

**AMENDMENT TO
CONTRACT FOR OBLIGATION RECOVERY CENTER MANAGEMENT SERVICES
BETWEEN
THE SOUTH DAKOTA BUREAU OF ADMINISTRATION
AND
CGI TECHNOLOGIES AND SOLUTIONS INC.**

This Amendment ("Amendment"), effective on the date of the final signature, modifies the Contract for Obligation Recovery Center Management Services ("Original Contract") dated November 15, 2015, between CGI Technologies and Solutions Inc. ("CGI") and the South Dakota Bureau of Administration ("State"). Except as expressly modified in this Amendment, all terms and conditions of the Original Contract and amendments thereto, remain in full force and effect.

Section 23 of the Original Contract is hereby amended and restated in its entirety as follows:

23. Background Checks:

The State of South Dakota requires all contractors, subcontractors and/or agents who have access to protected-personally identifiable information, or have access to secure areas, to have background checks. These background checks must be fingerprint based and performed by the State of South Dakota with support from the State of South Dakota's law enforcement resources. The State will supply the fingerprint cards and the procedure that is to be used to process the fingerprint cards. Individuals will process the fingerprint cards in their specific locations. Individuals should plan on the background check taking two to four weeks. This section does not apply to CGI subcontractors Wells Fargo, Qualified PreSort, and LexisNexis, as long as they do not access protected personally identifiable information through direct access to the CGI debt collection management system utilized by the State of South Dakota.

CGI Technologies and Solutions Inc., as Contracting Agent

George Schwarttraber

Printed name

Vice President Consulting

Title

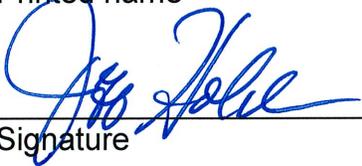


Signature

2/8/2016

Date

South Dakota Bureau of Administration

<u>Jeff Holden</u>	<u>BOA Commissioner</u>
Printed name	Title
<u></u>	<u>2-9-16</u>
Signature	Date

South Dakota Bureau of Information and Telecommunications

<u>David Zolnowsky</u>	<u>BIT Commissioner</u>
Printed name	Title
<u></u>	<u>02/08/2016</u>
Signature	Date

**AMENDMENT TO
CONTRACT FOR OBLIGATION RECOVERY CENTER MANAGEMENT SERVICES
BETWEEN
THE SOUTH DAKOTA BUREAU OF ADMINISTRATION
AND
CGI TECHNOLOGIES AND SOLUTIONS INC.**

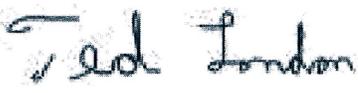
This Amendment ("Amendment"), dated as of December 23, 2015, modifies the Contract for Obligation Recovery Center Management Services ("Original Contract") dated November 15, 2015, between CGI Technologies and Solutions Inc. ("CGI") and the South Dakota Bureau of Administration ("State"). Through this amendment, CGI will manage the collection agencies hired by the State of South Dakota to collect the debts which are not collected by CGI. By agreement, except as expressly modified in this Amendment, the terms and conditions of the Original Contract, remain in full force and effect.

Subsection 1.D of Attachment A (Scope of Work For Obligation Recovery Center (ORC) Management Services) of the Original Contract is hereby amended and restated in its entirety as follows:

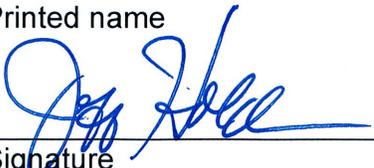
D. Collection Agency Management.

Once the collection agencies are selected by the State, Contractor will be responsible to manage the collection agency referral and recall process. The fee for these services will be 2% of the amount of referred debt collected by the collection agencies (excluding any collection charges collected) and will be invoiced and paid monthly pursuant to Section 5 of the Original Contract.

CGI Technologies and Solutions Inc., as Contracting Agent

<u>Ted London</u>	<u>Vice President, Consulting Services</u>
Printed name	Title
	<u>December 23, 2015</u>
Signature	Date

South Dakota Bureau of Administration

<u>Jeff Holden</u>	<u>Commissioner</u>
Printed name	Title
	<u>12/28/15</u>
Signature	Date

South Dakota Bureau of Information and Telecommunications

David Zolnowsky
Printed name

Commissioner
Title


Signature

12/29/2015
Date

**STATE OF SOUTH DAKOTA
CONTRACT FOR
OBLIGATION RECOVERY CENTER MANAGEMENT SERVICES**

This Contract made and entered into this 15th day of November, 2015 by and between the **Bureau of Administration**, a State of South Dakota agency, of 500 East Capitol Avenue, Pierre, South Dakota 57501 ("State") and **CGI Technologies and Solutions Inc.** ("Contractor"), a Delaware corporation having its principal place of business at 11325 Random Hills Road, Fairfax, Virginia 22030.

The State hereby enters into this Contract for Services with Contractor in consideration of and pursuant to the terms and conditions set forth herein.

Definitions:

Capitalized terms used in the Contract Documents will have the meanings given below or in the context in which the term is used, as the case may be.

- A. **"Change Order"** means a written amendment to a Scope of Work that is prepared and signed by authorized representatives of both parties;
- B. **"Contract Documents"** mean this Contract and all Scopes of Work issued under this Contract, as well as any amendments or Change Orders to any of them;
- C. **"Non-Public Personal Information"** means Confidential Information that also includes (i) all customer and consumer information, (ii) employee information, (iii) information that is either Non-Public Personal Information (as defined in GLBA, 15 USC 6809), and personal information held to be exempt from public disclosure under South Dakota Codified Laws;
- D. **"Services"** mean the collections services provided by Contractor pursuant to a Scope of Work;
- E. **"Scope of Work"** means a document describing the Services that Contractor agrees to perform for State of South Dakota. Each Scope of Work will be substantially in the form attached as *Exhibit A* and signed by authorized representatives of both parties; and
- F. **"Memorandum of Understanding" (MOU)** means a document detailing the service arrangements between the ORC and the individual State of South Dakota agencies. The MOU are not to be considered Change Orders or amendments to the Contract.

1. **Authorization to Perform Work:**

The Contractor will perform those services described in the South Dakota Obligation Recovery Center ("ORC") Scope of Work, attached hereto as attachment A.

2. **Term of Contract:**

The Contractor's services under this Contract shall commence on November 15, 2015 and end on November 14, 2020, unless sooner terminated pursuant to the terms hereof. The Parties may, upon mutual agreement, renew the Contract for two (2) additional five (5) year terms.

3. **Equipment:**

The Contractor will not use State of South Dakota equipment, supplies or facilities except for training purposes and meetings with State of South Dakota personnel by mutual agreement between the parties.

4. **Contractor Tax Identification:**

The Contractor's Employer Identification Number is 54-0856778. While performing services hereunder, the Contractor is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

5. **Compensation for Services:**

The total Contract amount for debt recovered through the Obligation Recovery Center shall be as set forth in Attachment A of this Contract.

- A. **Invoices.** Contractor will submit invoices to State for Services, in the period following the performance of the Services. Contractor will address invoices as specified in the Scope of Work. Each invoice will identify the Agency to which it relates.
- B. **Taxes.** The State of South Dakota is a tax exempt entity.
- C. **Payment Terms.** All Service fees are to be paid to Contractor in United States Dollars, by electronic funds transfer to an account designated by Contractor or by check sent to Bank of America, c/o CGI Technologies and Solutions Inc. at 12907 Collections Center Drive, Chicago, IL 60693. Contractor's invoices are due and payable in full within thirty (30) days from the date of the invoice. If State withholds any invoiced amount which it disputes in good faith, State must pay all undisputed amounts on the invoice within the agreed payment period and promptly notify Contractor of the specific amount in dispute and the reasons why it disputes the amounts. Contractor and State will work together in good faith to resolve any timely disputed amount in a prompt and mutually acceptable manner. If a disputed amount is not resolved within thirty (30) days after the original payment due date receipt, the parties will resolve such dispute as provided in Section 10. State will pay any disputed amounts within five (5) days after the dispute has been resolved. Disputes with respect to invoiced amounts will be waived unless the invoiced amounts are either paid or the disputes are raised in writing as provided in this section. If State withholds payment of any amount due under an invoice without following the procedures set forth above, or if State withholds payment of more than ten percent (10%) of any invoice, Contractor may suspend performance under the Scope of

Work with respect to which payment has been withheld. Contractor will provide State with fifteen (15) days prior written notice before suspending performance. Contractor will resume performance within a reasonable period of time after the payment dispute is resolved, and all aspects of the Scopes of Work (including without limitation the project timetable and budget) will be equitably adjusted.

- D. **Late Payment Interest.** Proper invoices not paid within forty-five days shall accrue interest beginning on the thirtieth day after receipt of property or service and receipt of the invoice covering the delivered items or services. Interest shall accrue and be charged on payments overdue at one and one-half percent per month or at the rate specified by contract. Interest which is unpaid at the end of each sixty-day period or at the end of any specified period provided by contract shall be added to the principal amount of the debt and shall thereafter accumulate interest.

6. **Confidentiality Provision:**

State and Contractor agree that in connection with the performance of their respective obligations hereunder, each party may have access to the Confidential Information of the other party. The following terms will apply to such access.

Each party agrees to keep all information defined below as Confidential Information as confidential, and will not distribute, sell, or rent the information to any third party without the explicit written consent of the other party. The Contractor will not distribute, sell, or rent any data gathered from transactions of debtors, without the express written consent of the State.

- A. **Confidential Information.** "Confidential Information" means information belonging to or in the possession of a party which is confidential or a trade secret and is furnished or disclosed to the other party under this Contract (including information exchanged in contemplation of entering into this Contract): (i) in tangible form and marked or designated in writing in a manner to indicate it is confidential or a trade secret; or (ii) in intangible form and that either is of a nature that a reasonable person would understand to be confidential or a trade secret or is identified as confidential or a trade secret in a writing provided to the receiving party within thirty (30) business days after disclosure. Confidential Information also includes "Personal Information" as defined below.
- B. **Personal Information.** "Personal Information" shall include names, social security numbers, employer numbers, addresses and all other data about applicants, employers or other clients to whom the State of South Dakota provides services of any kind. Contractor understands that this personal information is confidential and protected under State of South Dakota law at SDCL 1-27-1.5 as modified by 1-27-1.6, and agrees to immediately notify the State if the information is disclosed, either intentionally or inadvertently.
- C. **Exclusions.** "Confidential Information" does not include any information that, as evidenced by written documentation: (i) is already known to the receiving party without restrictions at the time of its disclosure by the furnishing party; (ii) after its disclosure by the furnishing party, is made known to the receiving party without restrictions by a third party having the right to do so; (iii) is or becomes publicly known without violation of this Contract; or (iv) is independently developed by the receiving party without reference to the furnishing party's Confidential Information.

