate Access to Cash Benefits. The Contractor shall provide adequate access to cardholders with cash accounts through ATMs or retailers/merchants providing commercial cash services. The Contractor shall maintain adequate access through a network of ATMs and POS terminals. Adequate access is defined as a network whereby recipients travel less than twenty-five (25) miles to obtain benefits.

If adequate access cannot be achieved through existing cash access points, the Contractor must recruit a bank or retailer/merchant within the twenty-five (25) mile radius access to support required client access to benefits. The State, at its discretion, may modify this requirement if the Contractor offers an acceptable alternative.

A.42. Client Customer Service. The Contractor shall support a customer service help desk for EBT clients as follows:

- a. The Contractor shall provide, at its expense, Client Customer Service twenty-four (24) hours a day, seven (7) days per week, the purpose of which is to provide current EBT account and benefit access information via a toll-free, "1-800" number that is designated by the State. The Contractor shall provide automated response functionality. The Contractor shall locate all customer service call center locations relevant to services required in this contract within the United States.
- b. The Contractor shall provide a client help desk that meets or exceeds the following service requirements:



1. Performance Standards regarding number of rings prior to answer and average time on hold shall be consistent with Performance Standards identified in Section A.65.
 2. The Contractor shall provide Automated Response Unit (ARU) and Customer Service Help Desk activity data upon request and in a form and frequency prescribed by the State.
 3. TTY (Teletypewriter) capability shall be available to clients with hearing disabilities.
 4. Help desk access and support for clients using non-touchtone phones.
 5. The Contractor shall provide a direct ARU route to a Customer Service Representative.
- c. The Contractor's Automated Response Unit (ARU) and/or Customer Service Help Desk shall support the following functions:
1. Card Activation—The Caller's identity shall be confirmed prior to activating the card.
 2. Report a Lost/Stolen/Damaged or the Non-receipt of a Card—The caller's identity shall be confirmed prior to disabling a card. Prior to replacing a card, the client's address shall be confirmed.
 3. Current Balance Inquiry—"Current Balance" shall provide "real-time" account balance information.
 4. Transaction History—"Transaction History shall provide information about the last ten (10) transactions by benefit program, i.e., transaction number, amount, date. If requested by the client, deposit history shall also be provided by benefit program.
 5. Account History—"Account History" shall enable a caller to request a two (2) month statement of account history by program to be mailed to the last known client address within two (2) business days.
 6. PIN Change—PIN change requirements shall be consistent with the requirements outlined in Section A.12., relative to client selection of PIN.
 7. Benefit Access/Service Points—Callers shall be given information about POS/ATM site locations where benefits may be accessed.
 8. Report Unauthorized Card Use—Callers shall be transferred to a Customer Service Representative for assistance in reporting unauthorized card use.
 9. Benefit Availability Date—Callers shall be given the date benefits will become available based on the issuance schedule supplied by the State.
 10. Client Notification-The Contractor may notify clients of benefit deposits utilizing technology.
 11. Customer Service Representative (CSR)—The Contractor shall provide CSRs to resolve client issues that cannot be resolved by the ARU, including requests for adjustments.
 12. Language Assistance-ARU support in both English and Spanish.
- d. The State reserves the right to review and approve the transaction flow and content of all ARU messages, prompts, and customer service scripts. Any changes to the approved ARU transaction flow, messages, prompt, and customer services scripts shall be provided to the State a minimum of thirty (30) days prior to their implementation.
- e. The Contractor shall be financially responsible for all costs associated with pay phone calls. The Contractor may block calls from pay phones.
- A.43. Retailer Customer Service. The Contractor shall support a customer service help desk for EBT retailers as follows:
- a. The Contractor shall provide Retailer Customer Service twenty-four (24) hours a day, seven (7) days per week, the purpose of which is to provide retailer EBT support and program information via a toll-free "1-800" number. The Contractor shall provide automated response



functionality. The Contractor shall locate all customer service call center locations relevant to services required in this contract within the United States.

The retailer customer service help desk shall be:

1. Toll-free and without charge or fee to the retailers,
 2. Accessible to all Quest® retailers, and
 3. Used exclusively for retailer support
- b. The Contractor shall provide a retailer/merchant help desk that meets or exceeds the following service requirements:
1. Performance standards regarding number of rings prior to answer and average time on hold shall be consistent with Performance Standards identified in Section A.65.
 2. The Contractor shall provide Automated Response Unit (ARU) and Customer Service Help Desk activity data upon in form and frequency prescribed by the State.
 3. TTY (Teletypewriter) capability shall be available to callers with hearing disabilities.
 4. Help desk access and support for callers using non-touchtone phones.
- c. The Contractor shall equip and program the ARU to provide voice authorization for SNAP transactions. CSRs shall also support voice authorizations.
- d. The Contractor shall provide via the Retailer Help Desk, the following services for EBT-only retailers:
1. Support and problem resolution on EBT-only POS equipment
 2. Settlement information and reconciliation procedures
 3. Support of system adjustments and resolution of out-of-balance conditions
 4. General information regarding EBT policies and procedures

A.44. Retailer Management. The Contractor shall be responsible for managing retailer participation in the State of Tennessee EBT program. The Contractor's primary roles and responsibilities include:

- a. Providing every FNS authorized retailer with the opportunity to participate in the EBT system;
- b. Ensuring that the Tennessee EBT system is interoperable with other States' EBT systems as defined in 7 CFR §274.
- c. Assuring that the number of participating retailers is such that clients have adequate access to both cash and SNAP benefits, within a twenty-five mile radius of their home. Additional retail outlets for clients may include, but not be limited to, "non-traditional" retailers such as farmers' markets.
- d. Assuring that the participating retailers understand their responsibilities in regards to the policy, operating rules, and operations of the EBT system. The Contractor shall enter into an agreement with the retailer in accordance with 7 CFR §274.
- e. Maximizing the use of the existing commercial point-of-sale terminals.
- f. Installing, maintaining and otherwise supporting Contractor provided EBT-only POS equipment as necessary in accordance with FNS policy for retailer participation as defined in 7 CFR §274.
- g. The Contractor shall use retailer and third party provider (TPP) agreements approved by the State.

A.45. Retailer Service Requirements (FNS Standards). The contractor shall ensure, in accordance with federal regulation at 7 CFR §274, that newly authorized retailers shall have access to the EBT system within 14 days after the receipt of the retailer's signed agreement. The Contractor



shall ensure that upon receipt of the FNS authorization notice, a retailer contract shall be mailed to the approved retailer. However, whenever a retailer chooses to employ a third party processor to drive its terminals or elects to drive its own terminals, access to the system shall be accomplished within a 30 day period or a mutually agreed upon time, to enable any required functional certification to be performed by the Contractor. The Contractor shall ensure that transactions shall be processed in accordance with federal regulation in 7 CFR §274.

- A.46. Third Party Processors. The Contractor shall support retailers that deploy their own terminals. The Contractor shall provide the State, retailers, and third party terminal drivers with copies of interface specifications. The Contractor shall not unduly withhold approval of participation for retailers and third party processors. The Contractor shall utilize TPP agreements as authorized by the State.

The Contractor shall certify and ensure that Third Party Processors (TPPs) connected to the EBT system comply with FNS regulations and other State requirements. TPP requirements include, but are not limited to:

- a. Terminal IDs – Giving each terminal a unique ID and including those terminal IDs as part of their transaction messages. The Contractor must include those IDs in the Anti-fraud Locator of EBT Retailer Transactions (ALERT) data submitted to FNS.
 - b. Transactions – Supporting the entire transaction set included in the FNS regulations. The Contractor must be able to process all of these transactions.
 - c. Interoperability – Processing transactions for cards issued by all States for all POS equipment.
 - d. Balance information – Displaying a remaining balance on the printed receipt for all POS equipment.
 - e. Serving only FNS-authorized retailers – Only routing SNAP transactions authorized by FNS.
- A.47. Group Home Support. The Contractor shall support non-traditional retailers including, but not limited to, drug/alcohol treatment centers, blind/disabled group living facilities, battered women and children shelters, homeless meal providers, restaurants, elderly/disabled communal dining facilities, meal delivery services, and route vendors. The Contractor shall deploy EBT only POS devices in these facilities as authorized by the USDA.
- A.48. Settlement/Reconciliation. The Contractor shall operate on a 24-hour processing cycle. The Contractor shall designate a standard daily cutoff time for EBT transaction processing in order to close out the current processing day and commence the next processing day. The 24-hour period between the cutoff time on Day 1 and Day 2 constitutes the EBT transaction day. The specified cutoff time must allow the Contractor sufficient time to originate Automated Clearing House (ACH) payments for next day settlement. The EBT cutoff time shall coincide as closely as possible with the cutoff time of the prevailing EBT transaction switch and/or regional Automated Teller Machine/Point-of-Sale (ATM/POS) networks as appropriate to minimize the need for carry over or suspense accounting.
- A.49. Reconciliation Process Overview. The Contractor shall maintain ledger accounts at the program and State levels. Subsequent to the daily settlement cutoff, the EBT system must be balanced and reconciled. The Contractor shall compute the end-of-day net position or balance for each benefit program. An audit trail shall exist so that reconciliation can be performed at the individual EBT account level up through the program and State levels. For each level, the end of day net position will be equal to:

$$\text{Opening balance} + \text{credits} - \text{debits} = \text{End of day balance}$$

On a daily basis, the Contractor shall ensure that the EBT system as a whole is in balance. The balancing functions performed by the Contractor shall ensure that the change in the net position in the sum of client accounts equals the change in the net position of program accounts at a summary level. The Contractor shall also ensure that the change in the net position in the sum of the program accounts is equal to the change in the net position (obligations outstanding) for the funding agencies. The Contractor shall have written procedures for maintaining audit trails



throughout the settlement processes.

- A.50. FNS Reconciliation Requirements. The Contractor shall meet the reconciliation requirements of 7 CFR§ 274 and the FNS EBT Reconciliation Guidance. The Contractor shall meet FNS reconciliation requirements for all EBT programs. At a minimum, the Contractor shall have written procedures for reconciling:
- a. Client account daily beginning balance and net draws versus the ending balance;
 - b. Client net redemptions versus retailer/acquirer settlement values;
 - c. Total funds entering, exiting, and remaining in the system each day;
 - d. Total net change in system-wide obligations outstanding to the sum of the net change in obligations outstanding for the SNAP;
 - e. Total net change in system-wide obligations outstanding to the sum of the net change in obligations outstanding for all Government agencies;
 - f. The net settlement value of all transactions to the sum of the net settlement values for the SNAP; and
 - g. The net settlement value of all transactions to the sum of the net settlement value for the State.
- A.51. Daily Settlement. The Contractor shall be responsible for the daily settlement of funds to benefit providers (retailers and ATM owners), either directly or through financial intermediaries such as TPPs and ATM Networks. The Contractor shall own and reconcile the clearing bank account used for the daily settlement. The Contractor shall be responsible for handling both credit and debit adjustments to the client's EBT account in the manner and timeframe dictated by federal regulations and Quest® Operating Rules. The Contractor shall ensure that settlement reports, such as the Clearing Statement used for the daily draw down, are received by the State by 6:00 a.m. Central Time. The Contractor shall be responsible for providing detailed and accurate reports that allow the State to reconcile benefit postings to the EBT system, settlement of benefits utilized by clients, and the outstanding liability remaining on the EBT system at the end of the processing day.
- A.52. Retailer/TPP/ATM Settlement. The Contractor shall effect settlement to retailers, Third Party Processors (TPPs) and ATM networks through the existing commercial banking ACH infrastructure. The Contractor shall have an originating and receiving relationship with the ACH, either directly or through one of its subcontractors. For transaction processing and settlement purposes, the Contractor shall also be a member of the appropriate regional network(s) and be capable of settling both ATM and POS transactions.
- For retail merchants, third parties, or other benefit providers that are directly connected to the Contractor's system, the Contractor shall originate an ACH credit for the total balance due for EBT benefits provided during the just closed EBT processing day. The benefit provider credits shall be entered into the ACH for settlement on the next banking day.
- The Contractor shall settle credits due EBT benefit providers who are connected to the Contractor through a transaction switch, TPP, or national network utilizing the Quest® Operating Rules.
- A.53. State Responsibilities. The State shall ensure that benefits authorized are posted to the Contractor's EBT System or otherwise accounted for in the State's Eligibility System. The State will ensure that SNAP benefits posted to the Contractor's EBT system are correctly reported to the Account Management Agent (AMA). The State shall perform the draw down from the appropriate federal system for TANF benefits utilized by clients. The State will verify the liability remaining in the Contractor's EBT system at the end of the processing day for SNAP benefits.
- A.54. State Data Files. The Contractor shall utilize file formats in a frequency and form prescribed by the State. The Contractor shall provide the following files to the State in a frequency and form prescribed by the State. These files shall include the following:
- a. History Extract File (received daily)



b. Benefit Aging File (received monthly)

A.55. Federal Data Files. The Contractor is required to support the data requirements of the federal government, and specifically the FNS SNAP. The three data files described below shall be provided to the federal government on a periodic basis as defined by FNS. Said files shall be provided in a format prescribed by the State.

a. On a daily basis, excluding Federal holidays, the Contractor must provide data necessary to support increases/decreases to the project's Automated Standard Application for Payments (ASAP) account balance to the Federal Reserve Bank of Richmond. The Federal Reserve Bank will serve as the Account Management Agent (AMA) for the FNS SNAP EBT benefit account. The AMA will interface with the Treasury Department's ASAP, and will establish ASAP account funding limits for the State for SNAP EBT activity. Consequently, it will be necessary for the EBT Contractor to interface with the AMA and provide the necessary data.

b. The Contractor shall provide detailed daily SNAP redemption data by retailer identification number to STARS, the FNS SNAP redemption database, through the Benefit Redemption Systems Branch (BRBS) in Minneapolis. The data format and requirements of this file is specified by FNS.

c. The Contractor shall provide transaction data, starting at implementation, of store transaction history on a monthly basis to FNS through the ALERT file.