- D. **Standard of Care.** Confidential Information will remain the property of the furnishing party, and the receiving party will not be deemed by virtue of this Contract or any access to the furnishing party's Confidential Information to have acquired any right, title or interest in or to the Confidential Information. The receiving party agrees: (i) to afford the furnishing party's Confidential Information at least the same level of protection against unauthorized disclosure or use as the receiving party normally uses to protect its own information of a similar character, but in no event less than reasonable care; (ii) to limit disclosure of the furnishing party's Confidential Information to personnel furnished by the receiving party to perform Services under a Scope of Work or otherwise having a need to know the information for the purposes of this Contract; (iii) not to disclose any such Confidential Information to any third party; (iv) to use the furnishing party's Confidential Information solely and exclusively in accordance with the terms of this Contract in order to carry out its obligations and exercise its rights under this Contract; and (v) to notify the furnishing party promptly of any unauthorized use or disclosure of the furnishing party's Confidential Information and cooperate with and assist the furnishing party in every reasonable way to stop or minimize such unauthorized use or disclosure.
- E. **Compelled Disclosure.** If the receiving party receives a subpoena or other valid administrative or judicial notice requesting the disclosure of the furnishing party's Confidential Information, the receiving party will promptly notify the furnishing party. If requested, the receiving party will provide reasonable cooperation to the furnishing party in resisting or limiting the disclosure at the furnishing party's expense. Subject to its obligations stated in the preceding sentence, the receiving party may comply with any binding subpoena or other process to the extent required by law, but will in doing so make all commercially reasonable efforts to secure confidential treatment of any materials disclosed.
- F. **Return or Destruction.** Upon termination or expiration of this Contract and all Scopes of Work issued under this Contract, the receiving party, at the furnishing party's option, will return or destroy all Confidential Information of the furnishing party that the receiving party does not possess under a valid license; provided that Contractor may retain one (1) copy of all of its work products (including working papers) produced under this Contract for archival purposes.
- G. **Relief.** Each party agrees that if a court of competent jurisdiction determines that the receiving party has breached, or attempted or threatened to breach, any of its confidentiality obligations to the furnishing party or the furnishing party's proprietary rights, money damages will not provide an adequate remedy. Accordingly, the furnishing party will be entitled to seek appropriate injunctive relief and other measures restraining further attempted or threatened breaches of such obligations.

7. **Indemnification:**

- A. **Personal Injury and Property Damage.** If, as a result of one party's (the "negligent party") negligence, the other party (the "injured party") or its employees suffer personal injury or damage to tangible property, the negligent party will reimburse the injured party for that portion of any claims the injured party pays for which the negligent party is legally liable. Any such injury or damage shall be reported to the negligent party promptly upon discovery.

- B. **Contractor Provided Materials.** The Contractor agrees that any original works of authorship developed by Contractor personnel under a Scope of Work, including their use by State in unaltered form, will not, to Contractor's knowledge, infringe any third party copyrights, patents or trade secrets that exist on the Effective Date and that arise or are enforceable under the laws of the United States of America. Contractor agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of such Infringement and Contractor will pay all settlements, costs, damages and legal fees finally awarded. If such a proceeding is brought or appears to Contractor to be likely to be brought, Contractor may, at its sole option and expense, either obtain the right for State to continue using the allegedly infringing item(s) or replace or modify the item(s) to resolve such proceeding. If Contractor finds that neither of these alternatives is available to it on commercially reasonable terms, Contractor may require State to return the allegedly infringing item(s), in which case State will receive a refund of the amounts paid by it for the returned item(s), less a reasonable adjustment for depreciation of the returned item(s). This Section 7.B. states Contractor's entire obligation to State and State's exclusive remedy with respect to any claim of infringement and is in lieu of any implied warranties of non-infringement or non-interference with use and enjoyment of information. This section does not require the Contractor to be responsible for or defend against claims or damages arising solely from; (i) modifications made to the item in question by anyone other than Contractor and its subcontractors working at Contractor's direction; (ii) the combination, operation or use of the item with other items Contractor did not supply; (iii) State's failure to use any new or corrected versions of the item made available by Contractor; (iv) Contractor's adherence to State's specifications or instructions; or (v) errors or omissions of the State, its officers, agents and employees.
- C. **State Provided Materials.** If a third party brings an action against Contractor alleging that any data or materials provided by State to Contractor, including their use by Contractor in its performance of the Services under the applicable Scopes of Work infringe any third party copyrights, patents or trade secrets that exist on the Effective Date and that arise or are enforceable under the laws of the country in which the Services are performed, then State will, at its own expense and subject to the provisions of Section 7.D., defend, indemnify and hold Contractor harmless in such proceeding and State will pay all settlements, costs, damages, legal fees and expenses finally awarded. This section does not require the State to be responsible for or defend against claims or damages arising solely from errors or omissions of Contractor, its officers, agents and employees.
- D. **Indemnification Procedures.** A party's indemnification obligations specified in this Contract are conditioned upon the indemnified party promptly notifying the indemnifying party in writing of the proceeding, providing the indemnifying party a copy of all notices received by the indemnified party with respect to the proceeding, cooperating with the indemnifying party in defending or settling the proceeding, and allowing the indemnifying party to control the defense and settlement of the proceeding, including the selection of attorneys. The indemnified party may observe the proceeding and confer with the indemnifying party at its own expense.

8. **Suspension of Services:**

If for any reason the Legislature fails to appropriate funds or grant of expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Contract will be terminated by the State. Termination for these reasons is not a default by the State.

9. **Assignment of Contract:**

This Contract may not be assigned by either party without the express prior written consent of the other party. This Contract may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

10. **Governing Law of Contract:**

This Contract shall be governed by and construed in accordance with the laws of the State of South Dakota. Any claim, controversy, dispute, or lawsuit pertaining to or affecting this Contract shall be venued in Sixth Judicial Circuit, Hughes County, South Dakota. The parties agree that in any such proceeding, each party shall waive, if applicable, any right to a jury.

At the written request of either party, the parties will attempt to resolve any dispute arising under or relating to this Contract through the informal means described in this Section 10. Each party will appoint a senior management representative who does not devote substantially all of his or her time to performance under this Contract. The representatives will furnish to each other all non-privileged information with respect to the dispute that the parties believe to be appropriate and germane. The representatives will negotiate in an effort to resolve the dispute without the necessity of any formal proceeding. Formal proceedings for the resolution of the dispute may not be commenced until the earlier of: (i) the designated representatives conclude that resolution through continued negotiation does not appear likely; or (ii) thirty (30) calendar days have passed since the initial request to negotiate the dispute was made; provided, however, that a party may file earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or to apply for interim or equitable relief.

11. **Laws:**

The Contractor will comply with all U.S. federal, state and local laws related to providing services pursuant to this Contract, and will be solely responsible for obtaining current information on such requirements.

12. **Insurance:**

The Contractor, at the times during the term of this Contract, shall obtain and maintain in force insurance coverage of the types and with the limits as follows:

- A. **Commercial General Liability Insurance** The Contractor shall maintain occurrence based commercial general liability insurance or equivalent form with a limit of not less than \$500,000 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Contract or be no less than two million dollars. Such insurance shall include South Dakota state employees as additional insureds in the event a claim, lawsuit or other proceeding is filed against a state employee as a result of the services provided pursuant to this Contract.
- B. **Worker's Compensation Insurance** The Contractor shall procure and maintain workers' compensation and employers' liability insurance as required by South Dakota law.
- C. **Cyber Liability** The Contractor shall maintain cyber liability insurance with liability limits in the amount of \$2,000,000 to protect any and all State of South Dakota data the Contractor receives as part of the project covered by this Contract including State of South Dakota data that may reside on devices, including laptops and smart phones, utilized by Contractor employees, whether the device is owned by the employee or the Contractor. If the Contractor has a contract with a third-party to host any State of South Dakota data the Contractor receives as part of the project under this Contract, then the Contractor shall include a requirement for cyber liability insurance as part of the contract between the Contractor and the third-party hosting the data in question. The third-party cyber liability insurance coverage will include State of South Dakota data that resides on devices, including laptops and smart phones, utilized by third-party employees, whether the device is owned by the employee or the third-part Contractor. The cyber liability insurance shall cover expenses related to the management of a data breach incident, the investigation, recovery and restoration of lost data, data subject notification, call management, credit checking for data subjects, legal costs, and regulatory fines. Before beginning work under this Contract, the Contractor shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Contract and which provide that such insurance may not be canceled, except on 30 days prior written notice to the State.
- D. **Professional Liability** Contractor shall maintain professional liability insurance with terms and conditions in line with industry standards, and with limits of at least \$2,000,000 per claim and in the aggregate.

Before beginning work under this Contract, the Contractor shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Contract and which provide that such insurance may not be canceled, except on 30 days' prior written notice to the State.

13. Reporting Obligation:

Contractor agrees to report to the State any event encountered in the course of performance of this Contract which results in injury to the person or property of third parties, or which may otherwise subject Contractor or the State to liability. Contractor shall report any such event to the State promptly upon discovery.

Contractor's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law. Contractor's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney-client communications). Reporting to the State under this section shall not excuse or satisfy any obligation of Contractor to report any event to law enforcement or other entities under the requirement of any applicable law.

14. Identification of Business Partners and Subcontractors:

The Contractor may use subcontractors or agents to perform the services described herein, in the event of disaster recovery, if expressly authorized by prior written consent of the State. The Contractor shall identify in the applicable Scope of Work all of its business partners and subcontractors related to services provided under this Contract, who will be involved in any application development and/or operations. The State reserves the right to reasonably raise concerns to Contractor around any person from the Contract presenting insufficient skills or inappropriate behavior. The parties will work together to address any of the States concerns in a mutually agreeable manner.