A. 56. Data Warehouse. The Contractor shall provide a Data Warehouse to support the State's ability for historical data mining. This functionality shall allow specific State users to create reports and gather detailed information from EBT SNAP and Cash accounts. The information available in the data warehouse must be available for query purposes, as well as for downloading for further analysis, and the Contractor shall provide to the State instructions for exporting data to the Microsoft Office software suite.

A.57. EBT Reporting. The Contractor shall provide State and/or Federal oversight agencies access to report data through a secure web portal. Said data shall be in a form and substance prescribed by the State. The Contractor shall provide report data aggregated by program and where appropriate, summarized at the state and local (county) office level. The Contractor shall maintain an archive of report data.

The Contractor shall provide the State a daily history of all transactions impacting benefit authorizations for reconciliation, audit, and investigative purposes. The Contractor shall supplement anti-fraud information in the data warehouse by providing a standard data set of anti-fraud information, as requested by the State.

a. Financial Reporting Data. The Contractor shall provide access to reporting data related to the following EBT system activity:

1. Settlement Data—Detail and Summary
2. Authorization Data—Detail and Summary
3. Chargeback and Retrievals
4. Monthly Statements and Other Fees
5. Exception Data

b. Daily Reporting Data



1. The Contractor shall provide daily account activity data reflecting all account actions received from the State via batch and/or on-line during an EBT processing day, or taken on behalf of the State by the Contractor. The data shall provide detail on every transaction that impacts an EBT account balance. The data shall reflect the amount of the transaction (i.e., account action), type of transaction, date and time of transaction, and who originated the transaction (batch or on-line).
2. The Contractor shall provide daily terminal activity data reflecting all transactions that will result in funds being moved (i.e., settled) to a retailer, third party processor, or ATM network. The data shall include, at a minimum, the transaction type, amount, transaction date and type, settlement date, merchant and terminal identifier, and benefits impacted. The data shall include settlement totals for each entity for which funds will be moved, as well as suspense totals, if any, for transactions that will not be settled until the next processing day. Suspense totals for transactions not being settled in the current business day should be identified by individual benefit types, and rolled up into the program types (i.e., cash and SNAP).
3. The Contractor shall provide a daily clearing data. This data shall provide at a summary level the total funds that are being settled for the processing day by program type (i.e., cash and SNAP), which require funding. This data shall balance with the totals from the terminal activity data.
4. The Contractor shall provide outstanding liability data for unused benefits residing on the EBT system at the end of the processing day. Totals shall be maintained by benefit type, and aggregated into the program types. The ending balance for the current processing day shall be reconciled by taking into account the beginning balance for the processing day (which is the ending balance from the previous day) and adding or subtracting as appropriate the account activity.
5. The Contractor shall provide daily administrative action data that includes all administrative actions attempted and completed either by the system or users logged onto the EBT system. The data shall include the transaction type and the EBT account affected.
6. The Contractor shall, on a daily basis, provide to the State data detailing the date and time new and replacement cards were placed into the mail.
7. The Contractor shall provide a standard set of daily processing data to be used by the Contractor and the State to ensure the complete and accurate transfer of data. Said data shall be available to the State no later than 6:00 a.m. Central Time on the first business day following processing. Included shall be a summary by file transmission that provides a confirmation of the processing. The summary shall verify the total number of records received by record type (e.g., number of add, change, and delete records) and any records rejected.
8. The Contractor shall provide, on a daily basis daily exception data for all files. Exception data shall identify of all records received but not processed by the Contractor. Each record shall display a corresponding reason code indicating the cause of the rejection.
9. The Contractor shall provide daily data detailing all benefit authorizations that are added to the EBT system through the administrative terminal. This data shall include, at a minimum, the benefit amount, benefit type, and the User ID of the administrative terminal operator adding the benefit.
10. The Contractor shall provide, on a daily basis data detailing all voice authorizations of SNAP transactions performed by retailers. The data shall include, at a minimum, the merchant name and FNS number, the transaction amount and type, the date and



time, the client performing the transactions, and whether the merchant is a traditional or non-traditional merchant.

11. The Contractor shall provide, on a daily basis, data detailing the number and type of transactions performed from each EBT-only terminal provided to SNAP retailers.
12. The Contractor shall provide, on a daily basis, data regarding users failing in their attempt to logon to the EBT System.
13. The Contractor shall provide, on a daily basis, data detailing all actions taken by each User ID on the EBT Administrative Terminal.
14. The Contractor shall provide daily audit and statistical data in form and substance prescribed by the State.

c. Monthly Reporting Data

1. The Contractor shall, on a monthly basis, provide data regarding all client transactions occurring outside of the State.
 2. The Contractor shall, on a monthly basis, provide statistical data indicating the number and percentage of client transactions denied and the reason for the denials (i.e., non-sufficient funds, invalid PIN, etc.)
 3. The Contractor shall, on a monthly basis, provide data to demonstrate compliance with Performance Standards specified in Section A.65.
 4. The Contractor shall, on a monthly basis, provide data summarizing transactions by time of day and day of month.
 5. The Contractor shall, on a monthly basis, provide data summarizing transaction activity on the EBT system at a county and State level. Statistics provided should include, at minimum, benefits authorized for the previous month, transactions performed by transaction type (i.e., SNAP purchases, cash purchases, cash withdrawals), the number of active cases on the system, number of active cards on the system, and the number of cards issued during the month.
 6. The Contractor shall, on a monthly basis, provide data summarizing transaction fees charged to the client by the Contractor, as well as transaction surcharges levied against the client by the ATM owner for cash withdrawals. Transaction fees should be itemized by category, and should include ATM cash withdrawal fees, POS cash withdrawal fees, and, as appropriate, card replacement fees (as well as any other specific fees directly charged against the client's EBT account). The data should also include ATM surcharges levied against the client as a separate category for any transaction where the surcharge is separately identified.
 7. The Contractor shall, on a monthly basis, provide data detailing each authorized administrative terminal user with the ability to access the EBT data, including the level of access afforded the user.
- d. Customer Service Statistical Data The Contractor shall provide statistical data for both the client customer service and retailer help lines. Statistics for both the ARU and CSRs shall be included. The Contractor shall provide the following:
1. Client Help Desk Statistics. The Contractor shall maintain daily statistics on call demographics and performance, as specified by the State. At minimum, statistics reported daily shall include number of calls, number of rings before answered, number of abandoned calls, number of busy signals received, as well as language



selected for both ARU and CSR. The Contractor shall aggregate call statistics on a monthly basis.

2. Monthly Retailer Help Desk Statistics. The Contractor shall maintain daily statistics on call demographics and performance, as specified by the State. The Contractor shall aggregate call statistics on a monthly basis.
 3. At minimum, statistics reported monthly shall include a summary of the number of calls received on the client hotline by reason (lost/stolen card, balance inquiry, transaction history, etc.) for both ARU and CSR.
- e. Records Retention. The Contractor shall retain all records/data files for the entire term of this contract and any additional period as required by Federal law or regulations. The Contractor shall provide access to these archived records/data files through a Contractor maintained secure Web portal.

A.58. Client Training. The Contractor shall be responsible for providing EBT training to clients as follows:

- a. All new cards mailed to EBT clients shall contain training material. The training materials shall be written at a fifth grade reading level, and in compliance with SNAP Regulations. Printed training materials must be provided in brochure format. Training material must be prepared in both English and Spanish. The State shall review and approve all training material prior to the Contractor distributing it. At minimum the training brochure shall include the following topics:
 1. Use of the Tennessee EBT card at the point-of-sale, including the type of benefit transactions that can be processed at POS terminals
 2. Use of the Tennessee EBT card at ATMs, including the type of benefit transactions that can be processed on ATMs
 3. Use and safeguarding of the card and PIN
 4. Card replacement and PIN change methods and procedures
 5. Manual Voucher processing procedures
 6. Guidance on reporting problems with the card or its use and on reporting a lost or stolen Tennessee EBT card
 7. Use of transaction receipt to track balances
 8. Use of the ARU
 9. Customer service functions, including a prominent display of the toll-free Customer Service Help Desk number
 10. Non-discrimination statement per 7 CFR §274.



- b. The Contractor shall ship training materials directly to county offices for distribution to clients.
 - c. The Contractor shall develop EBT training for client viewing in the county DHS offices. The training shall:
 - 1. Be no more than fifteen (15) minutes in length;
 - 2. Must cover the same topics listed above for the written training materials;
 - 3. Be directed to a fifth grade education level;
 - 4. Must be provided in both English and Spanish with at least one open-captioned version of each.
 - 5. Be created in 16:9 aspect ratio and provided in DVD quality format suitable for upload to a video server.
- A.59. Retailer Training. The Contractor shall provide training and training material to new retailers participating in the EBT program. Training shall include all benefit types. FNS Federal Regulation 7 CFR §274 requires that retail store employees be trained in system operation prior to implementation. The Contractor shall provide training deliverables at the time of POS installment in order to meet FNS requirements. Training material should include:
- a. Merchant Help Desk toll-free number
 - b. Use of ARU
 - c. Manual Voucher Processing Procedures
- A.60. State Staff Training. The Contractor shall provide the training materials for State staff, in a form and substance acceptable to the State. All training materials are subject to the review and approval of the State, prior to their use. Any updates and revisions of the training materials shall be provided at least thirty (30) calendar days prior to any modification the Contractor makes to the functionality of the EBT system. Training materials shall include, but not be limited to, all of the functionality supported by the EBT administrative terminal, the use and functionality of the data warehouse, and the use of all reporting data.
- A.61. Administrative Terminal Training. Training shall include, at a minimum, written instructions, information and/or examples relating to user security, screen navigation and searches, as well as procedures for changing card status, resetting PINs, processing repayments, changing client benefit status, adding new cases and clients, maintaining client details, changing case status, and issuing benefits. Training shall also include an explanation of all screens and data fields used in the Contractor's Administrative Terminal security system.
- A.62. POS Terminal Installment. The Contractor shall deploy POS terminals to retailers in compliance with Federal regulation at 7 CFR §274. For newly authorized food retailers, the Contractor and the food retailer shall negotiate a mutually agreed level of terminal installment, up to the number of lanes per store. If the Contractor and the food retailer are unable to reach a mutual agreement, the State will make the decision.
- The Contractor may, if desired, provide additional POS equipment to retailers that wish to obtain additional equipment from the Contractor. The Contractor may charge the retailer for providing and supporting this additional equipment. Notwithstanding, any agreement covering such an arrangement shall be solely between the Contractor and the retailer; the State will not be party to any such agreements.
- A.63. Disaster Preparation and Contingency Planning. The Contractor shall provide for disaster preparation and contingency planning in the following areas:
- a. Contractor Systems. The Contractor shall have a disaster recovery plan that addresses the recovery of the Tennessee EBT System, and that is tested by the Contractor annually. The State may request copies of the plan and test results at any point in time during the Contract,



and if so, will make the request in writing. Should the State make such a request, the Contractor shall provide the State with copies of said documents within thirty (30) days of the State's written request.

In the event that a disaster occurs at the Contractor's site which houses the Tennessee EBT System, the Contractor shall execute its Disaster Recovery plan accordingly. The Contractor shall continue to meet the Performance Standards defined in A.65.

b. State Systems. In the event of a disaster at the State's data center, the Contractor shall provide support to the State in the recovery of the State's eligibility and EBT interface systems to ensure that benefits provided to clients are not interrupted. Said support may include, at a minimum, providing connectivity to the State's back-up site to support the transmission of data files and reports between the State and the EBT Contractor.

A.64. Adjustment Processing. The Contractor shall have in place a process such that a retailer, TPP, or the Contractor can initiate an adjustment to resolve errors and out-of-balance issues related to system problems. The Contractor, on behalf of a client complaint, can also initiate an adjustment to resolve a transaction error. In either case, the adjustment will reference an original settled transaction, which is partially or completely erroneous. The Contractor shall have the capability to process the adjustment and have this reflected in the client's account. Adjustments shall be processed in accordance with Federal regulations regarding the recording, tracking and processing of these types of adjustments. Adjustments made by the Contractor must be in accordance with "Retailer-Initiated Adjustments" requirements in 7 CFR §274. The Contractor shall provide information to the State regarding pending debit adjustments so that advance notification can be provided to the client. Store and Forward transactions are not accepted for the adjustment process.