The State reserves the right to require the Contractor to remove from the project any person the State believes is detrimental to the project or is considered by the State to be a security risk. The State will provide the Contractor with notice of its determination, and the reasons it requires the removal. If the State signifies that a potential security violation exists with respect to the request, the Contractor shall immediately remove the individual from the project.

15. Subcontractor Requirements:

The Contractor will include provisions in its subcontracts requiring any subcontractors or agents to comply with the applicable provisions of this Contract.

All of the following terms and provisions are applicable to each and every entity that hosts State of South Dakota data. If Contractor subcontracts any hosting of State of South Dakota data to another entity, the relationship between Contractor and any such subcontracting entity must be that of Principal and Agent. No such Agent may act as an independent contractor for Contractor. Contractor must include in its contract with any such Agent explicit terms providing for this Principal and Agent relationship, and Contractor must further supervise such Agent so as to insure that such Agent complies with all of the following terms.

16. Acts and Omissions:

The Contractor warrants, for a period of thirty (30) days commencing when the Services are performed, that the Services will be performed in a workmanlike manner consistent with industry standards reasonably applicable to the performance of such Services. If State believes there has been a breach of this warranty, it must notify Contractor in writing within the warranty period

stating in reasonable detail the nature of the alleged breach. If there has been a breach of this warranty, then Contractor's sole obligation, and State's exclusive remedy, will be for Contractor to correct or re-perform, at no additional charge, any affected Services to cause them to comply with this warranty, or terminate the Scope of Work in whole or in part.

Contractor warrants that it has provided to the State and incorporated into this Contract all license agreements, end user agreements, and terms of use regarding its software or any software incorporated into its software before execution of this Contract. The parties agree that neither the State nor its end-users shall be bound by the terms of any such agreements not timely provided pursuant to this paragraph and incorporated into this Contract. The service does not contain code that does not support South Dakota or another client of Contractor.

The Contractor will use industry standard and up-to-date security tools and technologies such as anti-virus protections and intrusion detection methods in providing Services under this Contract as indicated in the Information Technology User Security Guide; and

- A. Will not knowingly insert into the Service or any media on which the Service is delivered any virus, rogue program, time bomb, worm, Trojan Horse, back doors, Easter eggs or other malicious or intentionally destructive code; and
- B. Will use commercially reasonable efforts consistent with industry standards to scan for and remove any Malicious Code from the Service before installation. In the event any Malicious Code is discovered in the Service as delivered by the Contractor to the State under this Contract, the Contractor shall provide the State at no charge with a clean copy of the applicable Service that does not contain such Malicious Code or otherwise correct the affected portion of the services provided to the State under this Contract. The remedies in this paragraph are in addition to such other and additional remedies as the State may have at law, equity or otherwise; and
- C. Will resolve all known material security issues.

Contractor may investigate and correct breaches of warranty at Contractor's offices to the extent possible. If State requires Contractor to travel to State's place of business to correct a breach of warranty that could have reasonably been corrected at Contractor's place of business, State will reimburse Contractor for the reasonable travel time and Reimbursable Expenses of Contractor's personnel. If a reported breach of warranty is attributable to a cause other than a breach of the applicable Contractor warranty, then Contractor will be entitled to payment for its investigation and correction efforts on a time and materials basis at the rates applicable to the Scope of Work.

Contractor is not responsible for any claimed breaches of the foregoing warranty caused by: (i) modifications made to the item in question by anyone other than Contractor and its subcontractors working at Contractor's direction; (ii) the combination, operation or use of the item with other items Contractor did not supply; (iii) State's failure to use any new or corrected versions of the item made available by Contractor; or (iv) Contractor's adherence to State's specifications or instructions.

THE WARRANTIES SET FORTH SPECIFICALLY IN THIS CONTRACT ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, INTEGRATION, PERFORMANCE AND ACCURACY AND ANY IMPLIED WARRANTIES ARISING FROM STATUTE, COURSE OF DEALING, COURSE OF PERFORMANCE OR USAGE OF TRADE.

17. **Service Outage/Downtime:**

In the event of a service outage, the Contractor will:

- A. Promptly and at the Contractor's expense, use commercial reasonable efforts to restore the services within a reasonable timeframe consistent with industry standards for similar services, and
- B. The Contractor will provide the State with reasonable prior notice of scheduled downtime in the provision of Services for maintenance or upgrades. To the extent possible, the Contractor will schedule downtime during times of ordinarily low use by the State. In the event of unscheduled or unforeseen downtime for any reason, except as otherwise prohibited by law, the Contractor will promptly notify the State and respond promptly to the State's reasonable requests for information regarding the downtime.

18. **Notices:**

Any notice or other communication required under this Contract shall be in writing and sent to the address set forth above. Notices shall be given by and to **Jeff Holden, Acting Commissioner**, on behalf of the State, and by and to **Ted London, Vice President Consulting Services**, on behalf of the Contractor, or such authorized designees as either party may from time to time designate in writing.

Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

19. **Legal Requests for Data:**

Except as otherwise expressly prohibited by law, the Contractor will:

- A. Promptly notify the State of any subpoenas, warrants, or other legal orders, demands or requests received by the Contractor seeking State of South Dakota and/or End User Data maintained by the Contractor;
- B. Consult with the State regarding its response;
- C. Reasonably cooperate with the State's requests in connection with efforts by the State to intervene and quash or modify the legal order, demand or request; and
- D. Upon the State's request, provide the State with a copy of both the demand or request and its proposed or actual response.

20. **Electronic Discovery of Data:**

The Contractor shall contact the State upon receipt of any electronic discovery, litigation holds, discovery searches, and expert testimonies related to, or which in any way might reasonably require access to the data of the State of South Dakota. The Contractor shall not respond to service of process, and other legal requests related to the State of South Dakota without first notifying the State unless prohibited by law from providing such notice.

21. Severability:

In the event that any court of competent jurisdiction shall hold any provision of this Contract unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof. In addition, if any provision of this Contract, for any reason, is declared to be unenforceable, the parties will substitute an enforceable provision that, to the maximum extent possible under applicable law, preserves the original intentions and economic positions of the parties.

22. Application of Contract Terms:

All other prior discussions, communications and representations concerning the subject matter of this Contract are superseded by the terms of this Contract, and except as specifically provided herein, this Contract, along with all Attachments and Exhibits constitutes the entire agreement with respect to the subject matter hereof. Amendments or waivers of any provision of this Contract or its Exhibits shall be valid only as clearly identified as such, in writing and signed by the parties.

23. Background Checks:

The State of South Dakota requires all contractors, subcontractor and or agents who have access to protected-personally identifiable information or have access to secure areas to have background checks. These background checks must be fingerprint-based and performed by the State of South Dakota with support from the State of South Dakota's law enforcement resources.

The State will supply the finger print cards and the procedure that is to be used to process the finger print cards. Individuals will process the finger print cards in their specific locations. Individuals should plan on the background check taking two – four weeks.

24. Security:

The Contractor shall take commercially reasonable actions to protect State of South Dakota information from exploits, inappropriate alterations, access or release, and malicious actor attacks. By signing this Contract, the Contractor warrants that all known security issues are resolved.

25. Payment Card Industry Data Security:

The State requires an acknowledgement from all service providers who possess or interact with credit card holder data that the service provider is committed to maintaining proper security of the credit card holder data in their possession. To assure continued compliance with the current Payment Card Industry Data Security Standard, the State requires that the service provider acknowledge its understanding and acceptance of this requirement and provide an annual report on the service provider's Payment Card Industry Data Security Standard compliance status. The service provider will send a copy of the annual report to both the Contractor and the State on an annual basis.

26. Public Information Laws:

The parties mutually agree that neither of them shall disclose the contents of the Contract except as required by applicable law or as necessary to carry out the terms of the Contract or to enforce that party's rights under this Contract. Contractor acknowledges that the State of South Dakota

and its agencies are public entities and thus are bound by South Dakota open meetings and open records laws, found at SDCL Chapter 1-25 and SDCL Chapter 1-27. It is therefore not a breach of this Contract for the State to take any action that the State reasonably believes is necessary to comply with South Dakota open records or open meetings laws.

27. Compatibility:

The system, site, and/or application must be compatible with supported versions of Internet Explorer browsers. It is understood by the Parties that Contractor will be making the application compatible for external users with additional commercial browsers in wide usage as mutually agreed to during the term of this Contract.

28. Security Acknowledgement Form – ITUSG:

The Contractor, will on behalf of itself, its employees and any subcontractor(s') as well as the subcontractor(s') employees, participating in the work covered by this Contract sign the Security Acknowledgement form which is attached to this Contract as Attachment B. The signed Security Acknowledgement form(s) must be given to the BIT before work on the Contract may begin. This form commits the Contractor, its employees and any subcontractor(s') as well as the subcontractor(s') employees, to abide by the terms of the Information Technology User's Security Guide (ITUSG). Failure to abide by the requirements of the ITUSG or the Security Acknowledgement form is a breach of this Contract. Any disciplining of the Contractor's or subcontractor's employees due to a failure of an employee to abide by the terms of the Security Acknowledgement Form will be done at the discretion of the Contractor or Subcontractor and in accordance with the Contractor's or Subcontractor's personnel policies. Regardless of the actions taken by the Contractor or Subcontractor, the State shall retain the right to require at its discretion the removal of the employee from the project covered by this Contract.

Any material changes to the ITUSG from the Effective Date will be addressed through the change control process. If there is a conflict between the terms of this Contract and the ITUSG the terms of this Contract shall govern.

29. Disaster Recovery:

The Contractor will maintain a disaster recovery plan (the "Disaster Recovery Plan") with respect to the services provided to the State. For purposes of this Contract, a "Disaster" shall mean any unplanned interruption of the operation of or inaccessibility to the Contractor's service in which the Contractor, using reasonable judgment, requires relocation of processing to a recovery location. The Contractor shall notify the State as soon as possible after the Contractor deems a service outage to be a Disaster. The Contractor shall move the processing of the State's services to a recovery location as expeditiously as possible and shall coordinate the cut-over.