A.65. Performance Standards. The following table defines performance standards required of the Contractor in the delivery of EBT services, and the performance deficiencies that may trigger the invocation of liquidated damages, per Section A.66 and Section E.6.

PERFORMANCE STANDARDS	
Requirement	Performance Deficiency
<p>a. <u>EBT System Availability</u> The EBT System shall be available 99.9% of the time (excluding scheduled maintenance). The EBT System is not considered "down" if it continues to automatically process benefit authorizations, whether electronically or via the Automated Response Unit.</p>	Failure of the EBT System to be available 99.9% of the time, measured on a monthly basis.
<p>b. <u>Settlement and ACH Processes</u></p> <ol style="list-style-type: none"> 1. The timeframe for ACH settlement window shall be met 98% of the time. 2. AMA Entries shall be made with 100% accuracy. 3. STARS daily redemption totals shall be provided to the Benefit Redemption System Branch (BRSB) at least weekly with 100% accuracy. 4. ALERT data shall be submitted to FNS with 100% accuracy. 	<ol style="list-style-type: none"> 1. Failure to meet timeframe for ACH settlement window 98% of the time, measured on a monthly basis. 2. Any errors in providing AMA data to the Federal Reserve Bank of Richmond over a two month period. 3. Any errors in the daily redemption totals provided to the BRSB over a two month period. 4. Any errors in ALERT data submitted to FNS in a given month.
<p>c. <u>Benefit Availability</u> Daily benefits received by 1:00 am CT shall be in each client's account by 5:00 am CT the same morning.</p>	Failure to have benefits available by 6:00 am CT for two or more days within a calendar month.



<p>d. <u>EBT Switching Services</u> The Debit Switch service shall be available 99.8% in any calendar month after deducting for scheduled downtime or downtime resulting from the failure of communication lines or telecommunications equipment out of the control of the Contractor.</p>	<p>Failure to provide Debit Switch Availability 99.8% of the time in any calendar month.</p>
<p>e. <u>Transaction Response Time</u> Client EBT-only POS transactions shall be completed in 20 seconds. Processing response time shall be measured at the POS terminal from the time the "enter" or "send" key is pressed to the receipt and display of authorization or disapproval information.</p>	<p>Failure to complete 98% of client EBT only POS transactions within 20 seconds, measured on a monthly basis.</p>
<p>f. <u>Inaccurate Transactions</u> There shall be no more than two (2) inaccurate transactions per every 10,000.</p>	<p>Failure to maintain an accuracy standard of no more than two (2) errors per every 10,000, measured on a monthly basis.</p>
<p>g. <u>Client and Retailer Customer Service Help Desks</u> 1. 85% of all calls shall be answered within four (4) rings (4 rings are defined as 25 seconds.) 2. 97% of all calls to Customer Service Representatives (CSR) shall be answered within two (2) minutes. This measure must include calls unanswered due to abandonment after two (2) minutes.</p>	<p>1. Failure to answer 85% of calls within four (4) rings measured over a 3-month period. 2. Failure to answer 97% of all calls to CSR within two (2) minutes, measured over a 3-month period.</p>
<p>h. <u>Host Response Time for Administrative Terminal Transactions</u> Host response time for administrative terminal transactions shall not exceed two (2) seconds 98% of the time.</p>	<p>Failure to respond to administrative terminal transactions within two (2) seconds 98% of the time, measured on a monthly basis.</p>
<p>i. <u>Equipment Installation for EBT-only Retailers</u> 95% of POS terminals shall be installed and operational within 14 days of the Contractor receiving the retailer's contract, exclusive of retailer initiated delays.</p>	<p>Failure to install 95% of POS terminals within 14 days of the Contractor receiving the contract from the retailer, measured over a 3-month period.</p>
<p>j. <u>Card Issuance</u> Card issuance requests received by the Contractor by 1:00 p.m. Central Time, cards shall be postmarked the same business day. Card issuance requests received after 1:00 p.m. Central Time shall be postmarked the next business day.</p>	<p>Failure to postmark cards within the contractual timeframes 98% of the time, as measured on a monthly basis.</p>
<p>k. <u>Reporting Data Availability</u> The Contractor shall meet all reporting data availability requirements.</p>	<p>Failure to make available reporting data to the State within the required timeframes.</p>

A.66. Liquidated Damages. The State may deem the Contractor to be in Breach for failure to comply with any of the performance standards identified in Section A.65. and the State may act consistent with provisions of Section E.6. Failure on the part of the Contractor to meet the performance standards described in Section A.65. may result in the State imposing a liquidated damage in the amount of two percent (2%) of the total monthly payment per occurrence for each instance of non-performance. Liquidated damages will be deducted from the Contractor's invoice for the following month's payment.

A.67. System Operations/Interface Procedures Manual. The Contractor shall provide a manual on Systems Operations/Interface Procedures that shall include, at minimum:

- a. Files and the times of transmission;



- b. Administrative Terminal configuration;
- c. Problem Resolution and Escalation Procedures; and
- d. Maintenance Record Formats.

The Problem Resolution and Escalation Procedures shall define the process by which the State would report System and Operational problems to the Contractor, and the process by which these problems would be resolved and the resolution reported back to the State. The procedures should include a priority scheme for identifying the severity of the problem as well as the expected timeframes for the resolution of the problem.

The Maintenance Record Formats shall match state record/interface designs.

- A.68. Data Access Manual. The Contractor shall provide a manual describing the data available from the Contractor and the format by which reports employing the data can be generated. The Contractor shall provide a brief description of the data files available for State use in creating queries and generating reports.
- A.69. Settlement/Reconciliation Manual. The Contractor shall provide a Settlement/Reconciliation Manual, in a form and substance acceptable to the State, that provides guidance and procedures to the State on performing a daily reconciliation of the Contractor's EBT System as defined within 7 CFR §274 and consistent with Federal EBT Reconciliation Guidance.
- A.70. Administrative Terminal Manual. The Contractor shall provide an Administrative Terminal Manual, in a form and substance acceptable to the State, which provides guidance and procedures for State and local staff on the functionality of the Administrative Terminal.
- A.71. Statement on Standards for Attestation Engagements. The Contractor shall have an annual Statement on Standards for Attestation Engagements (SSAE) 16 examination, which supersedes the SAS 70 audit reporting standard, performed on all of its EBT operations, and shall provide the report to the State within thirty (30) days of the completion of the examination.
- A.72. IRS Form 1099. Due to revisions in the Internal Revenue Service (IRS) tax code, the EBT vendor will be required to create and distribute IRS-1099 forms to EBT-only retailers and third party processors. The requirements are found in the IRS Regulations at 26 Code of Federal Regulations (CFR) Parts 1, 3, and 301.
- A.73. Automated Data Processing Security. The Contractor, in cooperation with the State, agrees to conditions stipulated in USDA Policy memorandum 3140-001 (<http://www.ocio.usda.gov/directives/doc/DM3140-001.html>).

TRANSITION

The Contractor, if not the incumbent from the previous contract cycle, shall complete transition activities as outlined below. Transition activities shall occur within sufficient time frames and with sufficient accuracy to ensure no interruption or compromise of service to the state or to the SNAP and TANF client population.

- A. 74. Project Work Plan. The Contractor shall provide a Project Work Plan that shall address, at a minimum, a schedule of all tasks and deliverables required through the project. The plan shall identify the individual tasks and deliverables by project phase to include a timeline and staffing requirements. This Project Work Plan shall identify all critical path and dependency tasks and delineate the responsibilities of the Contractor, the State, and Federal agencies. At minimum, the sub-plans listed below shall be addressed in the Project Work Plan. The Contractor shall submit the Project Work Plan no later than fifteen (15) business days after execution of the Contract by all the parties. The Project Work Plan shall be subject to review and approval by the State. The State shall review and comment on the plan within ten (10) business days. The Contractor shall



address any deficiencies in the Project Work Plan within ten (10) business days following the receipt of the comments from the State.

- a. Design Plan (including functional and detailed design)
- b. Transition Plan
- c. Test Plan(s), each level of testing (Unit, Integration, System, Acceptance, Performance, Regression)
- d. System Security Plan
- e. Training Plan
- f. Documentation Plan
- g. Quality Management Plan
- h. Configuration Management Plan (Change and Version Control)
- i. Communication Plan
- j. Documentation Control and Review Plan
- k. Infrastructure Implementation Plan
- l. Disaster Recovery Plan (to include Business Contingency Plan)
- m. Back-up and Recovery Plan
- n. Staffing Plan

A.75. Design Phase. The Contractor shall provide the following during the Design Phase, which shall commence with the State's approval of the Project Work Plan. The Design Phase Deliverables shall be subject to review and approval by the State. The Contractor shall allow a minimum of five (5) business days for the State to review and comment on the following deliverables:

- a. Functional Design Document—This document shall, at a minimum, provide a functional overview and a description of the operating environment, procedures, and workflow of the EBT system.
- b. Detailed Design Document—This document shall describe the total system configuration including system hardware, functionality, file layouts, message and file flows, Automated Response Unit Scripts, data elements, system interfaces, settlement and reconciliation functions, and the system security plan.
- c. Updates to Detailed Design—The Contractor shall revise the Detailed Design Document(s) to reflect any system modifications identified and made as a result of systems testing. If revisions are required, the Contractor shall submit the updated Detailed Design Document no later than one month following the completion of the EBT system testing process.

The Contractor shall develop system test plans during the Design Phase. Test plans shall, at a minimum, outline the test purpose, methodology, environment, and approval rating system. Test plans shall be developed for the Functional Demonstration, System Acceptance Test, System and Network Capability Test, and System Interface Test. The Contractor shall submit its EBT system to a complete assessment by successfully testing all components and functional areas prior to implementation. Upon completion and approval of the design documents, the Contractor shall update the System Test Plan as appropriate. The Contractor shall provide system test scripts detailing step-by-step instructions on the actual test and system functions to be demonstrated. Test scripts shall also describe the desired system outcomes and test results. The Contractor shall submit a complete set of test scripts to the State for approval. The Contractor shall maintain all test data for review by the State.

A.76. Development Phase. Following Design Phase approval by the State, the Contractor shall configure and test the Tennessee EBT system according to the system specifications defined and agreed upon during the Design Phase. The Development Phase Deliverables shall be subject to review and approval by the State. The Contractor shall allow a minimum of five (5) business days for the State to review and comment upon the deliverables. Required system tests and demonstrations, which shall be conducted by the Contractor during the Development Phase, include:



- a. A functional demonstration that shall provide State and Federal representatives the opportunity to review and observe planned EBT system operations. The Contractor shall perform a live test, accessing the system and demonstrating the functionality for State and/or Federal representatives. The Contractor shall prepare a report of the demonstration results including any system modifications that were identified.
- b. Interface Testing shall be conducted between the State EBT Interface System and the Contractor's EBT system to ensure that all files sent between the two systems are properly received, accepted, and processed. The results of the Interface Testing shall be made available by the Contractor as part of the Systems Acceptance Test.
- c. The System Acceptance Test shall provide both State and Federal representatives the opportunity to test the EBT system functionality and ensure compliance with the system design requirements. This test shall, at minimum, consist of functional requirements, security, recovery, system controls, and scenario testing. In addition, as part of the system acceptance testing the Contractor must demonstrate the methods and processes for performing daily reconciliation between the State and Contractor interface and processing activities including financial settlement. During the formal test script portion of the acceptance test, testing representatives will follow detailed test scripts developed by the Contractor.

The Contractor shall include in the Systems Acceptance Test an opportunity for the State and Federal representatives to offer for testing various transaction sets and sequences that have not been included in the test scripts and to challenge the system's operations and design.

- d. The Performance (Stress) Test shall ensure that there is sufficient capacity within the EBT system being provided to the State to handle the expected transaction volume. Test results from the stress test shall be used to formulate a system capacity model to determine the appropriate hardware and software requirements and configuration so that the Tennessee EBT system can accommodate the anticipated transaction volumes.

The Contractor may, as an option, choose to use current production data in order to develop a system capacity model for modeling the anticipated transaction volumes. If the Contractor anticipates utilizing this option, the Contractor should provide a description on how the modeling will be performed, and how the results of the modeling exercise will be reported to the State.

- e. The Automated Response Unit (ARU) system shall be tested to ensure the system properly accepts, processes, and transfers both retailer and client calls. The ARU system shall be tested in both English and Spanish.
- f. Conversion Testing will be conducted by the Contractor in order to demonstrate to the State the conversion process of the EBT system presently in use to the Contractor's EBT system. Part of the conversion test is a validation of conversion results, and the ability to perform test transactions against the converted database. Test transactions performed against the converted database shall include both client transactions and administrative transactions.
- g. Regression Testing shall be conducted on all units of the Contractor's EBT system that are affected by any change in the system. The results of any regression testing shall be documented and identified for State review.

A.77. Conversion Phase.

- a. The Contractor shall prepare a conversion plan, including specific dates, that covers each of the following activities in detail:
 1. Retailer Management Plan
 2. Cash Access Plan



3. Cardholder Database Conversion, which includes:
 - a. Transaction history
 - b. Client card and demographic data
 - c. Benefit data

- b. The Conversion Phase consists of the activities required to convert the EBT processing for the State from the system in place presently to the Contractor's system. The Conversion Plan shall address the processes to be used for conversion, how the processes shall be tested, and contingency plans for problems and issues that may occur during conversion. The Conversion Plan shall also address the verification and validation of all records, in particular, the validation of the clients' account balances that are converted to the Contractor's EBT system.