30. Security Audit:

When hosting any State of South Dakota data that may be confidential, private, financially sensitive, or contain personally identifiable information, the Contractor must agree to:

- A. Allow State, at State's expense, have Contractor or a third party authorized by Contractor to perform annually, a security audit and a vulnerability assessment to provide third party verification of Contractor's IT security safeguards for the system and its data. The State can request to review independent audit reports that document the system's security

posture.

- B. The Contractor agrees to work with the State to rectify any serious security issues revealed by the security audit and vulnerability assessments. This includes additional security audits and vulnerability assessments that shall be performed after any remediation efforts to confirm the serious security issues have been resolved and no further serious security issues exist.

33. Rights and License:

The parties agree that between them, all rights including all intellectual property rights in and to State of South Dakota and End User data shall remain the exclusive property of the State of South Dakota, and that the Contractor has a limited, nonexclusive license to use these data as provided in this Contract solely for the purpose of performing its obligations hereunder. No data or information given or provided to Contractor by State may be sold or distributed in any form to unauthorized third parties.

The parties agree that between the, Contractor (or its licensors or suppliers, as the case may be) will retain ownership of all components of the hosted application and all intellectual property rights in and to the hosted application, and to all other proprietary rights, materials, documentation, specifications, work products or assets that are employed or developed in providing the Services, including any successors, updates, extensions, derivatives, translations or enhancements of any of the foregoing (in whole or in part, collectively referred to as the "Contractor Materials"). State will not copy or use any Contractor Materials in any way that is not authorized by this Contract, unless otherwise agreed in advance by Contractor in writing. Any permitted copies of the Contractor Materials (including derivative works to the extent they incorporate or are based on any Contractor Materials, or contained in any Deliverable) made by or for State are and will remain the property of Contractor (or its licensors). State will reproduce and include on any permitted copies of the Contractor Materials all copyright or other proprietary rights notices or legends that appear on or are otherwise included in the Contractor Materials.

This Contract does not give a party any rights, implied or otherwise, to the other's data, content, or intellectual property, except as expressly stated in the Contract.

34. Migration Capability:

Upon termination or expiration of this Contract, the Contractor will transfer all State of South Dakota and End User Data to the State or a third party designated by the State securely, within a reasonable period of time, and without significant interruption in Service. The Contractor will manage that such migration uses facilities and methods that are compatible with the relevant systems of the transferee, and to the extent technologically feasible, that the State will have reasonable access to State of South Dakota and End User Data during the transition.

The Contractor will notify the State of impending cessation of its business or that of a tiered provider and any contingency plans in the event of notice of such an event. This includes timely transfer of any State of South Dakota data and written confirmation that Contractor has deleted or destroyed any State of South Dakota-owned data. The Contractor shall implement its exit plan and take all necessary actions for a smooth transition of service with minimal disruption to the State of South Dakota. The Contractor will provide a fully documented service description and perform and document a gap analysis by examining any differences between its services and those to be provided by its successor. The Contractor will work closely with its successor for a successful

transition to the new equipment, with minimal downtime and impact on the State of South Dakota, all such work to be coordinated and performed in advance of the formal, final transition date, and will be performed under a Scope of Work.

35. Termination Provision:

This Contract may be terminated by either party for cause if a party believes that the other party has materially failed to perform a fundamental obligation under a Scope of Work (a "Breach") then that party may provide the breaching party with the cause explained in writing and in reasonable detail, and if the breaching party does not, within thirty (30) days after receiving such written notice, either (i) cure the Breach or (ii) if the Breach is not one that can reasonably be cured within thirty (30) days, develop a plan to cure the Breach and diligently proceed according to the plan until the Breach has been cured, then the non-breaching party may terminate the affected Scope of Work for cause by providing written notice to the breaching party. Prior to termination of a Scope of Work for cause, the party receiving the initial notice under the preceding sentence will be afforded an opportunity to meet with a senior management representative of the non-breaching party to explain its position. The Contractor is obligated to give the State one hundred and eighty (180) days written notice in the event the Contractor intends not to renew the Contract or intends to raise any fees or costs associated with the Contractor's products or services in a subsequent contract unless such fees or costs have previously been negotiated and included in this Contract.

If termination for such a default is effected by the State, any payments due to Contractor at the time of termination may be adjusted to cover any additional costs to the State because of Contractor's default. If termination for such default is effected by Contractor, any payments due to Contractor at the time of termination subject to the applicable Scope of Work will be made promptly to Contractor. After the initial five year term the State may take over the hosted application through a license grant and perform or have a third party perform the collection services described under this Contract. In the event of termination or at the end of the term of this Contract unless the Contract is renewed, the Contractor shall deliver to the State all reports, plans, specifications, technical data, and all other information completed prior to the date of termination. If after the State terminates for a default by Contractor it is determined that Contractor was not at fault, then the Contractor shall be paid for eligible services rendered as set forth in the applicable Scope of Work. The terms of this provision were arrived at after negotiation between the parties. This provision is the joint product or work of the parties, and not a provision written or demanded by any one party to this Contract. The Contractor recognizes and agrees that the State of South Dakota cannot enter into an agreement providing for hosting of any of its data on the Contractor's servers and networks without provisions protecting its ability to access and recover its data in a usable, non-proprietary format in the event of termination of this Contract with sufficient time to convert that data and the business functions provided by the Contractor to another system prior to the date of termination.

- A. Survival.** Any provision of this Contract that imposes or contemplates continuing obligations on a party will survive the expiration or termination of this Contract in which it is contained. The termination of any particular Scope of Work will not affect the parties' respective rights, duties and obligations under any other Scope of Work then in effect. If this Contract expires or is terminated, its terms and conditions will continue to apply to any Scope of Work then in effect until the Scope of Work expire or are terminated.

36. Cessation of Contractor's Business:

The Contractor will notify the State of impending cessation of its business or that of a tiered provider and any contingency plans in the event of notice of such an event. This includes timely transfer of any State data and written confirmation that Contractor has deleted or destroyed any State of South Dakota-owned data. The Contractor shall implement its exit plan and take all necessary actions for a smooth transition of service with minimal disruption to the State of South Dakota. The Contractor will provide a fully documented service description and perform and document a gap analysis by examining any differences between its services and those to be provided by its successor. The Contractor will work closely with its successor for a successful transition to the new equipment, with minimal downtime and impact on the State of South Dakota, all such work to be coordinated and performed in advance of the formal, final transition date. The notice and transition will follow the termination provisions provided in this Contract, and will be performed under a Scope of Work.

37. Authorization for Security Scanning:

Contractor hereby authorizes the State to scan Contractor's systems. The parties will mutually agree upon scanning procedures. Contractor will provide access to an agreed upon environment to the State. The planned approach is to provide a test environment, including infrastructure and software that duplicates the Contractor environment that will be used to perform work for the State for Obligation Recovery Center Management Services. This environment will contain test data, that is, data that mimics the data used by the Contractor for performing similar work. The test environment will be used to perform scanning, that is, using software tools to test the security of Contractor's system and its applications. The State will assume that any access Contractor provides to an environment is to a test environment containing test data. The State will not scan any Contractor environment known by the State to be a production environment at the time the scan is performed by the State. Contractor provides its consent for the State to scan the test environment and data provided as the State wishes using a mutually agreeable methodology. The State will perform the scans at mutually agreed upon dates and times. Contractor shall be responsible for the impacts of Contractor's computer system, its network of computers, its supporting and peripheral devices, any and all software used by Contractor, and the data any of them contain resulting from the contemplated scanning so long as the mutually agreed upon procedures are followed. Scanning by the State will not be considered reverse engineering under the terms of any contract or license between Contractor and the State. As contemplated for purposes of this authorization, reverse engineering is defined as any actions taken to discover the content of Contractor code that is the instructions used in a computer application that cause a computer to perform a task. If the State's scans discover security issues or vulnerabilities the State may work with Contractor, in the State's sole discretion, on remediation efforts. Contractor shall be responsible for the remediation efforts and from any effects the remediation efforts may have on Contractor. Contractor will not charge the State for any costs incurred by Contractor in remediation efforts unless agreed to by the State in advance in writing.

All contact with Contractor will be made through Chaille Manis who can be contacted by email at Chaille.Manis@cgi.com. The State's contact will be [Miquel Penaranda](mailto:Miquel.Penaranda@bit.sec@state.sd.us) who can be contacted by email at bit.sec@state.sd.us.

The State will provide the Contractor contact with sixty (60) days' notice using the agreed upon contact method before starting the scans. Any attempt by the State to contact Chaille Manis using the agreed upon method is adequate for all purposes under this Release, whether the State's

contact is successful or not.

38. Data Privacy:

- A. The Contractor will use State of South Dakota Data and End User Data only for the purpose of fulfilling its duties under this Contract and for the State of South Dakota's and its End User's sole benefit, and will not share such data with, or disclose it to, any third party, without the prior written consent of the State or as otherwise required by law. By way of illustration and not of limitation, the Contractor will not use such data for the Contractor's own benefit and, in particular, will not engage in "data mining" of State of South Dakota or End User Data or communications, whether through automated or human means, except as specifically and expressly required by law or authorized in writing by the State through a State of South Dakota employee or officer specifically authorized to grant such use of State of South Dakota data.
- B. All State of South Dakota and End User Data will be stored on servers located solely within the United States.
- C. The Contractor will provide access to State of South Dakota and End User Data only to those Contractor employees and subcontractors who need to access the data to fulfill the Contractor's obligations under this Contract.

39. Data Exchange and Encrypted Data Storage:

All facilities used to store and process State of South Dakota and End User data will employ commercial standard practices, including appropriate administrative, physical, and technical safeguards, to secure such data from unauthorized access, disclosure, alteration, and use. Such measures will be no less protective than those used to secure the Contractor's own data of a similar type, and in no event less than reasonable in view of the type and nature of the data involved. Without limiting the foregoing, all State of South Dakota and End User Data will be encrypted in transmission (including via web interface) and storage at no less than 128-bit level encryption.

40. Security Incidents and Breach Responsibilities:

The Contractor, unless stipulated otherwise, shall notify the State Contact within 12 hours if the Contractor reasonably believes there has been a security incident.

If notification of a security incident or data breach to the State Contact is delayed because it may impede a criminal investigation or jeopardize homeland or federal security, notification must be given to the State within twelve (12) hours after law-enforcement provides permission for the release of information on the security incident or data breach.

Notification to the State should include at a minimum: (i) Name of and contact information for the Contractor's Point of Contact for the security incident or data breach; (ii) date and time of the security incident or data breach; (iii) date and time the security incident or data breach was discovered; (iv) description of the security incident or data breach including the data involved, being as specific as possible; (v) potential number of records known, and if unknown the range of records; (vi) address where the security incident or data breach occurred; and, (vii) the nature of the technologies involved. Notifications must be sent electronically and encrypted via federally approved encryption techniques. If there are none, the encryption levels specified in paragraph

39 should be used. Contractor shall use the term "data incident report" in the subject line of the email. If all of the information is not available for the notification within the specified period of time, Contractor shall provide the State with all of the available information.

41. Handling of Data Breaches:

The Contractor will implement, maintain and update security incident and data breach procedures, based on industry practices applicable to the specific data, that comply with all State of South Dakota and Federal requirements. A data breach is the disclosure of unauthorized access to, use of, modification of, or destruction of State of South Dakota data or the interference with system operations in an information system containing State of South Dakota data due to Contractors failure to comply with the security provisions of this Contract. The Contractor will also (i) fully investigate the incident, (ii) cooperate fully with the State of South Dakota's investigation of, analysis of, and response to the incident, (iii.) promptly implement necessary remedial measures and (iv) document responsive actions taken related to the data breach, including any post-incident review of events and actions taken to make changes in business practices in providing the services. The Contractor will use a credit monitoring service, forensics company, advisors, public relations firm or legal counsel, as may be necessary, that are reasonably acceptable to the State, preserve all evidence including but not limited to communications, documents, and logs and the State will have the authority to set the scope of the investigation, subject to the limitations set forth in this Contract. In addition, the Contractor shall inform the State of the actions it is taking or will take to reduce the risk of further loss to the State of South Dakota.

Except as otherwise required by law, the Contractor shall only provide notice of the incident to the State. The State will determine whether notification to the affected parties will (i) jeopardize the State's interests and (ii) be more appropriate for the Contractor to provide notification. The method and content of the notification of the affected parties must be coordinated with, and is subject to, approval by the State. If the Contractor is required by federal law or regulation to conduct a security incident or data breach investigation, the results of the investigation must be reported to the State. If the Contractor is required by federal law or regulation to notify the affected parties, the State must also be notified. The Contractor shall maintain insurance as described in Section 12.

42. System Upgrades:

Advance notice of 30 days shall be given to the State of any major upgrades or system changes that the Contractor will be performing. A major upgrade is a replacement of functioning hardware or software with a newer or better version, in order to bring the system up to date or to improve its characteristics and usually includes a new version number. A major upgrade does not include hardware changes resulting from a hardware failure, critical patches resulting from identified defects or third-party firmware updates, or other critical software patches. For changes resulting from these critical updates, CGI will provide as much notice as practical to the State.

43. Removal of Contractor Representative:

The State shall have the right at any time to require that the Contractor remove from interaction with State any Contractor representative who the State reasonably believes is detrimental to its working relationship with the Contractor. The State will provide the Contractor with notice of its determination, and the reasons it requests the removal. The parties will work in good faith to find a mutually agreeable resolution. Contractor will take timely action to correct the situation, including finding a replacement individual. If the State signifies that a potential security violation exists with

respect to the request, the Contractor shall immediately remove such individual. The Contractor shall not assign the person to any aspect of the Contract or future work orders without the State's consent.

44. Location of State of South Dakota and End User Data:

All State of South Dakota and end user data hosted by the Contractor will be stored in facilities located in the United States of America. At no time is it acceptable for any State of South Dakota or end user data, when at rest, to be located in facilities outside the United States of America. This restriction also applies to disaster recovery; any disaster recovery plan must provide for data storage entirely within the United States of America.

45. Technical Review:

It is understood and agreed to by all parties that the Bureau of Information and Telecommunications (BIT) is representing that, as the State of South Dakota's technology governing organization, it has reviewed only the technical provisions of this Contract.

46. State Responsibilities:

- A. **State Personnel.** The Scope of Work or the Project Plan will specify any tasks or activities for which State is responsible and, if applicable, those tasks or activities that will be performed jointly by State and Contractor.
- B. **Approvals and Information.** State will respond promptly to any Contractor request to provide information, approvals, decisions or authorizations that are reasonably necessary for Contractor to perform the Services in accordance with the Scope of Work. Contractor's request may also describe the course of action Contractor intends to follow if it does not receive a timely response from State. Contractor will be entitled to follow the described course of action in the absence of a timely response from State. Any subsequent change requested by State will be subject to mutual agreement and may result in a Change Order.

47. Change Orders:

- A. **Changes to Scopes of Work.** Either party may propose changes to the scope or time schedule of the Services under a Scope of Work. Requests for changes will be submitted to the other party in writing for consideration of feasibility and the likely effect on the schedule for performance of the Services. The parties will mutually agree upon any proposed changes. The agreed changes will be documented in one or more Change Orders.

48. Limitation of Liability and Remedies:

- A. **Errors in Processed Data.** If any results are inaccurate due to the fault of Contractor, Contractor's sole obligation shall be to reprocess the affected data at no additional charge to State. However, if State incurs damages, actual charges, fees, expenses or costs as a result of Contractor's errors in processed data, then State is to be compensated to remedy the damages in accordance with Section 48.C. If any such results are inaccurate due to the fault of State, State shall provide corrected data and Contractor shall be paid by State on a time and materials basis to reprocess the corrected data. Contractor shall not be responsible or liable in any other manner for errors that were a result of State's fault. If

State has not notified Contractor in writing of any claimed errors in such results within thirty (30) days after receiving them, such results shall be deemed to have been accepted by State.

- B. **Loss of State of South Dakota Data.** If State of South Dakota data is lost, corrupted or destroyed while in the possession or control of Contractor due to Contractor's fault or negligence, Contractor will use commercially reasonable efforts to reconstruct such data at Contractor's expense provided any files, data, programs or other information that may be necessary to accomplish such reconstruction but which are not in Contractor's possession or control are promptly furnished to Contractor by State upon request. If Contractor is unable to satisfy its obligations under this Section 48.B, Contractor's liability to State will nevertheless be limited in accordance with the provisions of this Section 48.
- C. **Limitations.** Except with respect to State's obligations to make payments to Contractor under this Contract, or as set forth in 48.D. below, if State should become entitled to claim damages arising out of or relating in any way to any of the Services (including without limitation, for breach of contract, breach of warranty) Contractor's cumulative liability shall not exceed, in the aggregate, more than the larger of (i) amount paid by State to Contractor under the applicable Scope of Work for the six (6) month period just prior to the claim or (ii) \$500,000. These limits also apply to Contractor's subcontractors. They are the maximum liability for which Contractor and its subcontractors are collectively responsible.
- D. **Liability Limits Non-Public Personal Information.** Contractor's cumulative liability for damages arising from third party claim(s) as a result of Contractor's unauthorized use or disclosure of Non-Public Personal Information, shall not exceed, in the aggregate, more than the larger of (i) amount paid by State to Contractor under this Contract for the twelve (12) month period just prior to the claim or (ii) \$1,500,000.
- E. **No Liability for Certain Damages.** In no event will Contractor or any person or entity involved in the creation, manufacture or distribution of any software, services or other materials provided by Contractor under this Contract be liable for: (i) any damages arising out of or related to the failure of State or its Affiliates or suppliers to perform their responsibilities; (ii) any claims or demands of third parties (other than those third party claims covered by Sections 7.A or 7.B.; or (iii) any lost profits, loss of business, loss of data, loss of use, lost savings or other consequential, special, incidental, indirect, exemplary or punitive damages, even if Contractor has been advised of the possibility of such damages.
- F. **Exclusions from Limitation; Survival.** The foregoing limitations do not apply to the payment of settlements, costs, damages and legal fees referred to in Section 7.B or 7.C., or to any claims by either party for reimbursement under Section 7.A. The limitations of liability set forth in this Section 48 will survive and apply notwithstanding the failure of any limited or exclusive remedy for breach of warranty set forth in this Contract. The parties agree that the foregoing limitations will not be read so as to limit any liability to an extent that would not be permitted under applicable law.

49. Force Majeure:

Neither party shall be liable for any damages for delays or failure in performance under this Contract caused by acts or conditions beyond its reasonable control, without its fault or negligence, which could not have reasonably foreseen or prevented by reasonable precautions. Such acts or conditions (each a "Force Majeure") shall include, but not be limited to: acts of God or of the public enemy; civil war; insurrections or riots; acts of war; acts of government; acts of terrorism; fires; floods; storms; explosions; earthquakes or accidents; unusually severe weather; epidemics or public health restrictions; strikes or labor troubles causing cessation, slowdown or interruption of work; failures or fluctuations in electrical power, heat, light, air conditioning or telecommunication equipment; and other similar events, or any event referred to above preventing a subcontractor from performing its obligations under a subcontract. In the event of a Force Majeure, (i) the party experiencing the Force Majeure shall exercise due diligence in endeavoring to overcome any Force Majeure impediments to its performance and shall provide prompt notice to the other party of the Force Majeure; and (ii) the time for performance shall be extended by a period equal to the delay caused by the Force Majeure and, if warranted, the fees payable to Contractor shall be equitably adjusted.

50. Access Attempts:

All access attempts, whether failed or successful, to any system connected to the hosted system which can access, read, alter, intercept, or otherwise impact the hosted system or its data or data integrity shall be logged by the Contractor. For all systems, the log must include at least: log-in page used, username used, time and date stamp, incoming IP for each authentication attempt, and the authentication status, whether successful or not. Logs must be maintained not less than 7 years in a searchable database in an electronic format that is un-modifiable. Upon prior written request of the State, and at the States expense Contractor will search those logs as needed to demonstrate compliance with the terms of this Contract, and any and all audit requirements related to the hosted system and will provide reports to the State.

51. Password Policies:

Password policies for all Contractor employees will be documented annually and provided to the State to assure adequate password protections are in place. Logs and administrative settings will be provided to the State on an annual basis and upon a reasonable request, to demonstrate such policies are actively enforced.

52. Publicity:

Neither party may use the name of the other in connection with any advertising or publicity materials or activities without the prior written consent of the other party. However, Contractor may include State's name on Contractor's State list and may describe briefly, and in general terms, the nature of the work performed by Contractor for State. The parties further agree that, within a reasonable time following the initiation of the Services under a Scope of Work, the parties will work toward developing a mutually agreeable statement for public use by the parties such as in marketing materials and in their reports to stockholders. The parties agree that any such mutually agreeable statements should properly attribute to Contractor any Services provided by Contractor.

53. Third Party Beneficiaries:

There are no intended third party beneficiaries of any provision of this Contract.

54. Nonsolicitation:

During the term of this Contract and for twelve (12) months after its expiration or termination, neither party will, either directly or indirectly, solicit for employment or employ (except as permitted below) by itself (or any of its Affiliates) any employee of the other party (or any of its Affiliates) who was involved in the performance of the party's obligations under this Contract, unless the hiring party obtains the written consent of the other party. The actual damages attributable to a breach of the provisions of this Section would be difficult to determine and prove. Accordingly, the parties agree that if either party breaches this Section, the breaching party will promptly pay the non-breaching party liquidated damages in an amount equal to the employee's annual salary (including bonuses and incentive compensation) prior to the breach, such sum being a reasonable measure of the damages reasonably anticipated by the parties. The foregoing provision will not (i) prohibit a general solicitation of employment in the ordinary course of business or prevent a party from employing any employee who contacts such party as a result of such a general solicitation; or (ii) be read so as to limit employment opportunities to an extent that would not be permitted under applicable law.

55. Multi-Tenant Architecture Logically/Physically Separated to Insure Data Security:

The Contractor will provide documentation and, at the reasonable discretion of the State, allow for on-site inspections as needed, but no more frequently than once every six (6) months and upon reasonable prior written notice, to demonstrate that all facilities supporting the application have adequate safeguards to assure that needed logical and physical separation is in place and enforced to manage data security, physical security, and transport security.

56. Criminal/Civil Sanctions:

- A. Each officer, employee or subcontractor of the Contractor to whom returns or return information is or may be disclosed shall be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000 or imprisonment for as long as five years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized future disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000 with respect to each instance of unauthorized disclosure. These penalties are prescribed by IRC Sections 7213 and 7431 and set forth at 26 CFR 301.6103(n)-1.
- B. Each officer, employee or subcontractor of the Contractor to whom returns or return information is or may be disclosed shall be notified in writing by the Contractor that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of this Contract. Inspection by or

disclosure to anyone without an official need to know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as \$1,000.00 or imprisonment for as long as 1 year, or both, together with the costs of prosecution. The Contractor shall also notify each such officer, employee and subcontractor that any such unauthorized inspection or disclosure of returns or return information may also result in an award of civil damages against the officer, employee or subcontractor in an amount equal to the sum of the greater of \$1,000.00 for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of the action. The penalties are prescribed by IRC Sections 7213A and 7431.

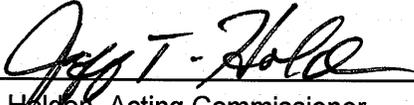
- C. Additionally, it is incumbent upon the Contractor to inform its officers, employees and subcontractors of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(i)(1), which is made applicable to the Contractor by 5 U.S.C. 552a(m)(1), provides that any officer, employee or subcontractor of the Contractor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is so prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.
- D. Granting a Contractor access to Federal tax information (FTI) must be preceded by certifying that each of the Contractor's officers, employees and subcontractors understands the State of South Dakota's security policy and procedures for safeguarding IRS information. Contractors must maintain their authorization to access FTI through annual recertification. The initial certification and recertification must be documented and placed in the Bureau of Administration's files for review. As part of the certification and at least annually afterwards, the Contractor will be advised of the provisions of IRC Sections 7431, 7213 and 7213A (see Exhibit 6, *IRC Sec. 7431 Civil Damages for Unauthorized Disclosure of Returns and Return Information* and Exhibit 5, *IRC Sec. 7213 Unauthorized Disclosure of Information*). The training provided before the initial certification and annually thereafter must also cover the incident response policy and procedure for reporting unauthorized disclosures and data breaches. For both the initial certification and the annual certification, the Contractor should sign, either with ink or electronic signature, a confidentiality statement certifying their understanding of the security requirements.

57. Attachments:

Each Attachment to this Contract shall incorporate the terms of this Contract. In the event of any conflict between the terms of this Contract and the terms of any Attachment, the terms of this Contract shall control unless an Attachment expressly provides otherwise. Additional Attachments added to this Contract from time to time by the mutual written agreement of the parties shall be numbered sequentially under the letters of the respective Attachment title (e.g. Exhibit A Products shall be A-1, A-2, etc.) and each shall be in addition to the previous Attachment.

In Witness whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

State of South Dakota

BY: 
Jeff T Holden, Acting Commissioner
Bureau of Administration

Date: 11/9/15

Contractor

BY: 
Ted London, Vice President Consulting
Services
CGI Technologies and Solutions Inc.

Date: November 6, 2015

BY: 
David Zolnowsky, Commissioner
Bureau of Information & Telecommunications

Date: 11/09/2015

- State Agency Coding (MSA Center) 0127
- State Agency MSA Company for which contract will be paid 1000
- Object/subject MSA account to which voucher will be coded 5204960
- Name and phone number of contact person in State Agency who can provide additional information regarding this Contract: **Steven Berg, (605) 773-3405.**

ATTACHMENT A

**Scope of Work
For
Obligation Recovery Center (ORC) Management Services**

This is Attachment A ("Scope of Work" or "SOW") effective as of November 15, 2015 ("SOW Effective Date") issued under Contract for Services effective November 15, 2015 ("Contract") between the State of South Dakota and CGI Technologies and Solutions Inc. ("Contractor"), and sets forth in detail the scope of work and responsibilities of the parties with respect to the Obligation Recovery Center Project ("Project") for the State of South Dakota ("State"). This Scope of Work will be governed by the terms and conditions contained herein and under the Contract. State and Contractor are referred to herein as "party" or "parties" as the case may be.

1. INTRODUCTION

A. Summary of Scope of Work

The scope of this Scope of Work is outlined below:

1. Make operational Contractor's CACS[®]-G obligation recovery software as specified in Section 3 of this SOW;
2. Implement the primary obligation recovery functions identified in Section 3 of this SOW;
3. Provide first party obligation recovery services as specified in Section 3 of this SOW; and
4. Provide Obligation Recovery management services.

B. Background

In 2015, the State authorized the creation of an Obligation Recovery Center to recover debts owed to the State as authorized by SDCL Chapter 1-55. The State determined that they would hire a vendor to manage the Obligation Recovery Center ("ORC" or "the Center") functions on the State's behalf.

The Center shall work to collect each bad debt referred to the Center during the account receivable cycle. The Center may utilize the following powers as necessary to complete the necessary functions of the Center:

1. Sue;
2. File liens;
3. Enter into payment agreements with debtors;
4. Impose a cost recovery fee;

5. Collect data for debt collection purposes;
6. Exercise settlement authority granted by the referring entity;
7. Setoff against any moneys to be paid by the State of South Dakota or any referring entity to a debtor;
8. Contract with multiple collection agencies for the collection of debt on behalf of the Center;
9. Except for the debt collection powers vested in the Unified Judicial System, the Center may use the referring entity's statutory collection authority to collect the bad debt owed to the referring entity; and
10. Utilize all debt collection methods authorized by state law.

C. **The primary ORC functions are as follows:**

1. **Receipt of debt referrals from State agencies.** Contractor will work with each of the referring State agencies to accept their obligations to the ORC using a defined standard format and repeatable process.
2. **Case management.** Contractor will use obligation recovery best practices and perform first party obligation recovery activities on the State's behalf. CACS-G will serve as the case management system utilized by Contractor to perform these activities. This system will be hosted and managed by Contractor at a Contractor facility.
3. **Self-service capabilities.** Contractor will establish the ability for debtors to enter into payment agreements either through the internet or a touch-tone telephone using CACS-G's Internet Installment Agreement portal.
4. **Enforcement actions.** Contractor will work with the applicable State agency to perform license suspension and/or revocation, and will perform the filing of liens, wage garnishments, and bank levies on those debts where it is allowed by statute. These actions will be performed in accordance with State procedures which will be defined during the project.
5. **Offsets.** Contractor will work with the State to determine the criteria for making a debt eligible for the offset process and will work with the State's disbursement agencies to send the list of eligible debtors so they can manage this process.
6. **Collection Agency RFP advice.** Contractor will advise the State as they write their RFP to select collection agencies that will perform third party obligation recovery actions. The State will be responsible to manage the RFP process, and Contractor will provide consulting support for the RFP development.

D. Collection Agency Management.

The State and Contractor may by mutual agreement request the Contractor manage the collection agencies after the RFP process. Under these optional services, once the collection agencies are selected by the State, Contractor would be responsible to manage the collection agency referral and recall process. The fee for these services will be mutually agreed prior to any such services being delivered, but would be no more than 4% of the amount collected by the collection agencies (excluding any collection agency fees collected).

2. SCOPE OF WORK AND PROJECT COMPONENTS

A. **Work to be Performed.** By entering into this Scope of Work, Contractor agrees to perform the scope of work specified in this Section. The components of the Project that will occur during this period of time are:

1. Establishment of the policies and procedures for the recovery of obligations assigned to the ORC;
2. Establishment of Memorandums of Understanding ("MOU"s) between each State agency and the ORC for the debts that State agency will refer;
3. Development of correspondence from the ORC;
4. Make operational Contractor's CACS-G solution for the management of the Obligations assigned to the ORC;
5. Training of State trainers on the usage of CACS-G and the reporting solution;
6. Ongoing obligation recovery activities include the following:
 - a) Issuance of letters;
 - b) Receipt and responses to letters received;
 - c) Outbound and inbound phone calls;
 - d) Involuntary obligation recovery actions in accordance with State procedures; and
 - e) Assignment and recall of cases from collection agencies.

B. Primary Obligation Recovery Functions

This section describes the scope of work to implement the primary obligation recovery functions below:

1. Project Management;
2. Receipt of debt referrals from State agencies;
3. Data Enrichment;
4. Call Center Management;
5. Case management;
6. Self-service payments and payment agreements;
7. Enforcement actions;
8. Offset; and
9. Collection agency referrals.

These obligation recovery functions will be implemented and more detailed information regarding each function is included below.

C. Project Management

The Contractor project manager will employ a comprehensive project management methodology and supporting toolset. Contractor proposes to utilize their proven project management methodology. Ultimately, the goal of project management is to monitor and verify that Project objectives are met. To accomplish this, the joint Contractor/State management team will be responsible for:

1. Establishing and maintaining Project scope and direction;
2. Tracking the assigned staff and helping to make them productive;
3. Maintaining communication and coordination across the teams within the Project (including senior sponsorship);
4. Establishing and maintaining an environment conducive to work;
5. Resolving Project issues in a timely manner;
6. Providing Project status reports to senior management; and
7. Executing a risk management plan.

D. Receipt of Debt Referrals from State Agencies

The Center may be used as follows during the accounts receivable cycle:

1. Any executive branch agency may use the Center to collect bad debt owed to an executive branch agency;
2. The Unified Judicial System may use the Center to collect any costs, fines, fees, or restitution, constituting final debt, ordered in any adult criminal proceeding;
3. The Board of Regents may use the Center to collect any final debt owed with the South Dakota Board of Regents' system; and
4. Any constitutional office may use the Center to collect final debt owed to the constitutional office.

The debt referral process will consist of construction of a repeatable process to add debts from the initial six State agencies that were identified in the RFP and other State agencies as per a mutually agreed upon schedule. The referral State agencies identified in the RFP were:

1. Department of Revenue;
2. Unified Judicial System;
3. Board of Regents;
4. Department of Labor and Regulation;
5. Department of Corrections;
6. Department of Social Services.

Contractor will provide the format for the debts and debtors to be referred to the ORC. This will include:

1. Method for the referral State agency to provide the debt to the ORC;
2. Format of the debts, debtors, and other transactions communicated between the ORC and the referring State agencies; and
3. Method and format for the ORC to provide obligation recovery data back to the referral State agency.

As part of this process, the State will enter into an MOU between the State and each referring State agency on behalf of the ORC for the assignment of debts. The MOU will include steps each referring State agency must have performed prior to the assignment of debts, along with the timing for initial debt assignment and ongoing updates of the data fields.

All data, records and files utilized for debt collection shall be confidential and privileged, and no person may divulge or disclose any information obtained from such records and files except as authorized by state law.

E. Data Enrichment

The Center may collect data for purposes of collecting any debt referred to the Center. Referring entities are authorized to transmit data to the Center deemed necessary by the Center to aid in the collection of the referred debt and the Center may share, request, and shall receive from any state agency any data to collect any debt referred to the Center. Any information provided by a referring entity or a state agency may only be used for the purpose of collecting debts referred to the Center.

Contractor is responsible for gathering additional data to support the obligation recovery process, both from State agencies and one or more third-party entities. The following entities are assumed, however this can change at Contractor's discretion if any of the entities is not considered valuable for the obligation recovery process, or if new entities are identified.

1. Department of Revenue: Address, Phone, Bank and Vehicle License Information;
2. Department of Labor and Regulation: Address, Phone, Employer and Bank Information; and
3. Third-party data provider: Address, Phone, and other credit reporting information.

Contractor will contract with LexisNexis to secure the necessary data for the skip tracing process.

F. Call Center Management

The ORC will provide call center support for all cases assigned to the ORC. This will include the following functions:

1. Issuance and receipt of obligation recovery correspondence;
2. Outbound and Inbound phone calls;
3. Monitoring of Payment agreements;
4. Receipt of all Payments (including funds from offsets, liens, garnishments, etc.).

The ORC Call center will be staffed from 8AM Central – 9PM Central and weekends as appropriate. In addition, the self-service capability will be available on a 24/7 basis, except for routine overnight backups and planned downtime.

G. Case Management

The Center shall establish and maintain a centralized electronic debt management system to compile the information provided by referring entities, to track the collection efforts for all debt referred to the Center, to cross-reference and identify debtors for collection purposes, and to maintain all information provided or collected from all sources concerning addresses, financial records, and any other information useful to the Center.

The Center may designate a third party to establish and maintain the centralized electronic debt management system. Any such third party shall keep all information it obtains from any source confidential, and any employee, agent, or representative of that third party is prohibited from disclosing that information to anyone other than the Center.

The ORC will implement and utilize the CACS-G obligation recovery case management system and will perform the following obligation recovery actions:

1. Drafting and issuing obligation recovery notices;
2. Recording inbound and outbound phone calls;
3. Issuing and recording of incoming correspondence;
4. Receiving and processing payments;
5. Recording and monitoring payment plans;
6. Recording asset sources which are applicable for obligation recovery;
7. Issuing and monitoring involuntary obligation recovery actions; and
8. Skip tracing for address, telephone numbers and social security numbers.

H. Self-service capabilities

The ORC will establish a self-service portal that will allow debtors to establish payment agreements through either the internet or a touch-tone telephone. The ORC will be utilizing CACS-G's Internet Installment Agreement portal for this process.

I. Enforcement Actions

The ORC was provided with the authority to suspend, revoke, or block the issuance or renewal of certain licenses or permits issued by the State of South Dakota. Contractor will construct and implement a two way interface between CACS-G and the applicable State agencies.

No agency, board or entity of the State of South Dakota may issue, renew, or allow an individual to maintain any motor vehicle, motorcycle, or boat registration, driver license, hunting license, fishing license, state park permit, or camping permit, after receiving notice from the Center that the applicant, registrant, or licensee has a debt that is being collected by the Center, unless the applicant, registrant, or licensee has paid the debt

and cost recovery fee in full or the debtor has entered into a payment plan with the Center and payment pursuant to the plan is current. The Center shall provide a mechanism to ensure that any entity of the State of South Dakota complies with this requirement.

An applicant, registrant, or licensee who disputes a determination by the Center that the applicant, registrant or licensee has a debt that has been referred to the Center shall, upon request, be given a due process hearing by the Center. Upon recommendation by the Center, the agency or entity may issue a temporary license, registration, certification, or permit to the applicant, registrant, or licensee pending final resolution of the due process hearing. The Center shall work with the Bureau of Administration to establish procedures for the due process hearing.

J. Offset

Unless preempted by other law, any payment of any kind to be made to a debtor by the State of South Dakota or any referring entity, when the debtor has a debt that is referred to the Center, is subject to offset by the Center unless the debt and cost recovery fee is either paid in full or the debtor has entered into a payment plan with the Center and payment pursuant to the plan is current. The Center shall provide a mechanism to ensure that any entity of the State of South Dakota complies with this requirement.

The offset process will support an automated function to send debtors eligible for offset to the State agency(ies) who issue funds to individuals and businesses. The agency(ies) will be responsible for matching against this list before issuing payment, and transferring offset revenues to the ORC. This initiative will consist of the following:

1. Extract debtor eligible for an offset;

The applicable State agency will then:

2. Match taxpayers to State payment files;
3. Generate the offset document to the debtor; and
4. Send offset funds to the ORC.

K. Collection Agency Referral and Management

If the Center is unable to collect any debt referred to it within the account receivable cycle, the Center shall forward the debt to a collection agency or agencies for collection for a period of no less than one year, or as otherwise stipulated in the contract between the Center and the collection agency. The collection agency shall be permitted to add a collection charge, not to exceed twenty percent of the debt, to the debt forwarded to the collection agency as payment for its collection services. The Center or a collection agency may retain debt beyond the account receivable cycle or other applicable collection period if the entity is actively engaged in substantive collection efforts, or based on other good cause. The Center shall assist the Bureau of Administration in promulgating rules pursuant to SDCL 1-26 concerning the process of contracting with and referring debt to collection agencies.

The ORC will manage the collection agency referral process and will perform the following activities:

1. Work with the State on the developing requirements for the RFP which the State will issue for additional collection agencies;
2. Provide the file layouts and transfer protocols to the selected obligation collection agencies so they can construct their interfaces to accept cases referred; and
3. Develop and implement the obligation collection agency management processes, including the elements of the balance scorecard that will be used to manage the obligation collection agencies.

3. PAYMENT

The Center shall collect a cost recovery fee in addition to the debt referred to the Center for collection. The cost recovery fee is calculated by multiplying the principal amount of the debt referred, to the Center by twenty percent (20%). All debt collection methods available to collect any bad debt referred to the Center may also be used to collect the cost recovery fee. The cost recovery fee will be deposited into the State general fund.

Contractor will recover and process payments directly from the debtor as well as third parties. Monies recovered will be placed in a trust account. The Center shall transfer all monies except cost recovery fees collected from a debtor to the referring entity within thirty days after the end of the month in which the moneys were collected. If the amount collected is less than the principal amount of the debt referred to the Center and the required cost recovery fee, the amount collected will be prorated between the principal amount of the debt referred and the cost recovery fee. The monies received will be split into two payments; (i) the debts referred, plus additional penalties and interest which accrued will be transferred from the ORC to the referring State agency(ies), (ii) the cost recovery fees, as defined in HB1228, Section 4, recovered will be remitted to the State's Bureau of Finance and Management for deposit into the State's general fund.

Contractor will then submit a monthly invoice to the State's Bureau of Administration for all Cost Recovery Fees recovered. The monthly invoice shall be submitted with the any monthly and/or annual report required by this SOW.

Where the ORC can consolidate multiple debts for a single debtor, if more than one referring entity has referred debt to the Center regarding the same debtor, or if the same referring entity has referred multiple debts to the Center regarding the same debtor, the Center shall collect the first referred debt before proceeding to the collection of the subsequent referred debt in the order referred.

4. RESPONSIBILITIES

A. Contractor Responsibilities

Contractor is responsible for performing the following Project tasks in accordance with this Scope of Work:

1. Prepare an updated implementation project schedule during the first four weeks for approval by the State;
2. Update the project schedule on a monthly basis during the first twelve (12) months of this Scope of Work;
3. Conduct weekly project status meetings to be attended by Contractor and State staff;
4. Provide support for risk management and delivery of the Project;
5. Support the State as they develop policies and procedures for the ORC;
6. Support the State as they develop their MOUs for additional State agencies;
7. Development of procedures to be used by ORC staff;
8. Implement Contractor's CACS-G application to support the ORC
 - a) Design and develop the process to receive and import the data received from State agencies for debts, debtors and data enrichment;
 - b) Design and develop and implement the process to export and import debts and debtors to the collection agencies;
 - Contractor will provide the layouts required by the collection agencies to the collection agencies;
 - Collection agencies will be required to follow these standard formats;
 - Contractor will be responsible to test the interfaces with the collection agencies; and
 - Contractor will be responsible to manage the assignment and recall process in accordance with applicable statutes and will manage this process to maximize recovery.
 - c) Design and develop the process to gather data from one or more third-party data providers;
 - d) Design and develop reports needed for management of the ORC; and
 - e) Provide authorized State users access to the CACS-G application and reporting application.

9. Conduct integrated system testing of the components to confirm that they work together as a whole;
10. Perform User Acceptance Testing (UAT). Contractor will be responsible to perform UAT for the complete solution prior to it being placed in production. Contractor will provide a memo at the completion of UAT stating that the system is ready for production operations;
11. Train up to twelve (12) State trainers so they can train other State Staff. Training will be conducted in Pierre, SD and delivered over five (5) business days to be mutually agreed upon.
 - a) Training materials to be provided to the trainers; and
 - b) A database of sample accounts for training will be provided;
12. Provide ongoing CACS-G software maintenance during the term of this Scope of Work;
13. Provide operational management of the CACS-G application in order for Contractor to deliver the obligation recovery capability described in this Scope of Work;
14. The CACS-G obligation recovery system will be hosted and managed by Contractor at a Contractor facility within the United States;
15. Maintain production operations of the CACS-G application during the hours of 7:30AM CST – 9:30PM CST;
16. Provide a named Project Manager to serve as the Contractor's single point of contact for State. This Project Manager will likely change during the course of this Scope of Work, and Contractor will notify the State in a timely fashion prior to any change in Project Manager;
17. Provide a named Call Center Manager that will serve as Contractor's point of contact for obligation recovery related activities;
18. Provide a monthly report to the State, no later than thirty (30) days after the conclusion of prior month, on obligation recovery activities and results, including but not limited to the recoveries by State agency and commissions earned;
19. Provide an annual report to the State, no later than thirty (30) days after the conclusion of prior state fiscal year, which the State will use to report to the Government Operations and Audit Committee concerning the activity of the Center. The annual report shall include the number of debts referred to the Center, the annual amount and nature of the debt obligations recovered by the Center, the number of debts referred from the Center to collection agencies and the results of those referrals, and the costs and expenditures incurred by the Center;
20. Develop correspondence templates to be used for ORC obligation recovery activities. The number and content of the correspondence templates will be determined by Contractor in consultation with the State:

- a) All debts will utilize the same correspondence, and Contractor will be responsible for developing the correspondence unless Contractor determines a different process is preferred for one or more State agencies.

B. State Responsibilities

The State is responsible for performing the following tasks for the ORC initiative:

1. Establish a joint South Dakota/Contractor Executive Steering Committee to meet quarterly in Pierre, SD. This Steering Committee will include staff from both State and Contractor;
2. Extract data from all data sources within the timeframes agreed upon in the approved project schedule;
3. Provide a named Project Manager to serve as the State's single point of contact for Contractor throughout the duration of the project;
4. Participate by phone in weekly project status meetings to be attended by Contractor and State staff;
5. Develop the high-level policies for the ORC within 60 days of the Scope of Work signature for Contractor to utilize to manage the ORC;
6. Review Contractor work products that require State review within ten (10) business days. This includes, but is not limited to:
 - a) Correspondence templates;
 - b) Obligation recovery procedures;
 - c) Project schedule;
 - d) Agency interface designs;
7. Support User Acceptance Testing. UAT Support will be provided for approximately four week prior to the initial go-live to supplement Contractor testers;
8. Develop and execute an MOU with each referring State agency to provide debt and other enrichment data at least thirty (30) calendar days before that referring State agency is scheduled to utilize the ORC.
 - a) The State will be responsible during the MOU process for communicating with the referring State agencies to communicate the standard process which their debts will follow; and
 - b) The content of the MOU will need to be mutually agreed to between the State and Contractor in order to support the envisioned obligation recovery process.
9. Manage change management activities, including preparing and sending communication to the Department notifying them of the pending

implementation and communication to the public. Contractor will make no public statements or issue press releases without the approval of the State;

10. Review and provide input to project work products as agreed to in the Project Schedule;
11. Negotiate Memos of Understanding with the State Agencies providing data to the ORC;
12. Develop processes to provide debts and data enrichment information from all referring State agencies as per the agreed upon schedule;
13. The Executive Branch agencies of the State listed below shall assign their bad debt to the ORC in accordance with the MOU established between the referring agency and the Bureau of Administration:
 - a) Department of Corrections;
 - b) Department of Revenue;
 - c) Department of Labor and Regulation; and
 - d) Department of Social Services.
14. State intends to provide the following debt types as detailed in RFP 322 and the Questions and Answers to RFP 322 to the Contractor, both during the initial implementation and with continued referral of similar debts on an ongoing basis through the term of this Scope of Work. Those debts are listed in the table below. It is understood by both parties that through the referral and collection process, the exact totals change on a continuing basis and that no guarantee of any specific amount of debt to be referred is provided in this Contract or Scope of Work.

Referring Agency	Number of Accounts	Value of Accounts	Approximate Age
Department of Corrections	4,370	\$9,192,464	2005 and newer
Department of Revenue	77	\$178,352	Less Than 1 Year
Department of Revenue	151	\$340,410	1 to 2 Years
Department of Revenue	161	\$392,337	2 to 3 Years
Department of Revenue	155	\$587,287	3 to 4 Years
Department of Revenue	193	\$1,246,195	4 to 5 Years
Department of Revenue	171	\$1,271,935	5 to 6 Years
Department of Revenue	177	\$1,276,066	6 to 7 Years

Referring Agency	Number of Accounts	Value of Accounts	Approximate Age
Department of Revenue	140	\$921,190.12	7 to 8 Years
Department of Revenue	126	\$773,000.04	8 to 9 Years
Department of Revenue	132	\$751,635.51	9 to 10 Years
Department of Revenue	91	\$651,985.10	10 to 11 Years
Department of Revenue	118	\$1,292,199	11 to 12 Years
Department of Revenue	115	\$584,477.00	12 to 13 Years
Department of Revenue	100	\$868,265.65	13 to 14 Years
Department of Revenue	402	\$3,589,282	15 Years and older
Department of Social Services	Unknown	\$5,600,000	10 years and newer
Unified Judicial System – Fines	31,638	\$9,183,445	1 year
Unified Judicial System – Restitution		\$7,589,859	1 year
Unified Judicial System – Fines	Unknown	\$8,770,291	2 years
Unified Judicial System – Restitution	Unknown	\$6,729,381	2 years
Unified Judicial System – Fines	Unknown	\$9,065,446	3 years
Unified Judicial System – Restitution	Unknown	\$8,204,310	3 years
Unified Judicial System – Fines	Unknown	\$49,782,548	Over 3 years
Unified Judicial System – Restitution	Unknown	\$28,326,742	Over 3 years
Board of Regents	26	\$22,045.05	15+ Years
Board of Regents	58	\$78,654.50	10-15 Years
Board of Regents	1,212	\$2,125,050	5-10 Years
Board of Regents	3,049	\$6,018,647	0-5 Years
Department of Labor and Regulation – Claimant Debts	8,225	\$727,941	One Year or Less
Department of Labor and Regulation – Claimant Debts		\$5,874,107	Over 1 Year
Department of Labor and Regulation – Employer Debts		\$191,956	Less Than 1 Year

Referring Agency	Number of Accounts	Value of Accounts	Approximate Age
Department of Labor and Regulation – Employer Debts	2,498	\$326,275	1 to 2 Years
Department of Labor and Regulation – Employer Debts		\$336,158	2 to 3 Years
Department of Labor and Regulation – Employer Debts		\$359,204	3 to 4 Years
Department of Labor and Regulation – Employer Debts		\$278,275	4 to 5 Years
Department of Labor and Regulation – Employer Debts		\$311,216	5 to 6 Years
Department of Labor and Regulation – Employer Debts		\$222,073	6 to 7 Years
Department of Labor and Regulation – Employer Debts		\$2,126,694	7 to 27 Years
Department of Labor and Regulation – Employer Debts		\$519,694	Over 27 Years
Totals		\$176,687,094	

C. Mutual Responsibilities

1. Conducting ongoing Executive Steering Committee Meetings

D. Subcontractors

The following entities are business partners acting as subcontractors to CGI under this Scope of Work, by executing this Scope of Work the State provides their prior written consent for these entities to provide services hereunder:

1. Lexis Nexis;
2. SunGard;
3. Wells Fargo; and
4. Qualified Presort Services

In addition, SunGard specifically would perform hosting services in the event of a disaster recovery situation.

5. PROJECT TIMELINE

The project will be implemented in accordance with the timeline shown below, understanding that the timeline is estimated and subject to change as mutually agreed by the parties. Both parties shall work cooperatively to adhere to the estimated timeline.

ORC Implementation Timeline	Activity Start Date	Implementation Date
Project Initiation	11/15/2015	
Case Management		
Collections Operational Capabilities	11/15/2015	04/15/2016
Autodialer for Outbound Calls	11/15/2015	05/15/2016
EFT/Credit Card for Payment Plans	11/15/2015	06/15/2016
Self Service (Internet/IVR) Agreements	11/15/2015	06/15/2016
Support for Offsets	12/01/2015	07/15/2016
Support for Enforcement Actions	12/01/2015	07/15/2016
DCA Referrals	12/01/2015	10/15/2016
Agency On-Boarding		
UJS – Fines and Restitution	11/15/2015	04/15/2016
Board of Regents	12/01/2015	06/15/2016
Department of Labor and Regulation	12/01/2015	06/15/2016
Department of Corrections	01/01/2016	08/15/2016
Department of Social Services	01/01/2016	08/15/2016
Department of Revenue	02/01/2016	10/15/2016