- c. Some of the Conversion Phase activities, specifically the EBT-only retailer conversion, may begin prior to the end of the Development Phase. Notwithstanding, none of the database conversion activities shall occur until the development activities have been completed, and specifically the Conversion Testing has been completed and approval has been received from the State.

- d. Database conversion shall take place according to a schedule approved by the State. During conversion stand-in of clients' transactions will be required. The Contractor shall:
 1. Perform significant testing of the conversion process, including performing test transactions against the converted database in the Test System. Testing shall also validate that PINs have been converted successfully.
 2. Convert all appropriate records from the current Contractor as prescribed by the State.
 3. Have checkpoints and reconciliation procedures built into the conversion process to ensure that no benefits or records are dropped.
 4. Have a contingency fallback plan in case problems arise and the conversion cannot be completed in a timely manner.

- e. The Contractor shall ensure that the value of SNAP benefits transferred from the present EBT system is equal to the amount of funds that will be in the TN ASAP account. If not equal, the Contractor shall resolve any variance, and if the ASAP account is short, make the ASAP account whole at the Contractor's expense.

- A.78. Conversion Delays. The Contractor shall ensure a timely, successful, and problem-free conversion. For those delays directly attributed to the fault of the Contractor, as determined by the State, \$10,000 in liquidated damages will be imposed for each day of delay beyond the required conversion date specified in the Contractor's State-approved Project Work Plan. Any additional costs incurred by the State as a result of the failure by the new Contractor to convert the database on the scheduled conversion date, including, but not limited to, additional costs for the continuation of EBT services, shall also be the responsibility of the Contractor.

- A. 79. Life Cycle Testing. The Project Management Plan shall detail the System Life Cycle Testing Plan. The basic premise of the life cycle testing approach is that any changes made, whether they be by the Contractor's system or the State's system, should be properly tested prior to being introduced into a production environment. The System Life Cycle Testing Plan shall satisfy all requirements included in the FNS Change Management Guidelines. The System Life Cycle Testing Plan shall describe in detail the approval points the Contractor will meet prior to introducing a change to the production environment.

- A. 80. Training. The Contractor shall assess the materials, media, and processes currently employed to train clients, retailers, and State staff, both in the central office and in local offices, and provide to the State a written report recommending additional training materials, media and processes



necessary to address any identified gaps. Said report shall address a timeline for creating and providing each recommended item and the timeframe for training each stakeholder group. Implementation of the recommendations in the report are subject to State review and approval for which the Contractor shall allow a minimum of five (5) business days.

- A. 81. EBT Administrative Terminal. The Contractor shall provide the EBT Administrative Terminal a minimum of thirty (30) days prior to the transition from the current vendor.
- A. 82. Transition Reconciliation. The Contractor shall ensure that reconciliation occurs between the outstanding value of SNAP benefits being transferred and the balance of funds in Automated Standard Application for Payments (ASAP). Any variance shall be reconciled and corrections made to ensure that the subsequent contractor starts off in balance. The Contractor shall, as part of the account set-up process, provide to the State a system report on all transmissions, including a record reject report for all unsuccessful transmissions.
- A.83. Project Implementation/Conversion Status. The Contractor shall provide the status of transition activities in a form and frequency prescribed by the State. The Contractor shall meet with and report to the State's Project Steering Committee, at the request of the State. At Project Steering Committee Meetings, the Contractor shall, at minimum, detail the current status of the work contemplated in this contract and identify any issues or risks involved.

B. CONTRACT PERIOD:

This Contract shall be effective for the period beginning March 1, 2012, and ending on February 28, 2017. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Twenty-five Million Five Hundred Thousand Dollars (\$25,500,000). 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:

EBT Service Description	Amount (per compensable increment)				
	March 1, 2012 through February 28, 2013	March 1, 2013 through February 28, 2014	March 1, 2014 through February 28, 2015	March 1, 2015 through February 29, 2016	March 1, 2016 through February 28, 2017
1. Cost Per Active Case per Case Month-SNAP Only	\$ 0.55 each				
2. Cost Per Active Case per Case Month-Cash Only (Calculated at 78% of the SNAP only rate above.)	\$0.429 each				
3. Cost Per Active Case per Case Month-SNAP and Cash Combined (Calculated at 150% of the-SNAP only rate above.)	\$0.825 each				

- c. Effective on the start date of the contract specified in Section B.1., the Contractor shall issue a credit to the State in the amount of One Million Dollars (\$1,000,000) to be applied to the first and subsequent invoices until this amount is exhausted. In the event that the State terminates this contract for convenience prior to February 28, 2017, the State will refund this One Million dollar (\$1,000,000) credit.
- d. In the event that it becomes necessary to assess Liquidated Damages as stated in Section A.66., said Liquidated Damages may be deducted from payments to the Contractor.
- e. In the event that the State terminates this Contract for convenience prior to February 28, 2013, the State will pay a termination fee to offset the Contractor's reasonable start-up costs associated with implementation of this Contract. Said termination fee shall be limited to Three Hundred Seventy-five Thousand Dollars (\$375,000), which is an amount equal to no more than twenty-five percent (25%) of the maximum liability established for State Fiscal Year 2012 as specified in the contract summary document. The Contractor shall provide to the State all invoices or accounting records to justify reasonable start-up costs that were incurred prior to March 1, 2012 and were associated with implementation of this Contract. The State will evaluate and approve all invoices and accounting records to determine reasonableness.



- 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 Department of Human Services
Director, Supplemental Nutrition Assistance Program (SNAP)
Citizens Plaza Building
400 Deaderick St.
Nashville, TN 37243

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

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

C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of



audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

- C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts, which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.
- a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH).
 - b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved



subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

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

- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

- D.8. Prohibition of Illegal Immigrants. The requirements of *Tennessee Code Annotated*, Section 12-4-124, *et seq.*, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment A, 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. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.12. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.13. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.
- The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.
- D.14. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.15. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.
- D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.17. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.



- D.18. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.19. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.20. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

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

The State:

Richard Dobbs, SNAP/EBT Director
Tennessee Department of Human Services
Citizens Plaza Building, 12th Floor
400 Deaderick St.
Nashville, TN 37243-1403
E-mail Address: Richard.Dobbs@tn.gov
Telephone #: 615-313-5531
FAX #: 615-313-6639

The Contractor:

[REDACTED] Senior Account Manager

E-mail Address: [REDACTED]

Telephone #: [REDACTED]

FAX #: [REDACTED]

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. The Contractor shall have no obligation to fund the card program in the event that State and/or Federal funds are not appropriated.

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

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

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

E.6. Breach. A party shall be deemed to have breached the Contract if any of the following occurs:

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

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

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

- (1) In event of a Breach by Contractor, the State shall have available the remedy of Actual Damages and any other remedy available at law or equity.



- (2) Liquidated Damages— In the event of a Breach, the State may assess Liquidated Damages. The State shall notify the Contractor of amounts to be assessed as Liquidated Damages. The parties agree that due to the complicated nature of the Contractor's obligations under this Contract it would be difficult to specifically designate a monetary amount for a Breach by Contractor as said amounts are likely to be uncertain and not easily proven. The Contractor hereby represents and covenants it has carefully reviewed the Liquidated Damages in Section A.66. and agrees that said amounts represent a reasonable relationship between the amount and what might reasonably be expected in the event of Breach, and are a reasonable estimate of the damages that would occur from a Breach. It is hereby agreed between the parties that the Liquidated Damages represent solely the damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party. The Contractor agrees that the liquidated damage amount is in addition to any amounts Contractor may owe the State pursuant to the indemnity provision or other section of this Contract.

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

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

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

The declaration of a Partial Default prior to the State's assessment of Liquidated Damages does not preempt the State's right to withhold Liquidated damages for the period during which the Contractor has failed to perform the services in question. Upon Partial Default, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount. Contractor agrees to cooperate fully with the State in the event a Partial Default is taken.

- (4) Opportunity to Cure—

(a) The Contractor shall have the opportunity to cure a breach of contract resulting in failure to perform prior to any assessment of Liquidated Damages. The request for a cure period must be submitted in writing within three (3) business days of Contractor being notified of, or becoming aware of, a failure to perform the services as outlined within this Contract.



(b) The cure period granted under subsection (a) shall not exceed fifteen (15) business days. The Contractor may submit a written request for a cure period longer than fifteen (15) days, setting forth the reasons for such request.

(c) This opportunity to cure shall not be available in circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, if a cure period would unreasonably delay completion of the Contract, or if the State operations dependent on the Contract would be adversely impacted.

(5) **Contract Termination**— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. The Contractor shall be liable to the State for any and all damages incurred by the State and any and all expenses incurred by the State which exceed the amount the State would have paid Contractor under this Contract. Contractor agrees to cooperate with the State in the event of a Contract Termination.

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

E.7. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below.

- a. this Contract document with any attachments or exhibits (excluding the items listed at subsections b. through e., below);
- b. any clarifications of or addenda to the Contractor's offer seeking this Contract;
- c. the State solicitation, as may be amended, requesting offers in competition for this Contract;
- d. any technical specifications provided to Offerors during the procurement process to award this Contract;
- e. the Contractor's offer seeking this Contract.



E.8. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed. It is expressly understood and agreed that the obligations set forth in this section shall survive the termination of this Contract in perpetuity.

E.9. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

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

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

E.10. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

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

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



- E.11. Contract Services Transition. The Contractor shall, upon termination of this Contract, assist the State to ensure an orderly transfer of responsibility and/or continuity of those services required under the terms of the Contract to an organization designated by the State, if requested in writing. The Contractor shall deliver free on board (FOB) destination all records, documentation reports, data, hard copy and electronic files, recommendations, etc. which were required to be produced under the terms of the Contract to the State and/or the State's designee promptly and with due diligence after receipt of the written request. The Contractor shall discontinue providing the service or accepting new assignments under the terms of this Contract, on the date specified by the State, in order to insure the completion of such service prior to the termination of the Contract.

The Contractor shall perform a final reconciliation at the point of transition to ensure that the value of SNAP benefits transferred to a new contractor from the present EBT system is equal to the amount of funds that will be in the TN ASAP account. The Contractor shall retain financial liability for all errors or variances in benefits. Any variances shall be resolved and appropriate adjustments shall be made in consultation with the State and FNS Financial Management.

- E.12. State Ownership of Work Products. The State shall have all ownership, right, title, and interest, including ownership of copyright, in all work products created, designed, developed, derived, documented, installed, or delivered to the State under this Contract. The State shall have royalty-free and unlimited rights to use, disclose, reproduce, or publish, for any purpose whatsoever, all said work products. The Contractor shall furnish such information and data upon request of the State, in accordance with the Contract and applicable State law.

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

- E.13. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

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

- E.14. Public Exigency Service Provision Extension. At the option of the State, the Contractor agrees to continue providing services when it is determined by the State there is a public exigency that requires the contracted services to continue. Continuation of services pursuant to this subsection shall be effected via a non-competitive contract amendment, and shall be in six (6) month increments. Thirty (30) days notice shall be given by the Department before this option is exercised. The Contractor reimbursement rate during emergency periods shall be the established payment rates in effect during the last year of this Contract.



E.15. Accounting and Audit Requirements. The books, records, documents, and accounting practices of the Contractor relevant to the contract shall be subject to audit, at any reasonable time and upon reasonable notice by the State, USDA, or their duly appointed representatives. In the event of any audit, claim, negotiation, litigation, or other action, records shall be retained for the duration of the event.

Financial records pertaining to the Contractor shall be maintained for three (3) years following the end of the State Fiscal Year during which the Contract is terminated or State and Federal audits of the Contract have been completed, whichever is later.

E.16. Disclosure of Personal Identity Information. The Contractor shall report to the State any instances of unauthorized disclosure of confidential information that come to the attention of the Contractor. Any such report shall be made by the Contractor within twenty-four (24) hours after the instance has come to the attention of the Contractor. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals that are deemed to be part of a potential disclosure. The Contractor shall bear the cost of notification to individuals having personal identity information involved in a potential disclosure event, including individual letters and/or public notice.

E.17. Federal Government Rights. The Contractor acknowledges that the Federal government reserves a right to any material or software developed with Federal grant funds, as well as the right to allow others to use the software on a royalty free basis. This is a non-exclusive right, and the State is still free to copyright any software developed under this contract.

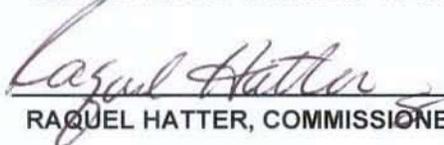
IN WITNESS WHEREOF,



PRESIDENT  DATE 5/27/2011

AUTHORIZED SIGNATORY FOR 

TENNESSEE DEPARTMENT OF HUMAN SERVICES:



RAQUEL HATTER, COMMISSIONER DATE 5-31-11

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

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

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

CONTRACTOR SIGNATURE

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

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION

