Mid Michigan Community College
Board of Trustees Meeting
Schedule For

December 06, 2016

Ester C. Conference Room, Harrison Campus - 6:00 p.m.

The December Board Workshop/Meeting schedule will be as follows:

1. 6:00 p.m. – Dinner – Ester C. Conference Room

2. 6:30 p.m. – Laurel McLaughlin, MSN, RN, Clinical Simulation Center Coordinator, will provide an update on the Clinical Simulation Center. – Ester C. Conference Room

3. 7:00 p.m. – The regular board meeting will be called to order – Ester C. Conference Room
### Topic

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>Call to Order</td>
<td>Chairman Jacobson</td>
</tr>
<tr>
<td>A.</td>
<td>Welcome</td>
<td>Chairman Jacobson</td>
</tr>
<tr>
<td>B.</td>
<td>Public Comments</td>
<td></td>
</tr>
<tr>
<td>II.</td>
<td>Approval of Agenda</td>
<td>Chairman Jacobson</td>
</tr>
<tr>
<td>III.</td>
<td>Approval of Consent Items</td>
<td>Chairman Jacobson</td>
</tr>
<tr>
<td>A.</td>
<td>Minutes</td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td>Monthly Financial Report</td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td>Monthly Personnel Report</td>
<td></td>
</tr>
<tr>
<td>IV.</td>
<td>Old Business</td>
<td></td>
</tr>
<tr>
<td>V.</td>
<td>New Business</td>
<td></td>
</tr>
<tr>
<td>A.</td>
<td>Correspondence and Announcements</td>
<td>Hammond</td>
</tr>
<tr>
<td>B.</td>
<td>Sabbatical Leave Recommendation</td>
<td>Petrongelli</td>
</tr>
<tr>
<td>C.</td>
<td>Purchase Requests</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Student Loan Default Prevention Services</td>
<td>Crandell</td>
</tr>
<tr>
<td>2.</td>
<td>X-Ray Phantom</td>
<td>Jankoviak</td>
</tr>
<tr>
<td>D.</td>
<td>Academic Calendar Revision</td>
<td>Barnes</td>
</tr>
<tr>
<td>E.</td>
<td>Benefit Update</td>
<td>Hammond</td>
</tr>
<tr>
<td>F.</td>
<td>Trustee Years of Service</td>
<td>Hammond</td>
</tr>
<tr>
<td>G.</td>
<td>Oath of Office</td>
<td>Chairman Jacobson</td>
</tr>
<tr>
<td>H.</td>
<td>Future Meeting Dates</td>
<td>Chairman Jacobson</td>
</tr>
<tr>
<td>VI.</td>
<td>Board Comments</td>
<td></td>
</tr>
<tr>
<td>A.</td>
<td>Calendar of Events</td>
<td>Chairman Jacobson</td>
</tr>
<tr>
<td>B.</td>
<td>Other Business</td>
<td>Chairman Jacobson</td>
</tr>
<tr>
<td>1.</td>
<td>Comments by Trustees</td>
<td>Chairman Jacobson</td>
</tr>
<tr>
<td>C.</td>
<td>Closed Session</td>
<td>Chairman Jacobson</td>
</tr>
<tr>
<td>VII.</td>
<td>Adjournment</td>
<td></td>
</tr>
</tbody>
</table>
Agenda Item:  II, Approval of Agenda

Board Consideration:  Action

Background:

Item II, Approval of Agenda.

Recommendation:

It is recommended the Board approve the agenda as presented.
Agenda Item: III, Approval of Consent Items

Board Consideration: Action

Background:

A. Minutes – November 1, 2016 Regular Minutes

B. Monthly Financial Report:

1. Financial Summary for the period ended October 31, 2016
3. General fund statement of revenues and expenses for three months ended October 31, 2016
4. Gifts and Donations: Donations totaling $27,718 were received for the Scholarship and Grant Fund in October 2016.
5. Donations were received in October for the Capital Campaign, Scholarship and Grant, Northern Tradition, Lakers Athletic Fund, Golf Outing, Manning Ford Scholarship, Foundation, Mentor Team Building, Buy A Brick, McDonald Scholarship, and Grabmeyer Scholarship.

C. November Personnel Report.

Recommendation:

It is recommended the Board approve the consent items as described by the Board Chair.
The meeting took place in the Houghton Room, Harrison Campus.

Present: Douglas A. Jacobson, Board Chair; Betty M. Mussell, Vice Chair; Richard S. Allen, Jr., Secretary; Carolyn C. Bay, Trustee; Eric T. Kreckman, Trustee; Terry Petrongelli, Trustee; Christine M. Hammond, Ph.D., President; Lillian K. Frick, Vice President of Finance and Administrative Services; Michael W. Jankoviak, Ph.D., Vice President of Academic Services; L. Scott Govitz, Executive Director of Economic and Workforce Development; Matt Miller, Ed.D., Vice President Student & Community Relations; Kim Barnes, Executive Dean of Student & Academic Support Services; Anthony Freds, Chief Information and Organizational Development Officer; Lori Fassett, Executive Director of Personnel Services; Tonya Clayton, Exec. Asst. to the President/Trustees;

Absent: Thomas W. Metzger, Treasurer; James Dinkens, ESPA President; Bud Kanyo, Faculty Senate President;

Guests: Ray Davis, Dorothy Boge

Agenda Item I: CALL TO ORDER

The Board Chair called the meeting to order at 7:24 p.m. There were no public comments from the guests.

Agenda Item II: APPROVAL OF AGENDA

With no proposed changes, the Board Chair stated that the agenda stands approved as reflected in the Board packet.

Agenda Item III: APPROVAL OF CONSENT ITEMS

With no changes noted, the Board Chair stated the consent items stand as approved.

Agenda Item V-A: CORRESPONDENCE AND ANNOUNCEMENTS

President Hammond reviewed the following correspondence items:

- The 2015-2016 Merit Pay percentage was 2.2%.
- Capital Outlay Submission for 2018 was submitted on October 31, 2016. The Capital Outlay submission requests a major remodeling project for the first floor of the main building on the Harrison campus and the Howarth Wing on the second floor. President Hammond thanked everyone for their work on the document, especially Bill Whitman and Lillian Frick who coordinated a majority of the work, including a visit to the State Budget office. MMCC will be notified in February whether or not the Capital Outlay request was approved.
- Open enrollment for health insurance benefits for eligible employees has begun. The 2016 calendar year was the first year MMCC self-funded the health insurance.
- MMCC received the Gainful Employment letter from the Department of Education for 2015. MMCC’s employment ranges are good.
- There is a brief window for people to request congress to reinstate Year Round Pell to allows students to use Federal Pell grants year round. President Hammond and the Board both plan to submit letters.
Agenda Item V-B: BOARD GIFT TO EMPLOYEES

President Hammond asked the Board to consider providing employees with the traditional gift of a $15 SpartanNash gift certificate. SpartanNash is a major contributor to MMCC’s Fall Festival and BBQ.

A motion was made by Trustee Mussell to provide all employees with a $15 SpartanNash Gift Certificate. Seconded by Trustee Petrongelli. All ayes; motion carried.

Agenda Item V-C: STUDENT ACTIVITY FEE INCREASE

Vice President Miller presented the Student Activity Fee Increase proposal to the Board. The student activity fee is currently being charged to all students taking three or more contact hours in any semester (with the exception of dual enrolled students) at a rate of $30 per semester. The recommendation is to increase the fee to $45 per semester for all students, except those dual enrolled, taking at least three contact hours beginning in Winter 2017. The proposed increase is meant to sustain a higher level of student life activity for a number of years. The Student Activity fee funds are housed separately from the general fund.

Discussion took place concerning what the funds are used for, possible burden on students, and if others on campus had been consulted about the increase. It was noted the increase in funds would not be sufficient enough to support a new Softball or Baseball team as the cost to run those is approximately $50,000 annually per sport.

A motion was made by Trustee Allen to approve the Student Activity Fee of $45 per semester for all students, except those dual enrolled, taking at least three contact hours effective Winter 2017 semester. Seconded by Trustee Mussell. All ayes; motion carried.

Agenda Item VI-A: CALENDAR OF EVENTS

The Board Chair reviewed the calendar of events for upcoming months, an informational item.

Agenda Item VI-B: OTHER BUSINESS

A motion was made by Trustee Mussell to adjourn to closed session at 7:51 p.m. Supported by Trustee Petrongelli. A roll call vote showed ayes from Trustees Kreckman, Bay, Jacobson, Allen, Petrongelli, and Mussell, with Trustee Metzger absent.

The Board returned to regular session at 8:20 p.m.

A brief discussion took place concerning nursing opportunities, the status of the Pickard building, and a basic direction on a FOIA request.

The Board Chair presented Trustee Kreckman with his Michigan Community College Association 15-year pin.

The Board Chair stated the Board members and President Hammond will be attending a Board Retreat at the Rockwell Lake Lodge in Luther, Michigan November 20-21.

Meeting adjourned at 8:52 p.m.
Recording Secretary,
Tonya Clayton
Exec. Asst. to the President and Board of Trustees

____________________________  ______________________________
Douglas A. Jacobson, Board Chair  Richard S. Allen, Jr., Secretary
MID MICHIGAN COMMUNITY COLLEGE
FINANCIAL HIGHLIGHTS
GENERAL & AUXILIARY FUNDS
October 31, 2016

GENERAL FUND REVENUE:
- The 2016-17 tuition and fee revenue budget is based on a five (5) percent enrollment decrease from 2015-16 levels. The final Fall 2016 enrollment data reflects a 2.8% decline in billable tuition hours. This represents 46% of the total 2016-17 budgeted tuition and fees revenue.
- State appropriations revenue for 2016-17 increased 1.8% and was booked in September at $4,834,100. This does not include the UAAL reimbursement which will be booked when the 2016-17 amount is determined by the State of Michigan.
- No property tax revenue has been booked since 2016 taxes will not be levied until December 2016.

GENERAL FUND EXPENSES:
- All departmental expenses are in line with 33% of the year elapsed.

INTER FUND TRANSFERS:
- The Planned Savings transfer of $348,345 to Building & Site represents 33% of the annual budget.
- The transfers of $33,674 to the Restricted Grant Funds represents 9% of the annual budget for the College’s match on various federal grants.

GENERAL FUND REVENUE OVER EXPENSES:
- The total increase in net assets as of October 31, 2016 is $5.4 million. This excess will fund the balance of the 2016 Fall term operations.

BALANCE SHEET:
- The cash balance increased $5 million from September 30, 2016 due to receipt of federal aid funding in October.
- The State appropriations receivable reflects 91% of the 2016-17 revenue as the first of eleven monthly payments was disbursed in October.
- Student receivables increased $.4 million as a result of credit balance refunds being disbursed to students.
- The prepaid expense balance of $47,894 represents the unearned employee balance of the college funded deductible for health insurance for calendar year 2016, the Ellucian annual maintenance contract, plus several other prepaid items.
• The balance due to other funds of $7.2 million can be broken down as follows:
  o $282,000 due to the designated student activities fund
  o $1.7 million due to the auxiliary services for sales
  o $27,000 due to the scholarship and grant fund
  o $6.6 million due to building and site for current and future college needs
  o $1.2 million due from the federal restricted fund for student financial aid funds received disbursed to the student accounts in October
  o $116,000 due from the restricted grant fund
  o $111,500 due from the foundation

• The $1,670,602 in accrued payroll and other compensation includes expenses incurred but not paid as follows:
  o Accrued salary, wages and vacation of $397,000
  o FICA, Federal and State withholding of $124,000
  o MPSERS/ORP payable of $663,000
  o Employee health and dental insurances payable of $377,000
  o Less self-funded health insurance reserves of $220,000
  o Deferred faculty pay of $258,000
  o Unemployment and workers' compensation insurances payable of $35,000
  o Miscellaneous payroll deductions

• A significant portion of the Unreserved Net Assets of $4.8 million represents funds set aside by the Board of Trustees to fund current and future college expansion needs.

**AUXILIARY FUNDS:**

• Total revenue is at 47% of the annual budget, which is reasonable for the fall term.
• Total expenses, at 43% of the annual budget, corresponds with the sales volume.
• The excess revenue over expenses to date is $287,636, which will fund bookstore operations for the balance of the fall term.
## MID MICHIGAN COMMUNITY COLLEGE
### BALANCE SHEET
#### October 31, 2016

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$13,643,481</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term investments</td>
<td>$451,806</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes receivable</td>
<td>$(2,302)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State appropriations receivable</td>
<td>$4,394,638</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student receivables</td>
<td>$1,437,421</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>$21,287</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>$1,283</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>$47,894</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from (due to) other funds</td>
<td>$(7,261,201)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$12,734,306</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term investments</td>
<td>$1,326,622</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$14,060,928</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$157,640</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued payroll and other compensation</td>
<td>$1,670,602</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planned savings</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>$(0)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$1,828,242</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>$406,216</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program development</td>
<td>$1,003,868</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement incentives</td>
<td>$200,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unreserved</td>
<td>$4,806,780</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year excess revenue over/(under) expenditures</td>
<td>$5,815,822</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>$12,232,685</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$14,060,928</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MID MICHIGAN COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES
For four months ended October 31, 2016

<table>
<thead>
<tr>
<th>OPERATING REVENUES:</th>
<th>Current Fiscal Year</th>
<th>Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>% of Budget</td>
</tr>
<tr>
<td>Tuition and fees</td>
<td>$8,169,040</td>
<td>46%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$48,758</td>
<td>22%</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$8,217,798</td>
<td>45%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES: Operating expenses:</th>
<th>Current Fiscal Year</th>
<th>Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$2,563,793</td>
<td>27%</td>
</tr>
<tr>
<td>Information technology</td>
<td>$613,606</td>
<td>38%</td>
</tr>
<tr>
<td>Public service</td>
<td>$117,472</td>
<td>24%</td>
</tr>
<tr>
<td>Instructional support</td>
<td>$885,551</td>
<td>38%</td>
</tr>
<tr>
<td>Student services</td>
<td>$1,039,650</td>
<td>34%</td>
</tr>
<tr>
<td>Institutional administration</td>
<td>$1,594,994</td>
<td>35%</td>
</tr>
<tr>
<td>Operation and maintenance of plant</td>
<td>$810,440</td>
<td>32%</td>
</tr>
<tr>
<td>MPSERS UAAL</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$7,625,305</td>
<td>30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating income/(loss)</th>
<th>Current Fiscal Year</th>
<th>Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$592,493</td>
<td>$1,391,801</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NON-OPERATING REVENUES:</th>
<th>Current Fiscal Year</th>
<th>Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriations</td>
<td>$4,829,184</td>
<td>78%</td>
</tr>
<tr>
<td>Property tax levy</td>
<td>$</td>
<td>0%</td>
</tr>
<tr>
<td>Investment income</td>
<td>$11,088</td>
<td>22%</td>
</tr>
<tr>
<td>Unrealized gain (loss) on investments</td>
<td>$(7,491)</td>
<td></td>
</tr>
<tr>
<td>Gifts</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$2,423</td>
<td></td>
</tr>
<tr>
<td>Transfers from other funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted grants</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Auxiliary services</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Foundation Capital Campaign</td>
<td>$388,125</td>
<td></td>
</tr>
<tr>
<td>Prior Year GF Fund Balance</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Total Non-operating revenues</td>
<td>$5,223,329</td>
<td>61%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenues over/(under) expenses</th>
<th>Current Fiscal Year</th>
<th>Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$5,815,822</td>
<td>$6,161,017</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inter Funds Transfers</th>
<th>Current Fiscal Year</th>
<th>Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned Savings (Building &amp; Site)</td>
<td>$348,345</td>
<td>33%</td>
</tr>
<tr>
<td>Additional Savings (Building &amp; Site)</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Bond Debt Service (Building &amp; Site)</td>
<td>$</td>
<td>0%</td>
</tr>
<tr>
<td>Restricted Grant Match</td>
<td>$33,674</td>
<td>9%</td>
</tr>
<tr>
<td>Total Transfer to Building &amp; Site</td>
<td>$382,019</td>
<td></td>
</tr>
</tbody>
</table>

Net increase (decrease) in Net Assets | $5,433,803 | $5,682,179 |
MID MICHIGAN COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES
For four months ended October 31, 2016
AUXILIARY FUND

<table>
<thead>
<tr>
<th></th>
<th>Current Fiscal Year</th>
<th>Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE:</strong></td>
<td>Amount</td>
<td>% of Budget</td>
</tr>
<tr>
<td>Bookstore</td>
<td>$1,020,608</td>
<td>48%</td>
</tr>
<tr>
<td>Food Service</td>
<td>$-</td>
<td>-</td>
</tr>
<tr>
<td>Espresso Bar</td>
<td>$29,378</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,049,987</td>
<td>47%</td>
</tr>
</tbody>
</table>

| **EXPENSES:**    |                    |                   |                    |                   |
| Bookstore        | $699,639            | 44%               | $973,378            | 48%               |
| Espresso Bar     | $23,136             | 35%               | $21,138             | 35%               |
| Auxiliary Services | $39,577             | 35%               | $39,048             | 35%               |
| **Total**        | $762,351            | 43%               | $1,033,564          | 47%               |

**EXCESS REVENUE OVER EXPENSES** $287,636 $168,813
<table>
<thead>
<tr>
<th>Fund</th>
<th>Current</th>
<th>2017 Year-to-Date</th>
<th>2016 Total Contributions (all yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Campaign</td>
<td>$20,961</td>
<td>$121,094</td>
<td>$411,910</td>
</tr>
<tr>
<td>Scholarship &amp; Grant</td>
<td>$1,382</td>
<td>$9,779</td>
<td>$24,149</td>
</tr>
<tr>
<td>Northern Tradition</td>
<td>$6,000</td>
<td>$7,782</td>
<td>$65,935</td>
</tr>
<tr>
<td>Lakers Athletic Fund</td>
<td>$30</td>
<td>$6,005</td>
<td>$415</td>
</tr>
<tr>
<td>Golf Outing</td>
<td>$350</td>
<td>$5,270</td>
<td>$8,898</td>
</tr>
<tr>
<td>Isabella 8th Grade Girls Lunch</td>
<td>-</td>
<td>$5,000</td>
<td>-</td>
</tr>
<tr>
<td>Manning Ford Scholarship</td>
<td>$220</td>
<td>$890</td>
<td>$2,660</td>
</tr>
<tr>
<td>Foundation</td>
<td>$90</td>
<td>$640</td>
<td>$4,435</td>
</tr>
<tr>
<td>Buy A Brick</td>
<td>$125</td>
<td>$250</td>
<td>-</td>
</tr>
<tr>
<td>Misc Fundraisers</td>
<td>-</td>
<td>$250</td>
<td>$1,000</td>
</tr>
<tr>
<td>Myers Memorial Scholarship</td>
<td>-</td>
<td>$200</td>
<td>$200</td>
</tr>
<tr>
<td>McDonald Scholarship</td>
<td>$40</td>
<td>$180</td>
<td>$520</td>
</tr>
<tr>
<td>Grabmeyer Scholarship</td>
<td>$20</td>
<td>$164</td>
<td>$471</td>
</tr>
<tr>
<td>Sweat Shaker</td>
<td>-</td>
<td>$15</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$29,718</td>
<td>$158,018</td>
<td>$520,493</td>
</tr>
<tr>
<td>Smith Second Chance</td>
<td>-</td>
<td>-</td>
<td>$200,000</td>
</tr>
<tr>
<td>Esther C. Haynack Memorial Scholarship</td>
<td>-</td>
<td>-</td>
<td>$100,187</td>
</tr>
<tr>
<td>Smith/Bergey Scholarship</td>
<td>-</td>
<td>-</td>
<td>$52,510</td>
</tr>
<tr>
<td>Gerstacker Fund</td>
<td>-</td>
<td>-</td>
<td>$30,000</td>
</tr>
<tr>
<td>Bicknell Scholarship</td>
<td>-</td>
<td>-</td>
<td>$3,150</td>
</tr>
<tr>
<td>Bob &amp; Rosemary Carter Scholarship</td>
<td>-</td>
<td>-</td>
<td>$3,000</td>
</tr>
<tr>
<td>Visiting Scholar</td>
<td>-</td>
<td>-</td>
<td>$2,000</td>
</tr>
<tr>
<td>Retirees Scholarship</td>
<td>-</td>
<td>-</td>
<td>$1,725</td>
</tr>
<tr>
<td>Christina Swan Memorial Scholarship</td>
<td>-</td>
<td>-</td>
<td>$1,500</td>
</tr>
<tr>
<td>Elizabeth J Horrocks CNA Scholarship</td>
<td>-</td>
<td>-</td>
<td>$1,500</td>
</tr>
<tr>
<td>Women's Basketball</td>
<td>-</td>
<td>-</td>
<td>$1,200</td>
</tr>
<tr>
<td>Janice Langdon Scholarship</td>
<td>-</td>
<td>-</td>
<td>$1,000</td>
</tr>
<tr>
<td>Students of Promise Scholarship</td>
<td>-</td>
<td>-</td>
<td>$500</td>
</tr>
<tr>
<td>Computer Info Systems Scholarship</td>
<td>-</td>
<td>-</td>
<td>$500</td>
</tr>
<tr>
<td>Lickly Chemistry Scholarship</td>
<td>-</td>
<td>-</td>
<td>$500</td>
</tr>
<tr>
<td>Jean Willis OIS Scholarship</td>
<td>-</td>
<td>-</td>
<td>$300</td>
</tr>
<tr>
<td>Men's Basketball</td>
<td>-</td>
<td>-</td>
<td>$250</td>
</tr>
<tr>
<td>Mark Wilson Scholarship</td>
<td>-</td>
<td>-</td>
<td>$200</td>
</tr>
<tr>
<td>Delaine Jakubowski Scholarship</td>
<td>-</td>
<td>-</td>
<td>$155</td>
</tr>
<tr>
<td>Clare County MARSP Scholarship</td>
<td>-</td>
<td>-</td>
<td>$100</td>
</tr>
<tr>
<td>McDonald Nursing Prog Enhc Scholarship</td>
<td>-</td>
<td>-</td>
<td>$75</td>
</tr>
<tr>
<td>IBT Brownson Scholarship</td>
<td>-</td>
<td>-</td>
<td>$45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$29,718</td>
<td>$158,018</td>
<td>$920,890</td>
</tr>
</tbody>
</table>

Prior Year Contributions - current month $12,813 $144,830

% Current Year to Prior Year 131.9% 9.1%
TO: Board of Trustees

FROM: Lori A. Fassett, Executive Director of Personnel Services

SUBJECT: MMCC Staffing Update December 6, 2016 Board Meeting

DATE: November 17, 2016

NEW HIRES:

Sheree Schrot – Bookstore Operations Assistant  
Effective: 10/24/2016

Sheree joins the MMCC team with having several years of retail and customer service experience. She is also an MMCC alumni! She holds her Associate Degree in Business and Legal Secretary/Office Professional from MMCC and a Bachelors in Business Administration Management from Northwood University. Welcome Sheree to the MMCC team!

Kaitlin Keenan – College Representative  
Effective: 10/31/2016

Kaitlin joins the MMCC team and brings with her a Bachelor Degree of Applied Arts in Communication with a Leadership minor and a Master of Arts in Communication both from Central Michigan University. Kaitlin also has several years of instructing experience at CMU and also several years of sales and marketing experience. Welcome Kaitlin to the MMCC team!!

NEW PART-TIME AND STUDENT EMPLOYEES:

Abigail Detzler – SI Leader (EDUStaff)  
Effective: 10/17/2016

Ragen Howey – Nursing Adjunct (EDUStaff)  
Effective: 10/17/2016

Phillip Schafer – Welding Adjunct (EDUStaff)  
Effective: 10/18/2016

Scott Harding – Custodial Sub (EDUStaff)  
Effective: 11/07/2016

Jeongbok Kim – OLID Intern (EDUStaff)  
Effective: 10/31/2016

Richard Walters – AMS Lab Tech  
Effective: 11/07/2016

Kaitlin McLavy – Admissions Student Worker  
Effective: 11/02/2016

INTERNAL TRANSFERS

Megan Keen  
From: ESPA: Student & Community Relations  
To: Admin: Director of Marketing & Public Relations  
Effective: 10/24/2016

Cassie Sprague  
From: Resource Specialist  
To: Enrollment Clerk  
Effective: 11/25/2016

SEPARATIONS:
Cathy Starkweather – Custodian (FT) Effective: 10/12/2016

VACANCIES:

Accounts Payable Clerk (Part-Time) Offer Extended
Automotive Lab Technician (Part-Time) Posted
Adjunct Instructor – Anthropology (Part-Time) Posted
Adjunct Instructor Biology/Anatomy & Physiology (Part-Time) Posted
Adjunct Instructor – English Literature/Shepherd High School (Part-Time) Posted
Adjunct Instructor Geology (Part-Time) Interviewing
Adjunct Instructor Medical/Surgical Nursing Clinical (Part-Time) Posted
Adjunct Instructor Mental Health Nursing (Part-Time) Posted
Adjunct Instructor – Math (Part-Time) Posted
Adjunct Instructor Nursing Fundamentals (Part-Time) Interviewing
Adjunct Instructor Nursing – General (Part-Time) Posted
Adjunct Instructor Nursing – Family Centered (Part-Time) Interviewing
Adjunct Instructor – Speech (Part-Time) Posted
Adjunct – PTA Program (Part Time) Posted
Adjunct Instructor Physical Science - Astronomy (Part-Time) Interviewing
Adjunct Instructor – Psychology / Huron ISD (Part-Time) Posted
Anatomy & Physiology Faculty (Temporary Full-Time) Posted
Enrollment Clerk (Full-Time) Offer Extended
Faculty Nursing – Mental Health (Full-Time) Posted
Financial Aid Analyst (Full-Time) Filled
Graphic Design Faculty (Full-Time) Posted
HRA/HVAC Faculty (Full-Time) Posted
Science Lab Coordinator (Full-Time) Posted
Student & Community Relations Specialist (Full-Time) Interviewing
Tech Intern – Online Learning & Instructional Design (Part-Time)  Filled
Agenda Item V-A: Correspondence and Announcements

Board Consideration: Information

Background:

Attached is a Notice of Intent from the Village of Farwell.

Announcements may be made at this time.

Recommendation:

None.
Subject: Notice of Intent to Prepare a Master Plan Amendment
Village of Farwell

Dear Honorable Chair and Commission Members;

On behalf of the Village of Farwell Planning Commission, we are advising you of the Commission's intent to prepare an amendment to their Master Plan consistent with the provisions of the Michigan Planning Enabling Act, Act 33 of 2008 as amended.

Regular meetings of the Village Planning Commission are held on the second Thursday of each month at 6:00 P.M in the Village Council Room. The Commission is working with McKenna Associates for preparation of the plan amendment.

We ask for your cooperation and invite your comments regarding this endeavor. You may express your comments by mail at the address indicated on this correspondence or in person at one of our meetings; the Village has begun surveying the residents as part of this process.

Finally, the Commission requests permission to submit the proposed plan and correspondence electronically. If would like the Village of Farwell to submit correspondence to you in hard copy (non-electronic copy), please return one signed copy of this letter for our files.

Thank you for your cooperation in this regard.

Sincerely,

Tracy Lee
Village Treasurer
Planning Commission Secretary

Cc: Village of Farwell Planning Commission
REQUEST FOR NON-ELECTRONIC SUBMITTAL OF INFORMATION:

Village of Farwell, MICHIGAN

By: ___________________________        Date: ___________________________

____________________________________
Name and Title
Agenda Item V-B: Sabbatical Leave Recommendation

Board Consideration: Action

Background:

The Sabbatical Committee this year consists of the following members:

- Sheri Loubert, Chair
- JJ Mertes, faculty
- Martin Eltzroth, faculty
- Eric Chamberlin, faculty
- Terry Petrongelli, Board Representative
- Peter Velguth, academic Administrator
- Scott Mertes, academic administrator
- Mike Jankoviak, academic administrator

In accordance with the Master Agreement with the Faculty Senate, the Sabbatical Committee met and reviewed a proposal for consideration from Professor Dave Kedrowski for the 2017-2018 academic year.

Mr. Kedrowski has been working with both developmental and higher level Math courses for a number of years at MMCC. The work he has been doing in these areas has led him to conclude there is a particular need for supplemental materials to help students develop a better conceptual understanding of calculus. This sabbatical will allow him to continue his research and write a book for students to use as a supplement to the traditional calculus textbook. He will also be looking at making this available as an Open Educational Resource (OER). Mr. Kedrowski’s request is for the fall semester of 2017. Per the master agreement with the Faculty Senate, the Board needs to make its decision no later than the February meeting.

It is a recommendation of the committee that the Board approve the sabbatical proposal which will be in effect for the 2017 – 2018 academic year.

A copy of the proposal is attached.

Recommendation:

It is recommended the Board approve Mr. Kedrowski’s sabbatical request for the 2017-2018 academic year.
Proposal

A typical calculus textbook is over one thousand pages long. It is full of definitions, theorems, and example problems. There are thousands of practice problems that require students to “push symbols,” using large amounts of algebra and trigonometry to work through lengthy calculus problems. This is all important work, getting into numerous technical details about why and how calculus works as well as how to solve problems using calculus.

It is easy to get lost in all of that detail and never develop a conceptual or intuitive sense of what calculus really is, even when learning how to do calculus very well. A student may be able to find the derivative of some function \( f \), but fail to understand what that derivative represents or why it’s important. She may be able to successfully integrate some function \( g \), but lack an understanding of why it’s useful or what it can tell her.

I had these difficulties as an undergraduate engineering student. While I was taught how to do calculus and was very capable at it, I don’t remember anyone really trying to help foster a solid conceptual understanding of the material. It seemed that the conceptual understanding was left to the student to develop on their own, often through doing lots of exercises in different contexts.

To help others, I propose to write a book that will focus on a conceptual understanding of calculus, using pictures, analogies, everyday examples, and more. The topics covered would parallel those in a typical first calculus course, but would stay as far away from complicated “symbol pushing” as possible. I envision this as a “helper” or “companion” book to a traditional calculus textbook, but also hope to create something that can stand on its own as a general interest work.

**Foundations:** The basic ideas and concepts from algebra and trigonometry that are needed to fully understand the ideas and concepts of calculus.

**Slope & Derivatives:** A conceptual approach to the ideas of limit and change, with strong ties back to basic algebra ideas and approximations.

**Area & Integrals:** A conceptual approach to the ideas of limit and accumulation, with strong ties back to geometry, algebra, and approximations.

Personal Learning

I will spend time exploring what others have already done concerning concepts and applications of introductory calculus concepts. This will both broaden and deepen my own understanding of calculus and make sure that the ideas I already have for the book get the best treatment possible.

As a regular instructor for Calculus I, including online, this project can only strengthen my abilities in the classroom.

Additionally, I will learn immensely about writing in my profession. A book is a challenging writing project, something I have never attempted before.
**Value to MMCC and Others**

MMCC can benefit in multiple ways from this project. My knowledge of calculus will improve, making me a better instructor. I will be able to demonstrate to our Math department ideas I have been developing since my last sabbatical about where conceptual learning fits into our math courses and how we can strike an appropriate balance between concepts, calculations, and applications. This will further improve my ability to help students in all MAT courses.

At the state and national level, some math educators are beginning to look beyond developmental math to the entire 2-year college STEM sequence of math courses, questioning how they are taught and proposing ideas for changes/improvements. A more conceptual approach could be a very important component of those changes, potentially making this book useful in a much broader conversation/context.

**Rough Timeline**

The sabbatical period is 16 weeks in duration. I anticipate breaking the work into four major components, each of approximately equal length.

- Collect ideas and create a rough outline of the book
- Research what other writers have created
- Bring these ideas together into a rough first draft
- Develop a more finished draft that can be shared with others for feedback

**Departmental Impact**

Dean Velguth is already aware of my intentions leaving ample time for discussions with administration and the department to pursue an appropriate allocation of my typical load in the event that a sabbatical is granted.

**Sharing**

As stated above, I plan to share my learning with my department and with anyone else who may find this work interesting/useful. I will be much better equipped to help students develop their own conceptual understanding of calculus, beginning with the ideas of limits and infinity, two concepts at the very heart of calculus. Occasionally students ask to interview me for ENG 222 and they ask questions about writing and reading within the mathematics profession. I will be able to share with them what I learn about that process. Finally, I will give a presentation after the conclusion of the sabbatical at a meeting of the MMCC Board of Trustees. This will give board members, administrators, and members of our local community an opportunity to learn about this work.
Appendix: Brief Summary of Service

Here is a brief summary of my FA/WI semesters showing I will satisfy the contract requirement of at least 14 semesters between sabbaticals.

Taught: 2002FA through 2009FA = 15 semesters
Sabbatical: 2010WI
Taught: 2010FA through 2017WI = 14 semesters
Sabbatical: 2017FA
Agenda Item V-C: Purchase Requests

Board Consideration: Action

Background:

1. Student Loan Default Prevention Services – Gale Crandell, Director of Financial Aid, will present the purchase request for Student Loan Default Prevention Outreach and Loan Grace Period Counseling Outreach from a third party contractor Inceptia through the State of Michigan MiDeal Extended Purchasing contract.

   This contract with Inceptia will provide MMCC, as a MiDeal member, with student loan default prevention and financial literacy services at a reduced cost. Inceptia’s counselors will connect with student borrowers during their six-month Grace Period and with students who have become delinquent on their federal loans and address their specific repayment needs in order to find the best tailored solution to get them back on track, thereby preventing student loan default which in turn will benefit the college by reducing the Federal Student Loan Cohort Default Rate (CDR). MMCC’s current CDR is 21.1%. To avoid the threat of sanctions and the loss of federal funding the college needs to keep our CDR below the 30% regulatory threshold.

   The company will bill MMCC based on the number of contacts they make. The total cost will be up to $42,000 per year for three years. The proposal, contract and estimate of cost is attached. The purchase will be made using the Strategic Initiatives Fund.

2. Full Body X-Ray Phantom - Vice President Jankoviak will present the purchase request for a full body X-Ray Phantom. The Phantom is used by students in the Radiography program. The current phantom has been refurbished already, is at the end of its life, is leaking lubricant, and is rigid and cannot be utilized to demonstrate radiographic positioning.

   The requested Phantom is posable and translucent. The new phantom could be used to demonstrate radiographic positions. Due to translucency, the students would be able to see how the bones change and align with each radiographic position. This is not an option when utilizing a student as a patient, which is current practice. No human subjects can be legally imaged in the lab due to federal regulations. The requested Phantom could be positioned by students allowing the student to take radiographic images to verify accurate positioning. The phantom is also detachable, which allows it to be utilized in full body format or separated at joints. Currently, the program has one hand, one foot, one knee, and one elbow phantom. When breaking into two groups in each x-ray room in the lab, the groups are not working with the same anatomic part so review and recap of the lab exercise can be difficult. Having a detachable phantom allows two of every extremity and one trunk. Both groups could be working with the same anatomic part and have same outcomes on lab exercise.

   Students will have the opportunity to position phantom and verify accuracy with imaging. Students will be able to have x-ray vision of how internal structures change during various radiographic positions. Lab exercises can be completed in two x-ray rooms with the same part to allow for hands on experience and simulation.

   The life expectancy of the proposed phantom is 15-20 years. The cost of the requested Phantom is $26,040 from Supertech, a sole source provider. Please see the attached quote. The purchase would be made using Perkins funds.

Recommendation:

It is recommended the Board approve the purchase requests as presented.
Inceptia leading the way

Inceptia, a division of the National Student Loan Program (NSLP), is a nonprofit organization committed to helping students achieve financial success. For nearly 30 years, as the not-for-profit loan guarantor National Student Loan Program (NSLP), we provided guidance to both schools and students. We made great strides in default aversion, compliance and financial education, working directly with students on their quest to fulfill their educational dreams and uphold their commitment to repay their student loans.

Since 1986, we have helped more than two million students at 5,500 schools nationwide achieve their higher education dreams. We’re ready to support Mid Michigan Community College on your journey to be recognized as a leading higher education institution. As Inceptia’s partner institution, you will be distinguished by offering ground-breaking product offerings such as:

GRACE COUNSELING OUTREACH
Inceptia’s Grace Counseling Outreach program assists students during a crucial period, their grace period, educating them on their repayment obligations and options. Our highly trained counselors reach out to those students no longer enrolled at least half-time to solve potential issues that could prevent them from successfully repaying their student loan(s). With this proactive approach, our counselors connect with at-risk students before they become delinquent and impact your CDR.

DEFAULT PREVENTION OUTREACH
Inceptia’s results driven Default Prevention Outreach program provides borrowers who are 60 or more days delinquent with the guidance and education needed to recover and work toward successful repayment. Using an award winning approach, our expert counselors work one-on-one to assist more than 180,000 delinquent borrowers annually, guiding each borrower through immediate actions needed to resolve their delinquency, and providing resources for long-term decisions needed to achieve successful repayment. In addition, our pay-for-performance model means that you only pay us once you see results. This effective method empowers borrowers while protecting your Cohort Default Rate (CDR) – and your school’s reputation.

FINANCIAL EDUCATION
Financial Avenue, Inceptia’s online financial education program, provides relevant and engaging interactive content designed to help students achieve financial wellness. Based on the U.S. Department of the Treasury’s Financial Literacy and Education Commission’s financial education core competencies, this program is designed to speak to Millennial and Generation Z students while also addressing the needs of adult learners. Through coursework, students increase their knowledge of money management fundamentals, from building credit and understanding credit reports, to avoiding identity theft, to understanding budgeting and paying for college.

By focusing on knowledge gain and behavior modification, Financial Avenue provides students with the tools to master their money and look to the future with confidence. Offering students a comprehensive financial education curriculum will be a differentiating factor at your school that lets students, parents, alumni, and the community know your institution is dedicated to overall student success.

Inceptia’s mission is to provide guidance to schools by providing innovative products and services designed to help your students succeed. As the student loan landscape continues to change, we will adapt our approach to meet the needs and challenges of our partner institutions. Together, we are creating a movement, with the ultimate goal of eliminating the burden of student loan delinquency and providing tools for financial success.
Your Plan For Launching Brilliant Futures

After our consultation with and learning of Mid Michigan Community College’s unique needs, Inceptia would be pleased to deliver the following solutions:

Default Prevention Solutions

Grace Counseling Outreach

- Inceptia will send an introductory email to borrowers with valid email addresses on behalf of Mid Michigan Community College advising of upcoming calls and emails, encouraging participation.
- Inceptia counselors will make up to three (3) outbound telephone attempts to reach the borrower. If needed, bilingual counselors are available to counsel in Spanish. The three attempts will be made either:
  - Within forty-five (45) days of the date Inceptia is notified the student is less than half time
  - or
  - Beginning at ninety (90) days into the grace period as designated in the file.
- If the borrower is unavailable, a toll-free number may be provided for a return call.
- If necessary, Inceptia will employ proprietary skip tracing in an effort to locate the borrower.
- Inceptia will send emails to borrowers with valid email addresses during the grace period at sixty (60), one hundred and twenty (120), and one hundred and eighteen (180) days.
- All counseled and emailed borrowers will be provided with a toll-free number for future questions providing a lifeline to a student loan expert.
- Borrowers are provided with access to an Inceptia Student Loan FAQ website (also available in Spanish) providing detailed information on all repayment plans, useful links and helpful tips.
- Inceptia will provide collateral (also available in Spanish) to Mid Michigan Community College to assist with communicating this service to student borrowers.
- Activity reports are available online via the Inceptia website.
- The NSLDS School Portfolio report will be utilized to identify borrowers who become less-than-half-time, and for which Inceptia will perform outreach.

$3.95 per placement.
Default Prevention Outreach (Outcome-Based)

- Either Mid Michigan Community College or Inceptia will retrieve and upload Mid Michigan Community College’s NSLDS Delinquent Borrower Report (DELQ01) each week as agreed upon by both Mid Michigan Community College and Inceptia.
- If the service is started in December 2016, Inceptia will load delinquent accounts within the cohort years: 2015, 2016 and 2017 as illustrated in the chart below. Existing accounts, up to three hundred and fifty (350) days delinquent, and all newly sixty (60) day delinquent accounts will be loaded up until the date new delinquent loans can no longer default before the end of the cohort year. Only existing delinquent loans will continue to be worked from that date on.

![Service Start Date](chart)

- Additional cohort years will open every October; delinquent accounts will begin to load in December as accounts within new cohort years become sixty (60) days delinquent.
- Inceptia will make an unlimited number of outbound calls to the borrower in an attempt to resolve all delinquent account(s).
- Our highly trained counselors listen and provide personalized solutions addressing the students’ specific situations. Spanish-speaking counselors are available for those borrowers who need it.
- Once contact is made, Inceptia will attempt to facilitate a three-way call with the borrower and servicer to resolve delinquency.
- If the borrower is unavailable, a toll-free number may be provided for a return call.
- Inceptia may send emails and/or letters to the borrower in an effort to resolve delinquency, and may provide borrowers with access to Inceptia Student Loan FAQ and Borrower Portal websites (also available in Spanish), providing detailed information on all repayment plans, useful links and helpful tips.
  - The Borrower Portal website is available 24/7 and allows delinquent borrowers access (upon authentication) to a listing of their delinquent loans provided to Inceptia, as well as servicer information and a customized student loan repayment plan tailored to their specific needs.
- Inceptia will employ sophisticated skip tracing often and as needed in an effort to locate delinquent borrowers.
For accounts that are resolved and become delinquent again within three hundred and sixty-five (365) days of the original placement date, Inceptia will attempt to resolve the delinquency at no additional charge.

Performance reports are available online and are updated on a weekly basis.

All borrowers who are resolved by Inceptia will be offered Financial Avenue’s Foundations of Money and Credit and Protecting Your Money courses. Resolved borrowers will receive an email from Inceptia with login credentials.

$5.95 per account loaded.
$25.00 per account resolved.

All fees are assessed on new delinquent accounts only one time during each twelve (12) month period; using the date the account was loaded as the start and stop of said twelve (12) month period.

Financial Education Solutions

Financial Avenue

Inceptia will provide all users at Mid Michigan Community College with access to Financial Avenue; no social security information is required for access.

Users will have access to ten (10) online learning courses:

- Psychology of Money
- Foundations of Money
- College and Money
- FAFSA
- Loan Guidance
- Earning Money
- Credit and Protecting Your Money
- Spending and Borrowing
- Debt and Repayment
- Future of Money

Users will have access to an action plan and additional tools at the end of each course to help the user implement the practices learned through the course.

Educators will have access to an educational toolkit which will provide supplemental materials to further encourage learning of the topics in a classroom setting.

Inceptia will provide support to Mid Michigan Community College including: a toll-free customer service number for administrators and users; a reporting system that allows administrators to pull reports in summary and detail on users activity; and downloadable marketing materials that explain the program to aid in promoting and distributing the access code to students.

A $5,000.00 annual value, offered at no charge to MiDEAL Members with the continued purchase of Grace Counseling Outreach and/or Default Prevention Outreach (Outcome-Based).
## Pricing Summary

### Inceptia Solution

<table>
<thead>
<tr>
<th>Service</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default Prevention Solutions</td>
<td></td>
</tr>
<tr>
<td>Grace Counseling Outreach</td>
<td>$3.95 per placement.</td>
</tr>
<tr>
<td></td>
<td>Invoiced monthly based on accounts loaded</td>
</tr>
<tr>
<td></td>
<td>during the month.</td>
</tr>
<tr>
<td>Default Prevention Outreach</td>
<td>$5.95 per account loaded.</td>
</tr>
<tr>
<td>(Outcome-Based)</td>
<td>$25.00 per account resolved.</td>
</tr>
<tr>
<td></td>
<td>Invoiced monthly based on accounts loaded</td>
</tr>
<tr>
<td></td>
<td>and/or resolved during the month.</td>
</tr>
</tbody>
</table>

### Financial Education Solutions

<table>
<thead>
<tr>
<th>Service</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Avenue</td>
<td>A $5,000.00 annual value, offered at no charge to MiDEAL Members with</td>
</tr>
<tr>
<td></td>
<td>the continued purchase of Grace Counseling Outreach and/or Default</td>
</tr>
<tr>
<td></td>
<td>Prevention Outreach (Outcome-Based).</td>
</tr>
</tbody>
</table>

The pricing offered in this proposal is valid for ninety (90) days from the date of issuance.
**STATE OF MICHIGAN**  
DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET  
PROCUREMENT  
525 W. ALLEGAN STREET  
LANsing, MI 48903  
P.O. BOX 30026  
LANsing, MI 48906  

NOTICE OF CONTRACT NO. 271B6600005  
between  
THE STATE OF MICHIGAN  
and  

<table>
<thead>
<tr>
<th>NAME &amp; ADDRESS OF CONTRACTOR</th>
<th>PRIMARY CONTACT</th>
<th>EMAIL</th>
</tr>
</thead>
</table>
| Nebraska Student Loan Program, Inc., d/b/a NSLP/Inceptia  
1300 O Street  
Lincoln, NE 68508 | Maggie Hackwith | inceptiacs@inceptia.org |

<table>
<thead>
<tr>
<th>PHONE</th>
<th>VENDOR TAX ID # (LAST FOUR DIGITS ONLY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>888-529-2028 ext. 6306</td>
<td>4573</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STATE CONTACTS</th>
<th>AGENCY</th>
<th>NAME</th>
<th>PHONE</th>
<th>EMAIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROGRAM MANAGER</td>
<td>Treasury</td>
<td>Kara Scheeneman</td>
<td>517-335-3031</td>
<td><a href="mailto:ScheenemanK@michigan.gov">ScheenemanK@michigan.gov</a></td>
</tr>
<tr>
<td>CONTRACT ADMINISTRATOR</td>
<td>Treasury</td>
<td>Julie Collins</td>
<td>517-636-6817</td>
<td><a href="mailto:Collinsj17@michigan.gov">Collinsj17@michigan.gov</a></td>
</tr>
</tbody>
</table>

**CONTRACT SUMMARY**  

**DESCRIPTION:**  
Student Loan Default Aversion Services - MiDEAL  

<table>
<thead>
<tr>
<th>INITIAL TERM</th>
<th>EFFECTIVE DATE</th>
<th>INITIAL EXPIRATION DATE</th>
<th>AVAILABLE OPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Years</td>
<td>April 1, 2016</td>
<td>March 31, 2019</td>
<td>Two (2), One (1) Year Options</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PAYMENT TERMS</th>
<th>SHIPPED TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ALTERNATE PAYMENT OPTIONS</th>
<th>EXTENDED PURCHASING</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ P-card</td>
<td>☒ Yes</td>
</tr>
<tr>
<td>☐ Direct Voucher (DV)</td>
<td>☐ No</td>
</tr>
<tr>
<td>☐ Other</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MINIMUM DELIVERY REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MISCELLANEOUS INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.00</td>
</tr>
</tbody>
</table>
For the Contractor:

Randy Heesacker,
Contract Administrator
Nebraska Student Loan Program, Inc.
d/b/a Inceptia, National Student Loan Program
and/or NSLP

[Signature]

3/1/16
Date

For the State:

Julie Collins,
Purchasing
State of Michigan

[Signature]

4/1/16
Date
EXHIBIT A
STATEMENT OF WORK
CONTRACT ACTIVITIES

I. Background

This is a Contract for Student Loan Default Prevention Management Services for non-profit colleges and universities (Schools) in Michigan. These services and solutions for Schools is to assist students in borrowing responsibly and maintaining good standing in the repayment of their student loans.

II. Requirements

This Contract is for Student Loan Default Prevention Management Services to Schools in the State of Michigan (State) through the MiDEAL Program. The contractor must comply with all work and deliverables listed in this Exhibit A.

The Michigan Department of Treasury, Student Financial Services Bureau, is the main contact for this program as the Program Manager (see Standard Contract Terms).

This Contract will be extended to MiDEAL Members. MiDEAL Members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal. Contractor must supply all Contract Activities at the established Contract prices and terms of the resulting Contract to any MiDEAL Member that leverages the Contract.

III. Work and Deliverables

A. General Requirements

1. The Contractor must be able to provide Student Loan Default Prevention Management Services for Schools in Michigan.

2. The Contractor must be able to provide default aversion services from the start of the grace period through default.

3. The Contractor must provide Default Prevention Plan assistance to Schools.

4. The Contractor must have the ability to work with participating Schools to target high priority student groups. The School would only be charged for the student groups they choose to be worked/targeted.

5. The Contractor must be able to access school files through the National Student Loan Data System (NSLDS).

6. Reserved.

7. The Contractor must perform the following services as it pertains to the number and type of contacts made to borrowers during grace, repayment and delinquency.

   a. Grace Counseling Outreach

      1. The Contractor will send an introductory email to borrowers with valid email addresses on behalf of the School; advising of upcoming calls and emails, encouraging participation.

      2. The Contractor will make up to three outbound telephone attempts to make contact with the borrower. The three attempts will be made:
Within forty-five (45) days of the date the Contractor is notified the student is less than half time or  
Beginning at 90 days into the grace period as designated in the file

3. If the borrower is unavailable, a toll-free number may be provided for a return call.
4. If necessary, the Contractor will employ proprietary skip tracing in an effort to locate the borrower.
5. The Contractor will send emails to borrowers with valid email addresses during the grace period at thirty (30), ninety (90), and one hundred and eighty (180) days.
6. All counseled and emailed borrowers will be provided with a toll free number for future questions; providing a lifeline to a student loan expert.
7. Borrowers are provided with access to the Contractor’s Student Loan Repayment Overview website; providing detailed information on all repayment plans, useful links and helpful tips.
8. The Contractor will provide collateral to the School to assist with communicating service to student borrowers.
9. Activity reports are available online via the Contractor’s website.
10. The School will select which student borrowers the Contractor will perform the Grace Outreach service to.

b. School Responsibilities: Grace Counseling Outreach

1. The school is responsible for providing the Contractor with an electronic file of accounts via the Contractor’s website.
2. This file should be sent no more than weekly on a schedule agreed upon by both the School and the Contractor.
3. The School will provide a contact name, telephone number, and email address for inclusion in the introductory email and for cases where a student wishes to speak with a school representative.

c. Repayment Outreach

The Contractor’s trained counselors contact student borrowers who are delinquent on their student loans to assist the borrower in resolving the delinquency. The service provides education to motivate student borrowers to take the necessary action to resolve their delinquency. Resolving delinquency sets the stage for reducing or maintaining a healthy Cohort Default Rate.

d. Repayment Outreach

1. The Contractor will retrieve and upload the School’s NSLDS Delinquent Borrower Report (DELQ01) each week or on specific weeks as agreed upon by both the School and the Contractor.
2. The Contractor will load accounts within all active cohort years.
3. The Contractor will load accounts beginning with the most recent cohort year, and the prior cohort year. Additional cohort years will be added every October 1st.
4. Accounts that cannot default before the end of the active cohort years will not be loaded.
5. The Contractor will make an unlimited number of outbound calls to the borrower in an attempt to resolve all delinquent account(s).
6. If the borrower is unavailable, a toll-free number may be provided for a return call.
7. The Contractor may send emails and/or letters to the borrower in an effort to resolve delinquency.
8. Once contact is made, the Contractor will attempt to facilitate a three-way call with the borrower and servicer to resolve delinquency.
9. If necessary, the Contractor will employ proprietary skip tracing in an effort to locate the borrower.

10. For accounts that resolve and become delinquent again within 365 days of the original placement date, the Contractor will attempt to resolve the delinquency at no additional charge.

11. Performance reports are available online and are updated on a weekly basis.

12. All borrowers who are resolved by the Contractor will be offered Financial Avenue’s Foundations of Money and Credit and Protecting Your Money courses. Resolved borrowers will receive an email from the Contractor with login credentials.

e. School Responsibilities: Repayment Outreach (Outcome-Based)

1. The School will set up at least two Contractor’s staff members with the School’s NSLDS SAIG mailbox with access to NSLDS Online Reporting (Default Services).

2. The School will schedule the NSLDS Delinquent Borrower Report (DELQ01) to be automatically created and delivered to the Contractor/School SAIG mailbox weekly or on specific weeks as agreed upon by both School and the Contractor.

3. The School is responsible for providing the Contractor with a weekly NSLDS Delinquent Borrower Report (DELQ01) via the Contractor’s website or delivered to a Contractor/School mailbox.

4. If FFELP loans are to be worked, the School is responsible for providing the Contractor with a weekly Contractor FFELP Delinquent Borrower Report via the Contractor’s website.

5. The School must upload, or have delivered, the NSLDS weekly file by close of business each Friday.

8. Contractor must provide skip-tracing services at no additional cost.

9. The Contractor must have the ability to co-brand with any School which utilizes its services.

10. Reserved.

11. Reserved.

12. Reserved.

13. Reserved.

14. At a minimum, a one year Contract will be provided to all Schools which participate in the MiDEAL Program.

15. The Contractor must provide a three-way call option with the Loan Servicer to help the student understand payment opportunities.

16. If applicable, entrance and exit interviews which are performed by the Contractor must comply with all security requirements specified by the Department of Education (ED).

17. The Contractor must utilize fair debt collection practices as outlined by the ED.

18. The Contractor must have the ability to service a large number of students.

19. Reserved.
20. The Contractor shall connect with students through the use of technology.

21. The Contractor shall provide financial literacy education materials, through the use of the Contractor’s Financial Avenue, to students at no additional cost to the student if provided by their School.

22. The Contractor shall work with participating Schools to effectively transition default prevention services from an existing vendor.

23. The following service shall be provided to students. It includes but is not limited to:

   a. **Borrower-Centric Approach**
      1. Counselors look for the option or options which help the borrower in both the long and short term.
      2. The best interest of the borrower is to make a payment.
      3. Spanish speaking counselors are provided.
      4. Forbearance or deferment will be used only when appropriate and will not be the first option considered.
      5. Unlimited telephone attempts until a borrower’s delinquency is resolved or default occurs.
      6. Default aversion efforts are performed through a combination of live dialing, email, and written correspondence.
      7. The Contractor’s solution utilizes email as a general/informational contact supplement between scheduled letter correspondence, and for follow-up after other forms of contact have been made with delinquent borrowers.
      8. Three-way conference calling with the borrower and servicer.
      9. Assist borrowers with the processing of deferments and forbearances.
      10. Resolved borrowers receive complimentary access to two of the Contractor’s online financial literacy courses, Foundations of Money and Credit and Protecting Your Money.

24. If extended, each MiDEAL Member wishing to participate under this contract must sign an addendum to this contract with the Contractor. The purpose of the addendum is to incorporate school specific third-party servicing contract language required in the regulations at 34 C.F.R. § 668.25(c) and to appropriately report each school’s contract to the Federal Student Aid’s Thirty-part Servicer Oversight Unit at the U.S. Department of Education. For reporting purposes the beginning of each school’s contract will be the date the authorized school official signs the addendum. The addendum will also contain file layouts for the specific service(s) the school elects to utilize.

25. Contractor will continue to remain compliant with the controls in FISMA (NIST SP800-53 revision 4/Recommended Security Controls for Federal Information Systems), FIPS 200 (Minimum Security Requirements for Federal Information and Information Systems), FTC Gramm-Leach-Bliley Act, Massachusetts State Resolution 201 CMR 17.00, and FTC Red Flags.

B. **Reports**

   1. At a minimum, Contractors must make reports available monthly to participating Schools.
   2. The Contractor must provide industry metrics to Schools and to the State at a minimum, annually.
   3. The Contractor must provide activity reporting per student to participating Schools.
   4. The Contractor must supply default forecasting information to participating Schools.
   5. The Contractor must supply aggregate reports to the State at a minimum annually.
6. The Contractor must annually supply the State with a list of Schools and high schools which are utilizing their services through the MiDEAL Program.

7. Additional reports which will be made available to participating Schools at no additional cost are as follows:

a. **Grace Counseling**

Reporting is online so Schools can quickly track the borrowers contacted, the number of phone calls made, and the number of emails sent.

b. **Activity Report:**

Provides activity details on files uploaded. For each file uploaded, the following is provided: file upload date, number of borrowers in upload, number of phone calls made and emails sent, and number of borrowers counseled. For each file uploaded, the SSN and name of each borrower included is also available to view as additional detail. There is a cumulative total for each category provided for all files uploaded and the report is available for download in Excel.

c. **Default Prevention Outreach**

The Contractor’s online reporting system will track the progress and performance of the school’s delinquent portfolio. Reports include batch level performance data displaying the number of placements and resolutions. Individual borrower account details are also provided highlighting demographics, loan details, and all delinquent efforts performed.

Schools have the ability to track up to three active cohort years. With our cohort tracking tool and the NSLDS School Portfolio report, each school can keep track of its defaulted borrowers and proactively work to remove defaulted loans prior to the year(s) closing.

d. **The school will have authenticated and secure online access to these seven reports:**

I. **Active Report:** Contains delinquent borrower information including cohort year, days delinquent, loan amount, SSN, name, address, phone, servicer information, and date of birth.

II. **Performance Report:** Contains details on each file uploaded including file upload date, assignment date, number of loan assignments in each upload, the current status of each assignment (Outstanding, Resolved, or Defaulted), and the resolution rate for each batch. Borrower detail is also available for each file uploaded and includes SSN, name, loan amount, date of birth, and closed date (if applicable).

III. **Borrower History Report:** Provides borrower demographic, loan summary, and account history information. The demographic information includes SSN, name, address, date of birth, and phone numbers from each applicable servicer. The loan summary provides a record of each loan uploaded including: servicer, days delinquent or resolved date, and loan amounts. The history section provides the last 200 contact actions performed on the borrower’s account including the date/time of the activity and the activity; such as, phone calls made/received, emails sent, letters mailed, etc.

IV. **Bad Address Report:** Provides SSN, name, address, phone number, date of birth, and servicer for each borrower identified by the servicer as having an invalid address.

V. **Cohort Activity Report:** Allows schools to track their open cohort years at any time by uploading their School Portfolio report. You’ll have the ability to analyze your cohort data by major, enrollment status, and campus branch. In addition, you’ll be able to compare your reported less-than-halftime (LTH) status for each borrower to what NSLDS is
reporting to easily identify discrepancies. You can monitor your defaulted borrowers and proactively work to correct defaulted loans prior to the year(s) closing, ultimately avoiding the strenuous challenge process. This report contains number in repayment, number in default, number of new defaulters from the last report upload, list of defaulters that moved to good standing prior to the cohort year ending, cohort rates, the percentage one borrower impacts the rate, and how many borrowers must be saved to reduce the rate by one percent. Borrower details are also available and include SSN, name, lender, loan type, guarantee number, guarantee date, guarantee amount, amount approved, amount cancelled, repayment date, loan begin date, loan end date, servicer, grade level, loan date, LTH status, claim type, claim activity date, cohort year, and consolidation indicator. The Cohort Activity report also has a graphical output to visually display the cohort year trends and default rate curves.

Through this report, you can compare Cohort Default Rates with previous open years at the same point in time and forecast your final Cohort Default Rate once the cohort year closes.

- **Invoice Detail Report**: Contains borrower details for each monthly invoice including SSN, name, account load date, load fee, date of birth, resolution date, and resolution fee.

- **Cohort Impact Report**: Contains detail on the impact the Contractor’s efforts had on accounts assigned within each cohort year including cohort year, number of accounts assigned, and the current status of each assignment (Saved, At Risk, or Defaulted). Borrower details for each are also available including SSN and name.

All reports can be run to include less or more results based on various selection criteria such as date ranges and cohort years. They are all available for download in Excel.

8. The Contractor must provide the State reports on industry metrics for each school, annual aggregate reports, and a list of schools and high schools that are utilizing services through the MiDEAL Program. Additional reports provided to the schools will be made available to the State with permission of the school(s).

9. Ad Hoc reporting must be available to participating colleges and universities upon request. Additional fees may apply.

C. **Customer Service**

1. The Contractor must assign each School a designated representative. A designated representative may be assigned to multiple colleges.

2. The Contractor’s call center’s days and hours of operation are Monday through Thursday 7:00 a.m. to 9:00 p.m., Friday 7:00 a.m. to 7:00 p.m., and Saturday 8:00 a.m. to 4:30 p.m. Central time.

3. The Contractor must be willing to visit and promote their services to any interested Schools.

D. **Training**

1. The Contractor must provide at a minimum the following training:
   a. On-line training or Webinars.
2. The Contractor shall provide the following training:

   To begin the process, the Contractor’s Client Relations will send a welcome email introducing the Contractor’s team and provide a link to a landing page which will be designed especially for the college or university. The landing page will provide detailed product information along with specifics on how to get started. The introductory email will also request scheduling an implementation conference call meeting between the school and the Contractor. This call lasts approximately one hour and will cover how to access reports, upload files, and any additional information the school needs to know to get started.

   In addition to the welcome resources and implementation call, the Contractor offers all clients access to our online Success Dashboard. Here, a school can view training videos at will, download supplemental materials, stay up-to-date with announcements, and utilize borrower communication tools for each product.

   Client support is available to all clients Monday through Friday 7:00 a.m. – 7:00 p.m. Central time by calling 888.529.2028 or by email at inceptiacs@inceptia.org.

3. The Contractor must provide In-school default management materials/resources at no additional cost.

IV. Contractor Staff, Roles, and Responsibilities

1. The following staff will be involved in the project:

   a. Matt Nettleton, Strategic Business Director
      Roles & Responsibilities: Main sales contact

   b. Maggie Hackwith, Client Relations Manager
      Roles & Responsibilities: Day-to-day client services contact

   c. David Macoubrie, Vice President of Repayment Solutions
      Roles & Responsibilities: Default Prevention expert; operations lead

   d. Tim Roethig, Call Center Director
      Roles & Responsibilities: Oversees day-to-day call center operations

   e. Inceptia’s Default Prevention Counselors
      Roles & Responsibilities: Servicing higher education accounts

   f. Pam Beckmann, Director of Customer Service
      Roles & Responsibilities: Grace Counseling

   g. Carissa Uhlman, Vice President of Student Success
      Roles & Responsibilities: Financial education expert

   h. Staci Stewart, Director of Product Development and Support
      Roles & Responsibilities: Product manager

2. The Contractor’s representative/Primary Contact is Maggie Hackwith, Client Relations Manager. The Contractor must notify the Contract Administrator at least 14 calendar days before removing or assigning a new Contractor Representative.
3. Reserved.
4. Reserved.
5. Reserved.
6. No subcontractors will be utilized in this Contract.

V. Project Plan

1. The Contractor will carry out this project under the direction and control of the Program Manager.

2. Within 5 working days of Contract award, the Contractor must submit to the Program Manager for final approval a project plan. Project Plan shall include:
   a. The Contractor’s staffing table with names and title of personnel assigned to the project as well as any subcontractors.

VI. Authorizing Document and Invoicing

   a. Authorizing Document. The appropriate authorizing document for the Contract will be a Purchase Order.
   b. Payment Methods. Payment for Contract Activities will be made within 45 days of receipt of invoice.
   c. Invoicing. Contractor shall invoice on a monthly.

VII. Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damages sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of $5,000 and an additional $100 per day for each day Contractor fails to remedy the late or improper completion of the Work.
EXHIBIT B - Reserved
EXHIBIT C
PRICING

1. Pricing provided shall remain firm/fixed for the duration of the Contract.
2. Services may be purchased individually or as a package.
3. The State does not guarantee a minimum or maximum volume of work.

<table>
<thead>
<tr>
<th>Service Provided</th>
<th>Pricing Unit</th>
<th>Price per Service</th>
<th>Additional Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Startup</td>
<td>Per School</td>
<td>$FREE</td>
<td></td>
</tr>
<tr>
<td>Grace Counseling</td>
<td>Per Borrower</td>
<td>$3.95</td>
<td>(see additional pricing information sheet)</td>
</tr>
<tr>
<td>Default Aversion Outreach</td>
<td>Per Borrower</td>
<td>$5.95 one-time load fee; $25 fee upon resolution</td>
<td>(see additional pricing information sheet)</td>
</tr>
<tr>
<td>Financial Literacy Program</td>
<td>Per School</td>
<td>$FREE w/purchase of Grace and/or Default Prevention Outreach</td>
<td>$5,000 annually per school when purchased as a stand-alone product. Service is free to all Michigan public high schools who participate in the MiDEAL Program.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proposed Service</th>
<th>Unit Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grace Counseling Outreach</td>
<td>$3.95 One-Time Fee Per Borrower Loaded</td>
</tr>
</tbody>
</table>

The Contractor's Grace Counseling Outreach is billed based on the actual number of new accounts loaded by the Member each month. Our clients have total control over the borrowers that are uploaded to our Grace Counseling Outreach program. This means that institutions may send all of their borrowers through Grace Counseling or they may choose to only send a portion of their borrowers.

<table>
<thead>
<tr>
<th>Proposed Service</th>
<th>Unit Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default Prevention Outreach</td>
<td>$5.95 per Borrower Loaded</td>
</tr>
<tr>
<td></td>
<td>$25.00 per Borrower Resolved</td>
</tr>
</tbody>
</table>

The Contractor charges a **one-time load fee and no other fees until the account is resolved.** This performance based pricing directly aligns our goals with yours – resolve borrower delinquency and minimize your cohort default rate.

Members will be invoiced monthly: $5.95 one-time fee for new delinquent accounts and $25.00 for each account resolved during the month. If a resolved borrower becomes delinquent again, within a twelve (12) month period of time, the Contractor will rework the account at no charge.

Our pricing is all inclusive and includes skip tracing, emails, letters, call dialer technology, telephone expenses, data security, customer service, staffing, etc.
<table>
<thead>
<tr>
<th>Proposed Service</th>
<th>Unit Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Avenue</td>
<td>Free when purchased with Grace Counseling or Default Prevention services, or $5,000 annually per school when purchased as a stand-alone product. Service is free to all Michigan public high schools who participate in the MiDEAL Program.</td>
</tr>
</tbody>
</table>
This STANDARD CONTRACT ("Contract") is agreed to between the State of Michigan (the "State") and the Nebraska Student Loan Program, Inc., d/b/a Inceptia, National Student Loan Program and/or NSLP (Contractor), a Nebraska nonprofit corporation located in Lincoln, Nebraska. This Contract is effective on April 1, 2016 ("Effective Date"), and unless terminated, expires on March 30, 2019.

[Add if appropriate: This Contract may be renewed for up to two (2) additional one (1) year period(s). Renewal must be by written agreement of the parties and will automatically extend the Term of this Contract.]

The parties agree as follows:

1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in Exhibit A – Statement of Work (the "Contract Activities"). An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

   Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in Exhibit A.

   Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State's operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State's quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (j) comply with all State physical and IT security policies and standards which will be made available upon request; and (k) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

   Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

2. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

<table>
<thead>
<tr>
<th>If to State:</th>
<th>If to Contractor:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Julie Collins</td>
<td>Randy Heesacker</td>
</tr>
<tr>
<td>7285 Parsons Drive</td>
<td>1300 O Street</td>
</tr>
<tr>
<td>Dimondale, MI 48821</td>
<td>Lincoln, Ne 68508</td>
</tr>
<tr>
<td><a href="mailto:Collinsj17@michigan.gov">Collinsj17@michigan.gov</a></td>
<td><a href="mailto:Randyh@nslp.org">Randyh@nslp.org</a></td>
</tr>
<tr>
<td>517-636-6817</td>
<td>(402) 479-6605</td>
</tr>
</tbody>
</table>
3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “Contract Administrator”):

<table>
<thead>
<tr>
<th>State:</th>
<th>Contractor:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Julie Collins</td>
<td>Randy Heesacker</td>
</tr>
<tr>
<td>7285 Parsons Drive</td>
<td>1300 O Street</td>
</tr>
<tr>
<td>Dimondale, MI 48821</td>
<td>Lincoln, NE 68508</td>
</tr>
<tr>
<td><a href="mailto:Collinsj17@michigan.gov">Collinsj17@michigan.gov</a></td>
<td><a href="mailto:Randyh@nslp.org">Randyh@nslp.org</a></td>
</tr>
<tr>
<td>517-636-6817</td>
<td>(402) 479-6605</td>
</tr>
</tbody>
</table>

4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “Program Manager”):

<table>
<thead>
<tr>
<th>State:</th>
<th>Contractor:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kara Scheeneman</td>
<td>Maggie Hackwith</td>
</tr>
<tr>
<td>430 W. Allegan St.</td>
<td>1300 O Street</td>
</tr>
<tr>
<td>Lansing, MI 48922</td>
<td>Lincoln, NE 68508</td>
</tr>
<tr>
<td><a href="mailto:ScheenemanK@michigan.gov">ScheenemanK@michigan.gov</a></td>
<td><a href="mailto:inceptiacs@inceptia.org">inceptiacs@inceptia.org</a></td>
</tr>
<tr>
<td>517-335-3031</td>
<td>888-529-2028 ex. 6306</td>
</tr>
</tbody>
</table>

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Exhibit A) if, in the opinion of the State, it will ensure performance of the Contract.

6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of “A” or better, and a financial size of VII or better.

<table>
<thead>
<tr>
<th>Required Limits</th>
<th>Additional Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial General Liability Insurance</strong></td>
<td></td>
</tr>
<tr>
<td>Minimal Limits:</td>
<td>Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0.</td>
</tr>
<tr>
<td>$1,000,000 Each Occurrence Limit</td>
<td></td>
</tr>
<tr>
<td>$1,000,000 Personal &amp; Advertising Injury Limit</td>
<td></td>
</tr>
<tr>
<td>$2,000,000 General Aggregate Limit</td>
<td></td>
</tr>
<tr>
<td>$2,000,000 Products/Completed Operations</td>
<td></td>
</tr>
<tr>
<td>Deductible Maximum:</td>
<td></td>
</tr>
<tr>
<td>$50,000 Each Occurrence</td>
<td></td>
</tr>
</tbody>
</table>

| **Umbrella or Excess Liability Insurance** |                                                                                     |
| Minimal Limits:                     | Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds. |
| $5,000,000 General Aggregate        |                                                                                       |

| **Automobile Liability Insurance**  |                                                                                     |
| Minimal Limits:                     | Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) include Hired and Non-Owned Automobile coverage. |
| $1,000,000 Per Occurrence           |                                                                                       |
### Workers’ Compensation Insurance

<table>
<thead>
<tr>
<th>Minimal Limits:</th>
<th>Waiver of subrogation, except where waiver is prohibited by law.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage according to applicable laws governing work activities.</td>
<td></td>
</tr>
</tbody>
</table>

### Employers Liability Insurance

<table>
<thead>
<tr>
<th>Minimal Limits:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500,000 Each Accident</td>
</tr>
<tr>
<td>$500,000 Each Employee by Disease</td>
</tr>
<tr>
<td>$500,000 Aggregate Disease.</td>
</tr>
</tbody>
</table>

### Privacy and Security Liability (Cyber Liability) Insurance

<table>
<thead>
<tr>
<th>Minimal Limits:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000,000 Each Occurrence</td>
</tr>
<tr>
<td>$1,000,000 Annual Aggregate</td>
</tr>
</tbody>
</table>

Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.

### Professional Liability (Errors and Omissions) Insurance

<table>
<thead>
<tr>
<th>Minimal Limits:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000,000 Each Occurrence</td>
</tr>
<tr>
<td>$3,000,000 Annual Aggregate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deductible Maximum:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50,000 Per Loss</td>
</tr>
</tbody>
</table>

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is canceled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

7. **Reserved.**

8. **Extended Purchasing Program.** Upon written agreement between the State and Contractor, this Contract may be extended to: (a) MiDEAL members, (b) other states (including governmental subdivisions and authorized entities), or (c) State of Michigan employees. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at [www.michigan.gov/mideal](http://www.michigan.gov/mideal).

If extended, Contractor must supply all Contract Activities at the established Contract prices and terms, and the State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.
9. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor’s employees and any subcontractors. Prior performance does not modify Contractor’s status as an independent contractor.

10. **Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation, and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

11. **Staffing.** The State’s Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.

12. **Background Checks.** Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.

13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.

14. **Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, the State of a change in Contractor’s organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor’s stock; (b) a sale of substantially all of Contractor’s assets; (c) a change in a majority of Contractor’s board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

15. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Exhibit A.

16. **Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State’s receipt of them ("State Review Period"), unless otherwise provided in Exhibit A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted, but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 22, Termination for Cause.

Within 10 business days from the date of Contractor’s receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties’ respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.
17. Reserved.

18. Reserved.

19. Terms of Payment. Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State’s receipt. Contractor may only charge for Contract Activities performed as specified in Exhibit A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State’s exclusive use. Notwithstanding the foregoing, all prices are inclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor’s continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor’s acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at http://www.michigan.gov/cpexpress to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

20. Liquidated Damages. Liquidated damages, if applicable, will be assessed as described in Exhibit A.

21. Stop Work Order. The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or purchase order. The State will not pay for Contract Activities, Contractor’s lost profits, or any additional compensation during a stop work period.

22. Termination for Cause. The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State’s right to set off any amounts owed by the Contractor for the State’s reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys’ fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

23. Termination for Convenience. The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 24, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.

24. Transition Responsibilities. Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to
continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State’s designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State’s discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, “Transition Responsibilities”). This Contract will automatically be extended through the end of the transition period.

25. General Indemnification. Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor’s employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor’s employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); (d) any acts or omissions of Contractor (or any of Contractor’s employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (e) any acts or omissions of Contractor (or any of Contractor’s employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State’s written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

26. Infringement Remedies. If, in either party’s opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor’s charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

27. Limitation of Liability. The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

28. Disclosure of Litigation, or Other Proceeding. Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, “Proceeding”) involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor’s viability or financial stability; or (2) a governmental or public entity’s claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

29. Reserved.

30. State Data.

a. Ownership. The State’s data (“State Data,” which will be treated by Contractor as Confidential Information) includes: (a) the State’s data collected, used, processed, stored, or generated as the result
of the Contract Activities; (b) personally identifiable information ("PII") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual’s social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother’s maiden name, email address, credit card information, or an individual’s name in combination with any other of the elements here listed; and, (c) personal health information ("PHI") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.

b. **Contractor Use of State Data.** Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor’s own purposes or for the benefit of anyone other than the State without the State’s prior written consent. This Section survives the termination of this Contract.

c. **Extraction of State Data.** Contractor must, within five (5) business days of the State’s request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.

d. **Backup and Recovery of State Data.** Unless otherwise specified in Exhibit A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Exhibit A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.

e. **Loss of Data.** In the event of any act, error or omission, negligence, misconduct, or breach that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State’s sole election, (i) notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within 5 calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) without limiting Contractor’s obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys’ fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (g) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and, (h) provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, and contain, at a minimum: name and contact information of Contractor’s representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. This Section survives the termination of this Contract.
31. **Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.

a. **Meaning of Confidential Information.** For the purposes of this Contract, the term “Confidential Information” means all information and documentation of a party that: (a) has been marked “confidential” or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked “confidential” or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked “confidential” or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term “Confidential Information” does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party’s proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

b. **Obligation of Confidentiality.** The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor’s responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State’s Confidential Information in confidence. At the State’s request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.

c. **Cooperation to Prevent Disclosure of Confidential Information.** Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

d. **Remedies for Breach of Obligation of Confidentiality.** Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.

e. **Surrender of Confidential Information upon Termination.** Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party’s possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party.

32. **Data Privacy and Information Security.**

a. **Undertaking by Contractor.** Without limiting Contractor’s obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against
unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.

b. Audit by Contractor. No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.

c. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.

d. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.

e. State’s Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

33. Reserved.

34. Reserved.

35. Records Maintenance, Inspection, Examination, and Audit. The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain, and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("Audit Period"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

36. Warranties and Representations. Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; and (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 22, Termination for Cause.

37. Conflicts and Ethics. Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of
impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

38. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.

39. **Reserved.**

40. **Reserved.**

41. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and thePersons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.

42. **Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.

43. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens.* Contractor must appoint agents in Michigan to receive service of process.

44. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.

45. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.

46. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties’ respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties’ senior executive and either concludes that resolution is unlikely, or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State’s right to terminate the Contract.

47. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.

48. **Website Incorporation.** The State is not bound by any content on Contractor’s website unless expressly incorporated directly into this Contract.

49. **Order of Precedence.** In the event of a conflict between the terms and conditions of the Contract, the exhibits, a purchase order, or an amendment, the order of precedence is: (a) the purchase order; (b) the amendment; (c) Exhibit A; (d) any other exhibits; and (e) the Contract.
50. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.

51. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.

52. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.

53. **Entire Contract and Modification.** This Contract is the entire agreement and replaces all previous agreements between the parties for the Contract Activities. This Contract may not be amended except by signed agreement between the parties (a "Contract Change Notice").
Exhibit 1
Security Requirements

On award of the Contract, the Contractor must comply with State and Federal statutory and regulatory requirements, and rules; National Institute of Standards and Technology (NIST) publications; Control Objectives for Information and Related Technology (COBIT); all other industry specific standards; national security best practices and all requirements herein.

The Contractor must perform annual testing of all security control requirements to determine they are working as intended. Annual certification must be provided in writing to the Contract Compliance Inspector (CCI) or designee in the form of a SSAE16 or similar audit report, or as requested by the CCI.

A. Governing Security Standards and Publications

1. The State of Michigan information is a valuable asset that must be protected from unauthorized disclosure, modification, use, or destruction. Prudent steps must be taken to ensure that its integrity, confidentiality, and availability are not compromised.

   The Contractor must collect, process, store, and transfer Department of Treasury personal, confidential or sensitive data in accordance with the contractual agreement, State of Michigan policies and the laws of the State of Michigan and the United States, including but is not limited to the following:

   1. The Michigan Identity Theft Protection Act, MCL 445.61 et seq;
   2. The Michigan Social Security Number Privacy Act, MCL 445.82 et seq.
   3. Family Educational Rights and Privacy Act
   4. National Institute of Standards and Technology 800-53 v4

   Note: Contractor has its own architecture and although there is some overlap, Contractor uses some products other than those requested in the Michigan IT standards. Contractor meets Hardening Standards with NIST. Exceptions to the Michigan information technology standards are noted in Exhibit 3.

B. Security Risk Assessment

   The Contractor must conduct assessments of risks and identify the damage that could result from unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems that support the operations and assets of the Department of Treasury. Security controls should be implemented based on the potential risks. The Contractor must ensure that reassessments occur whenever there are significant modifications to the information system and that risk assessment information is updated.

C. System Security Plan

   The Contractor must develop, document, and implement a security plan that provides detailed security controls implemented in the information system. If a security plan does not exist, the contractor shall provide a description of the security controls planned for implementation. The security plan must be reviewed periodically and revised to address system/organizational changes or problems.

D. Network Security

   The Contractor is responsible for the security of and access to Department of Treasury data, consistent with legislative or administrative restrictions. Unsecured operating practices, which expose other connected networks to malicious security violations, are not acceptable. The Contractor must
coordinate with the Michigan Department of Technology, Management and Budget to enter the proper pointers into the State of Michigan infrastructure.

E. **Data Security**

The Contractor has the responsibility to protect the confidentiality, integrity, and availability of State of Michigan data that is generated, accessed, modified, transmitted, stored, disposed, or used by the system, irrespective of the medium on which the data resides and regardless of format (such as in electronic, paper or other physical form).

The Contractor must:

1. process the personal data in accordance with the personal data protection laws of the State of Michigan and the United States.

2. have in place appropriate technical and organizational internal and security controls to protect the personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, and which provide a level of security appropriate to the risk represented by the processing and the nature of the data to be protected. Technical and organizational security controls must be implemented that are appropriate to the risks, such as against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, presented by the processing.

3. provide secure and acceptable methods of transmitting personal, confidential or sensitive information over telecommunication devices such as data encryption (128 bit minimum), Secure Socket Layer (SSL), dedicated leased line or Virtual Private Network (VPN).

4. supply the Department of Treasury, Security Division with information associated with security audits performed in the last three years.

A. 5. have in place procedures so that any third party it authorizes to have access to the personal data, including processors, will respect and maintain the confidentiality, integrity, and availability of the data.

B. 6. process the personal, confidential and sensitive data only for purposes described in the contract.

7. identify to the Department of Treasury a contact point within its organization authorized to respond to enquiries concerning processing of the personal, confidential or sensitive data, and will cooperate in good faith with the Department.

8. not disclose or transfer the personal, confidential or sensitive data to a third party unless it is approved under this contract.

9. not use data transferred by the Department of Treasury as a result of this contract for marketing purposes.

F. **Media Protection**

1. The Contractor must implement measures to provide physical and environmental protection and accountability for tapes, diskettes, printouts, and other media containing Department of Treasury's personal, confidential and sensitive information to prevent the loss of confidentiality, integrity, or availability of information including data or software, when stored outside the system. This can include storage of information before it is input to the system and after it is output.

2. The Contractor must ensure that only authorized users have access to information in printed form or on digital media removed from the information system, physically control and securely store information media, both paper and digital, restrict the pickup, receipt, transfer, and delivery of such media to authorized personnel.
G. Media Destruction and Disposal

1. The Contractor must sanitize or destroy information system digital media containing personal, confidential or sensitive information before its disposal or release for reuse to prevent unauthorized individuals from gaining access to and using information contained on the media.

2. Personal, confidential or sensitive information must be destroyed by burning, mulching, pulverizing or shredding. If shredded, strips should not be more than 5/16-inch, microfilm should be shredded to affect a 1/35-inch by 3/8-inch strip, and pulping should reduce material to particles of one inch or smaller.

3. Disk or tape media must be destroyed by overwriting all data tracks a minimum of three times or running a magnetic strip over and under entire area of disk at least three (3) times. If the CD, DVD or tape cannot be overwritten it must be destroyed in an obvious manner to prevent use in any disk drive unit and discarded. Hand tearing, recycling, or burying information in a landfill are unacceptable methods of disposal. Electronic data residing on any computer systems must be purged based on retention periods required by the Department of Treasury.

H. Access Control

The Contractor must limit information system access to authorized users, processes acting on behalf of authorized users, or devices (including other information systems) and to the types of transactions and functions that authorized users are permitted to exercise. Access must be immediately removed when a staff changes job duties or leaves the employment.

Authentication Process

Authentication is the process of verifying the identity of a user. Authentication is performed by having the user enter a user name and password in order to access the system.

To help protect information from unauthorized access or disclosure, users must be identified and authenticated per the table below prior to accessing confidential or sensitive information, initiating transactions, or activating services.

Publicly available information such as the mother's maiden name, birth date, and address as the sole authenticator is not a secure means of authentication and should not be used.

Automatic user logons are prohibited. Device-to-device logons must be secured (preferably using client certificates or password via tunneled session). For certain implementations, source restrictions (sign-on can occur only from a specific device) provide a compensating control, in addition to the ID and password.

Authentication information (e.g., a password or PIN) must never be disclosed to another user or shared among users.

The authentication process is limited to three (3) unsuccessful attempts and must be reinstated by the authorized personnel (preferably the System security Administrator). User accounts should be systematically disabled after 90 days of inactivity and must be deleted after 1 year of inactivity.

Password Requirements

The purpose of a password is to authenticate a user accessing the system and restrict use of a userID only to the assigned user. To the extent that the functionality is supported within the technology or product, the controls listed must be implemented.

These following controls or content rules apply at any point where a new password value is to be chosen or assigned. These rules must be enforced automatically as part of a new password content checking process:
<table>
<thead>
<tr>
<th>Password Property</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Length</td>
<td>8 characters with a combination of alpha, numeric and special characters</td>
</tr>
</tbody>
</table>
| Composition                              | • At least two numeric characters (0 through 9), neither of which may be at the beginning or the end of the password  
• A combination of two upper (A through Z) and lower case (a through z) letters  
• Special characters (!, @, #, $, %, ^, &, *, (, ), +, =, /, <, >, ?, ,, ;, )  
• UserID in password is not allowed |
| Expiration Requirement (Maximum Password Age): | 90 days                                      |
| Revocation                               | Passwords should be revoked after three (3) failed attempts. (Treasury strongly supports password revocation after three failed attempts if system allows) Passwords should be systematically disabled after 90 days of inactivity to reduce the risk of compromise through guessing, password cracking or other attack and penetration methods. |
| Temporary passwords                      | • Must be randomly chosen or generated  
• System must force the user to change the temporary password at initial login |
| Change process                           | System must force user to:  
• Confirm their current password/PIN,  
• Reenter current password/PIN  
• Create a new password/PIN  
• Reenter new password/PIN  
System must prevent users from being able to consecutively change their password value in a single day (The goal is to prevent recycling through password history records to reuse an earlier-used password value) |
| Login process                            | Password/PIN must not appear on the screen during the login process (The exception to this is during selection of a machine-generated password). |
| Encryption of passwords/PINs             | Passwords must be stored and transmitted with a minimum of 128-bit encryption. Passwords must be masked when entered on any screen |
| Compromise of password/PIN               | Must be changed immediately |
| Forgotten password/PIN                    | Must be reset by authorized person (system Security Administrator) |
| Current user password/PIN                | Must not be maintained or displayed in any readable format on the system |
| Audit logs                               | Maintain a record of when a password was changed, deleted, or revoked. The audit trail shall capture all unsuccessful login and authorization attempts for a one year period. |
| Password history                         | Keep a password history and perform a check against the history to verify the password has not been used for a minimum |
| Privileged account access (e.g. supervisor or root) | Security administrator must change the password for that account immediately when user changes responsibilities |

I. System Security Application Control

Application controls apply to individual computer systems and may include such controls as data origin, input controls, processing controls, output controls, application access controls, application interfaces, audit trail controls, and system documentation. Application controls consist of mechanisms in place over each separate computer system to ensure authorized data is processed completely, accurately, and reliably. The contractor is responsible for ensuring application controls are in place and functioning properly within their organization. Ongoing testing and reporting of controls must be part of the business process in order to have a solid understanding of risks, strengths and weaknesses. A comprehensive solution is required to ensure that business critical applications are handled efficiently and are prioritized. Dynamic recovery procedures and fail over facilities shall be incorporated into the scheduling process whenever possible; and where manual processes are needed, extensive tools must be available to minimize delays and ensure critical services are least impacted.

J. System Auditing

The Contractor must (i) create, protect, and retain information system audit log records to the extent needed to enable the monitoring, analysis, investigation, and reporting of unlawful, unauthorized, or inappropriate information system activity, and (ii) ensure that the actions of individual information system users can be uniquely traced to those users so they can be held accountable for their actions.

The Contractor must observe the following guidelines regarding system auditing:

1. Audit record should contain the following:
   a. date and time of the event
   b. subject identity
   c. type of event
   d. how data changed
   e. where the event occurred
   f. outcome of the event.

2. System alerts if audit log generation fails

3. System protects audit information from unauthorized access

4. Audit record should be reviewed by individuals with a “need to know” on a regular basis

5. Audit logs are retained for sufficient period of time.

K. Configuration Control and Management

The configuration management policy and procedures must be consistent with applicable federal laws, directives, policies, regulations, standards and guidance.

L. Incident Reporting

1. The Contractor must notify any security incidents and/or breaches to the CCI within 24 hours and incidents threatening aspects of physical or financial security relevant to this contract and the systems which support it within 24 hours. [see Exhibit 2, Form 4621 What is an Incident? (brochure)].
2. The Contractor must have a documented and implemented Incident Response Policy and Procedure

3. The Contractor must have an incident handling form for consistent, repeatable process for monitoring and reporting when dealing with incidents.

4. The Contractor must have an incident response resource identified to assist users in handling and reporting incidents.

5. Personnel trained in their incident response roles and responsibilities at least annually.

M. Physical and Environmental Security

The Contractor must have established physical and environmental security controls to protect systems, the related supporting infrastructure and facilities against threats associated with their physical environment.

1. The Contractor must have established environmental protection for magnetic and other media from fire, temperature, liquids, magnetism, smoke, and dust.

2. The Contractor must control all physical access points to facilities containing information systems (except those areas within the facilities officially designated as publicly accessible), review physical security logs periodically, investigate security violations or suspicious physical access activities, and initiate remedial actions.

3. The Contractor must periodically review the established physical and environmental security controls to ensure that they are working as intended.

N. Disaster Recovery and Business Continuity Plan

The Contractor must have developed, periodically update, and regularly test disaster recovery and business continuity plans designed to ensure the availability of Department of Treasury’s data in the event of an adverse impact to the contractors information systems due to a natural or man-made emergency or disaster event.

O. Security Awareness Training

The Contractor must ensure their staff having access to Treasury information are made aware of the security risks associated with their activities and of applicable laws, policies, and procedures related to security identified in Section A of this document, and ensuring that personnel are trained to carry out their assigned information security related duties.

Contracted employees must obtain Department of Treasury provided security awareness training. (On-line training to be identified by the CCI).

P. Web Application Security

The Contractor shall have established adequate security controls for web application(s) to provide a high level of security to protect confidentiality and integrity of personal, confidential and sensitive data. The controls include, but are not limited to:

1. Secure coding guidelines to ensure that applications are not vulnerable to, at a minimum, the following:
   - Injection flaws, particularly SQL injection, OS command injection, LDAP and Xpath injections
   - Buffer overflow
   - Insecure cryptographic storage
   - Insecure communications
   - Improper error handling
- Cross-site scripting (XSS)
- Improper Access Control (such as insecure direct object references, failure to restrict URL access, and directory traversal)
- Cross-site request forgery (CSRF).

2. Authentication
3. Authorization and access control
4. Web application and server configuration (e.g., patch management, deletion of unnecessary services, separation of the operating system and the web server)
5. Session management (e.g., randomly generate unique session IDs, encrypt sessions, enforce session expiration date, establish time-out setting for inactive session)
6. Input validation (e.g., avoid shell commands, system calls, and malicious codes),
7. Encryption (e.g., personal, confidential and sensitive data, encryption keys, passwords, shared secret),
   a. The system shall use SSL (128 bit or higher) for secure communication between the user's browser and the system. SSL will be utilized for:
      i. Log-on process (authentication information - UserID and passwords)
      ii. Specific field in the HTML forms and links (URLS) within the pages.
      iii. Cookies
      iv. Session id
      v. Confidential and sensitive data files
      vi. Encryption keys, certificates, and passwords
8. Audit logs (e.g., all authentication and authorization events, logging in, logging out, failed logins).
Exhibit 2
Form 4621, What Is An Incident (Brochure)

What is an Incident?
What is a Security Breach?

What must I do?
How should it be handled?

What is an Incident?
An incident is any event threatening some aspects of physical or financial security, when financial resources or items valued at $100 or more are missing or misused, any event violating confidentiality or privacy of information, where data is manipulated or missing, or any event involving unauthorized or unlawful activity.

Examples of Incidents:
• Missing computer equipment containing non-personal information.
• Missing briefcase that contains non-personal information.

Examples of Material Incidents:
• Missing laptop computer or other mobile device, portable media or paper records that do not contain Treasury personal information but do contain confidential or sensitive information.
• Missing warrant stock.

What makes an incident a Security Breach?
An incident becomes a security breach when an unauthorized person gains access to or acquires:
1. Unencrypted or redacted (data not altered or truncated) personal information, or
2. The encryption key to an area storing personal information.

Beware: If personal information is discovered during the investigative process, an incident will become a potential security breach.

Examples of a Potential/Actual Security Breach:
• Missing laptop computer or other mobile device, or portable media that contains Treasury personal information.
• Missing paper records that contain personal information.
3. Complete Parts 1 and 2 of Incident Report (Form 4000*). This form is available on Treasury’s Intranet.
4. Forward the Incident Report (with attached police report if applicable) to immediate supervisor and a copy to Treasury’s Security Division.

**Management Staff must:**
1. Report the incident immediately through the chain of command to the Treasury Division Administrator and the Security Division, if unreported. If personal information is involved, follow the guidelines for Security Breach.

**Exception:** If another state agency/governmental entity, report incident to Treasury Disclosure Officer, Technical Services Division and the Security Division. If contractor or vendor, report incident to Contract Compliance Inspector and Security Division.
2. The Division Administrator must notify the Bureau Director if it is a material incident or involves non-Treasury information.
3. The Bureau Director must notify the other entity immediately.
4. The Division Administrator must inform the Department of Information Technology (DIT) Agency Services (Treasury) Director right away if incident involves information technology resources.
5. Notify other Treasury divisions/offices that may be affected or should be involved with investigation.
6. The Disclosure Office must notify the IRS Office of Safeguards if Federal tax information is involved.
7. Investigate and resolve the incident.
8. Prepare the final form 4000 and submit it to Treasury’s Security Division.

**What should I do if I witness, discover, or am informed of a potential security breach?**

**Employee must:**
1. Report the security breach immediately (no later than beginning of the next business day) to immediate supervisor.
2. Complete Parts 1 and 2 of Form 4000.
3. Forward the Incident Report (with attached police report if applicable) to immediate supervisor and a copy to Treasury’s Security Division.

**Management Staff must:**
1. If the breach is ongoing, CONTAIN IT.
2. Report the potential breach immediately through the chain of command to the Bureau Director or Deputy Treasurer, whichever is applicable.
3. The Bureau Director or the Deputy Treasurer, whichever is applicable, notify the Chief Deputy Treasurer immediately if a breach involving a database of personal information.
4. The Bureau Director must notify the other entity if the potential breach involves non-Treasury information.
5. The Division Administrator must inform the DIT Agency Services (Treasury) Director right away if incident involves information technology resources and personal information.
6. The Disclosure Office must notify the IRS Office of Safeguards if Federal tax information is involved.
7. Converse appropriate personnel so the scope of the breach can be determined and a plan for appropriate action can be agreed upon.

**Note:** If a database of personal information is involved, the Chief Deputy Treasurer must approve the Plan of Action.
8. If appropriate, issue breach notifications by telephone, in writing, on the Web or by email.
9. Notify the three major credit bureaus of the breach if more than 1,000 residents of the State of Michigan will receive or have received breach notifications.
10. Prepare the final form 4000 and submit it to Treasury’s Security Division.

*Another entity may substitute its internal form for form 4000 if pertinent information is included.

**Treasury must protect personal information against risks such as unauthorized access, modification or loss with reasonable security safeguards.** Some safeguards are:

- Do not store confidential, personal or sensitive Treasury information on mobile devices or portable media (including laptops, notebooks, memory sticks, CDs, DVDs, floppies) unencrypted: ENCRYPT files or the full disk. (Refer to DIT Standard 1340, Storing and Managing Personal
### Exhibit 3
**Michigan Information Technology Standards Exceptions**

The Contractor’s security standards meet all the State of Michigan Information Technology Standards with the exception of the specific items noted below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Standard Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Client and Office Suite</strong></td>
<td>NSLP/Inceptia Standard</td>
</tr>
<tr>
<td>Office Suite</td>
<td>Mozilla Firefox 38.2.1, Google Chrome, Adobe Acrobat DC</td>
</tr>
<tr>
<td><strong>Collaboration Portal Technology</strong></td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>SharePoint 365</td>
</tr>
<tr>
<td>Collaboration – Audio Conferencing</td>
<td>Citrix Goto Meeting</td>
</tr>
<tr>
<td>Document Management</td>
<td>SharePoint 365</td>
</tr>
<tr>
<td><strong>Data and Development Technology</strong></td>
<td></td>
</tr>
<tr>
<td>Database</td>
<td>MySQL</td>
</tr>
<tr>
<td>Database Tools</td>
<td>MySQL Workbench 6.3</td>
</tr>
<tr>
<td>Reporting Tools</td>
<td>Jasper Reports</td>
</tr>
<tr>
<td>Version Control</td>
<td>MS Team Foundation Server 2008, Git</td>
</tr>
<tr>
<td><strong>Platform Technologies</strong></td>
<td></td>
</tr>
<tr>
<td>Server Platform</td>
<td>Dell PowerEdge various generations, HP Proliant various generations</td>
</tr>
<tr>
<td><strong>Service Automation Technologies</strong></td>
<td></td>
</tr>
<tr>
<td>Job Schedulers</td>
<td>SCCM 2012R2</td>
</tr>
<tr>
<td>Monitoring Tools</td>
<td>SCCM 2012R2, WSUS Services, OpenNMS 1.15, Solarwinds Log &amp; Event Monitoring</td>
</tr>
<tr>
<td><strong>Storage and Backup Technologies</strong></td>
<td></td>
</tr>
<tr>
<td>Backup Management Software</td>
<td>CA Arcserv 16.x</td>
</tr>
<tr>
<td>Enterprise Fiber Channel Disk</td>
<td>HP SAN P2000G</td>
</tr>
<tr>
<td>Tape Libraries/Backup Storage</td>
<td>HP/Compaq MSL5000</td>
</tr>
</tbody>
</table>
Addendum

Mid Michigan Community College Addendum to State of Michigan Notice of Contract NO. 271B6600005

This Addendum modifies the State of Michigan Notice of Contract NO. 271B6600005 executed on April 1, 2016 (attached).

THIRD PARTY SERVICING PROVISIONS

For all services provided by Inceptia to School under this Contract in which Inceptia is acting as a third-party servicer as defined in 34 C.F.R. §668.2 (as may be amended from time to time) the following provisions shall specifically apply:

a) Inceptia shall comply with all statutory provisions of or applicable to Title IV of the Higher Education Act of 1965, as amended (HEA), all regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, limitations, suspensions, and terminations entered into under the authority of statutes applicable to Title IV of the HEA, including the requirement to use any funds that Inceptia administers under any Title IV, HEA program and any interest or other earnings thereon solely for the purposes specified in and in accordance with that program and including the requirement that Inceptia file independent compliance audits as described under 34 C.F.R. § 668.23.

b) Inceptia acknowledges its obligation to refer to the Office of Inspector General of the Department of Education for investigation any information indicating there is reasonable cause to believe that the School may have engaged in fraud or other criminal misconduct in connection with the School's administration of any Title IV, HEA program or an applicant for Title IV, HEA program assistance who may have engaged in fraud or other criminal misconduct in connection with his or her application. Examples of the type of information required to be reported can be found at 34 C.F.R. §668.25(c)(2), as may be further amended from time to time.

c) The parties acknowledge and agree that both Inceptia and the School shall be jointly and severally liable to the Secretary for any violation by Inceptia acting as a third-party servicer of any statutory provision of or applicable to Title IV of the HEA, any regulatory provision prescribed under that statutory authority, and any applicable special arrangement, agreement, or limitation entered into under the authority of statutes applicable to Title IV of the HEA.

d) The parties acknowledge that if Inceptia or School terminates the contract, or if Inceptia stops providing services for the administration of a Title IV, HEA program, goes out of business, or files a petition under the Bankruptcy Code, Inceptia will return to the School all records in its possession pertaining to the School's participation in the program or programs for which services are no longer provided. However, Inceptia will not be obligated to destroy or erase Documentation contained in an archived computer system backup made in accordance with its security and/or disaster recovery procedures, provided that such archived copy will eventually be erased or destroyed in the ordinary course of data processing procedures and will remain fully subject to the obligations of confidentiality stated in this Agreement, until the earlier of the destruction of such copy or the expiration of the confidentiality obligations set out in this Agreement.

e) To the extent any provision of the other portions of the State of Michigan Notice of Contract NO. 271B6600005 may conflict with this Addendum, the terms of this Addendum shall govern.
IN WITNESS WHEREOF, the parties have executed this Addendum as of the Effective Date below.

Mid Michigan Community College,
an institution of higher education

By: Lillian Frick
   Name: Lillian Frick
   Title: Lillian Frick
   Date: 

NEBRASKA STUDENT LOAN PROGRAM, INC.,
d/b/a Inceptia, National Student Loan Program
and/or NSLP, a Nebraska nonprofit corporation

By: __________________________
   Randy Heesacker
   President and CEO
   Date: October 12, 2016
Hi Gale: Here is the pricing estimate for a December 19th start date:


**Grace Counseling Repayment Outreach Pricing** - $3.95 Per Account Loaded  
Default Prevention Outreach  
**Default Prevention Outreach Outcome Price** - 5.95 Load Fee  
$25.00 Per Account Resolved Fee  
**Financial Avenue** $5,000.00 Financial Avenue unlimited access (FREE with MiDeal)

**Annual Estimate for Contract**  
Grace Counseling Outreach $8,400.00  
Default Prevention Outreach - Extended Outcome $31,900.00  
Financial Avenue (Literacy) $Free

Total for ALL services is $40,300

Thanks, Matt

Matt Nettleton  
Strategic Business Director
November 4, 2016

LouAnn Goodwin
Mid Michigan Community College
Address: 1375 S. Clare Ave
Harrison, MI 48625
PH: (989) 386-6646
E-Mail: lrgoodwin@midmich.edu

Dear LouAnn,

Thank you for the opportunity to send you this quote.

Pricing for the PBU-50(T) and PBU-60(T) full body phantoms is as follows.

<table>
<thead>
<tr>
<th>Item #</th>
<th>Description</th>
<th>Your Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBU-50</td>
<td>PBU-50 Full Body X-Ray Phantom - Translucent - Made by Kyoto</td>
<td>$ 26,040</td>
</tr>
<tr>
<td>PBU-50T</td>
<td>PBU-50 Full Body X-Ray Phantom - Opaque - Made by Kyoto</td>
<td>$ 29,760</td>
</tr>
<tr>
<td>PBU-60</td>
<td>PBU-60 Full Body X-Ray &amp; CT Phantom - Translucent - Made by Kyoto</td>
<td>$ 36,735</td>
</tr>
<tr>
<td>PBU-60T</td>
<td>PBU-60 Full Body X-Ray &amp; CT Phantom - Opaque - Made by Kyoto</td>
<td>$ 40,455</td>
</tr>
<tr>
<td>41363-010</td>
<td>Optional Aluminum Storage &amp; Transport Cases for PBU-50(T) or PBU-60(T)</td>
<td>$ 1,900</td>
</tr>
</tbody>
</table>

Shipping via standard ground services within the Continental 48 States is included in the price.

Please be advised that all disarticulating phantoms are held together with nylon screws. If a nylon screw is over tightened they will stretch off and break inside the phantom. Only tighten them until resistance is first felt then stop.

If a credit card is used for payment there will be a 3% convenience fee on the order. Supertech is able to accept payment via check without additional charges. Credit terms to be determined prior to ordering.

The pricing provided in this quote will be valid for 30 days from today’s date of November 4, 2016.

Please feel to give us a call, or send an e-mail if there are any questions.

Best regards,

//Chris

Christopher Mell
Sales & Customer Support
Christopher@supertechx-ray.com
Agenda Item V-D: Academic Calendar Revision

Board Consideration: Action

Background:

Executive Dean Barnes will present the revision to the Academic Calendar approved by the Board at the September 1, 2015 meeting.

The attached calendar has the corrected dates surrounding the winter break to be in compliance with the ESPA contract (Article 9, Item L) which states:

- **Paid Holidays**: The following are recognized holidays with pay by the College:
  - Easter Sunday (for those employees scheduled to work)
  - Memorial Day
  - Independence Day
  - Labor Day
  - Thanksgiving Day
  - The Day after Thanksgiving
  - Christmas Eve Day
  - If the College is not closed, Christmas Day and New Year’s Day shall be considered paid holidays.

  Whenever one of these holidays falls on a Saturday, time off with pay shall be allowed all employees normally scheduled to work on the preceding Friday; and whenever one of these holidays falls on a Sunday, the subsequent Monday shall be allowed.

  Hours worked on holidays will be paid at time and a half the amount of the hourly rate of the employee’s regular salary, in addition to their regular salary.

Recommendation:

It is recommended the Board approve the revised academic calendar as presented.
<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FALL SEMESTER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classes Begin</td>
<td>S, Aug 29</td>
<td>S, Aug 27</td>
<td>S, Aug 26</td>
<td>S, Aug 25</td>
</tr>
<tr>
<td>Labor Day Holiday – College Closed</td>
<td>M, Sep 7</td>
<td>M, Sep 5</td>
<td>M, Sep 4</td>
<td>M, Sep 3</td>
</tr>
<tr>
<td>Faculty Inservice – No Classes</td>
<td>W, Nov 25</td>
<td>W, Nov 23</td>
<td>W, Nov 22</td>
<td>W, Nov 21</td>
</tr>
<tr>
<td>Thanksgiving Holiday – College Closed</td>
<td>Th, Nov 26</td>
<td>Th, Nov 24</td>
<td>Th, Nov 23</td>
<td>Th, Nov 22</td>
</tr>
<tr>
<td>Classes End</td>
<td>F, Dec 18</td>
<td>F, Dec 16</td>
<td>F, Dec 15</td>
<td>F, Dec 14</td>
</tr>
<tr>
<td>Winter Break – College Closed</td>
<td>Dec 24-Jan 3</td>
<td>Dec 23-Jan</td>
<td>Dec 23-Jan 1</td>
<td>Dec 22-Jan 1</td>
</tr>
<tr>
<td><strong>WINTER SEMESTER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classes Begin</td>
<td>S, Jan 9</td>
<td>S, Jan 7</td>
<td>S, Jan 6</td>
<td>S, Jan 5</td>
</tr>
<tr>
<td>Spring Break Begins – No Classes</td>
<td>S, Mar 5</td>
<td>S, Mar 4</td>
<td>S, Mar 3</td>
<td>S, Mar 2</td>
</tr>
<tr>
<td>Classes Resume</td>
<td>S, Mar 12</td>
<td>S, Mar 11</td>
<td>S, Mar 10</td>
<td>S, Mar 9</td>
</tr>
<tr>
<td>Faculty Inservice – No Classes</td>
<td>W, Mar 30</td>
<td>W, Mar 29</td>
<td>W, Mar 28</td>
<td>W, Mar 27</td>
</tr>
<tr>
<td>No Classes-College Closes at Noon</td>
<td>F, Mar 25</td>
<td>F, Apr 14</td>
<td>F, Mar 30</td>
<td>F, Apr 19</td>
</tr>
<tr>
<td>Classes End</td>
<td>F, May 6</td>
<td>F, May 5</td>
<td>F, May 4</td>
<td>F, May 3</td>
</tr>
<tr>
<td>Commencement</td>
<td>S, May 7</td>
<td>S, May 6</td>
<td>S, May 5</td>
<td>S, May 4</td>
</tr>
<tr>
<td><strong>SPRING SEMESTER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classes End (6 wk)</td>
<td>F, Jun 24</td>
<td>F, Jun 23</td>
<td>F, Jun 22</td>
<td>F, Jun 21</td>
</tr>
<tr>
<td>Independence Day – No Classes</td>
<td>M, Jul 4</td>
<td>T, Jul 4</td>
<td>W, Jul 4</td>
<td>Th, Jul 4</td>
</tr>
<tr>
<td>Classes End (12 wk)</td>
<td>F, Aug 5</td>
<td>F, Aug 4</td>
<td>F, Aug 3</td>
<td>F, Aug 2</td>
</tr>
</tbody>
</table>
Agenda Item V-E: Benefit Update

Board Consideration: Action

Background:

At the November 4, 2014 Board of Trustees meeting, the Board acted to fund the deductible for Medicare eligible employees by: “provide a cash payment that will be taxed, and therefore ‘grossed up’ so employees who have reached the age of eligibility for Medicare, and no longer qualify for a Health Savings Account, still have their deductible amount funded in full by the college”.

It has come to the administrations attention that such pay amounts must be made through a Health Reimbursement Account (HRA). The attached resolution emulates that change. The technical details have been reviewed by Vice President Frick and are provided for ease of reference.

Recommendation:

It is recommended the Board approve Formal Record of Action resolution.
The following is a formal record of action taken by the governing body of Mid Michigan Community College (the "Company").

With respect to the adoption of the Mid Michigan Community College HRA Plan (the "Plan"), the following resolutions are hereby adopted:

**RESOLVED:** That the Plan be adopted in the form attached hereto, which Plan is hereby adopted and approved;

**RESOLVED FURTHER:** That the appropriate officers of the Company be, and they hereby are, authorized and directed to execute the Plan on behalf of the Company;

**RESOLVED FURTHER:** That the officers of the Company be, and they hereby are, authorized and directed to take any and all actions and execute and deliver such documents as they may deem necessary, appropriate or convenient to effect the foregoing resolutions including, without limitation, causing to be prepared and filed such reports, documents or other information as may be required under applicable law.

Dated this _______ day of ________________, 2016.

________________________________________

________________________________________

________________________________________

V-3.00

Copyright 2002-2016 Kushner & Company
KUSHNER & CO., INC.
CLIENT CONSULTING AND ADMINISTRATIVE SERVICES AGREEMENT

Coversheet of Key Terms

Client: Mid Michigan Community College
Kushner: Kushner & Co., Inc.

Effective Date: January 1, 2017

Initial Term: Twelve (12) months from the Effective Date as more fully explained in the terms and conditions of this Agreement.

Confidentiality Note: As is more fully explained in the terms and conditions of this Agreement, all information shared between and/or among the parties shall be kept fully confidential to the maximum extent allowable, including full compliance with HIPAA (as defined in the Agreement) confidentiality and information security requirements, as necessary. See, Section 7 for further reference.

Consulting Services (Check all that apply):

☐ Kushner & Company Consulting.

Administrative Services:

☒ Health and Welfare Benefit Plans
☐ Flexible Spending Account Administration
☒ Health Reimbursement Account Administration
☐ Health Savings Account Administration
☐ COBRA Administration
☐ Benefits Enrollment
☐ Other:

☐ Retirement Plans
☐ Qualified Retirement Plan Administration
☐ Non-Qualified Retirement Plan Administration

Exhibits:

A. Client Identification
B. Third Party Service Providers
C. Fee Schedule/Proposal
CLIENT
CONSULTING AND ADMINISTRATIVE SERVICES AGREEMENT

This Client Consulting and Administrative Services Agreement ("Agreement") is entered into as of January 1, 2017 ("Effective Date"), by and among Kushner & Co., Inc., a Michigan corporation ("Kushner"), and the other undersigned entity or entities identified on the attached Exhibit A ("Client").

RECITALS

A. Kushner is an established HR and organizational consulting and administration company, experienced in providing HR and organizational consulting and administration to entities, such as Client.

B. The Client desires to retain Kushner to provide the HR consulting and administration services identified herein and Kushner is willing to provide such services, either directly or under Kushner's supervision.

NOW, THEREFORE, the parties agree as follows:

1. Retention.

1.1. The Client retains Kushner to perform the Services pursuant and subject to the terms and conditions set forth in this Agreement. Kushner will devote the necessary time and energy to such services, and will provide services under this Agreement with the same degree of care normally exercised by other companies under similar circumstances.

2. Initial Services.

2.1. Kushner shall provide the Client with the following services as indicated by the boxes checked below:

A. Consulting Services
   □ Consulting

B. ☒ Health and Welfare Benefit Plan Administration Services
   □ Flexible Spending Account Administration
   ☒ Health Reimbursement Account Administration
   □ Health Savings Account Administration
   □ COBRA Administration
   □ Benefits Enrollment
   □ Other:

C. Retirement Plan Administration Services
   □ Qualified Retirement Plan Administration
   □ Non-Qualified Retirement Plan Administration

To the extent that Kushner provides any of the above Services through a third-party service provider, the third-party service provider will be identified on Exhibit B.
2.2. **Additional Services.** The Client may request and Kushner may agree to provide certain services not indicated in Section 2.1 above, or otherwise in this Agreement, including certain professional consulting, administrative and other services, for which Kushner may charge the Client at its then-current hourly rate and provided by Kushner upon request by the Client.

3. **Client Responsibilities.**

3.1. **Information and Cooperation.** At all times during the Term, Client must provide to Kushner in a timely manner such information about Client’s employees and operations as Kushner deems reasonably necessary to perform the Services, and Client shall cooperate with and accurately and timely respond to reasonable requests for information by Kushner in the performance of the Services. Without limiting the generality of the foregoing, Client shall deliver to Kushner, on a timely and accurate basis and, if available to Client, in a format requested by Kushner all Client information relating to Client’s employees and the Client’s organization structure and ownership and this Agreement as may, from time to time, be reasonably requested by Kushner.

3.2. **Reliance on Client Information.** All information provided at any time by or at the direction of Client (through an agent or otherwise) to Kushner or its subcontractors (including, without limitation, information provided by Client prior to execution of this Agreement or during the Implementation phase) must be true, complete and accurate, and Kushner will be entitled to fully rely upon it. Kushner will not be obligated to verify the truth, completeness or accuracy of the information submitted to Kushner or its subcontractors by or at the direction of Client.

3.3. **Client Compliance Obligation.** At the time of execution of this Agreement, and at all times throughout the Term, Client must remain in compliance with all federal, state and local laws and regulations applicable to it or its business with respect to which a failure to comply would have any material impact on Kushner or its obligations under this Agreement.

3.4. **Client Responsibility for Employees and Agents.** Client is solely responsible for the acts, errors and omissions of Client’s employees in the conduct of Client’s business and, unless arising from the use of the Services, Kushner has no responsibility or liability for any losses, claims, damages, expenses, liabilities or obligations that arise as a result of the operation of Client’s business.

4. **Implementation and Administrative Fees.** The Client must pay Kushner Consulting and Administrative Fees as follows:

4.1. **Consulting and Administration Fees.**

A. **Net Due Upon Receipt.** As of the Effective Date, for all of the consulting and/or administrative services provided by Kushner to the Client indicated in Section 2, above, the Client must pay Kushner the consulting and/or administrative fees set forth in attached Exhibit C (the “Service Fees”), as invoiced in full, payable by the Client upon receipt of the invoice. Client’s failure to do so, if not remedied by Client in accordance with Section 3, may be treated by Kushner as a default under the Agreement.

B. **Kushner-Initiated ACH.** As of the Effective Date, for all of the consulting and/or administrative services provided by Kushner to the Client indicated in Section 2, above, the Client must pay Kushner the consulting and/or administrative fees set forth in attached Exhibit C (the “Service Fees”), payable by ACH withdrawal on a monthly basis within 10 calendar days after the Client’s receipt of an electronic invoice for such services. Kushner will deliver to Client an electronic invoice for the monthly Service Fee for the immediately preceding Billing Period via the Client’s last known e-mail address. Client authorizes an ACH withdrawal to be made not earlier than the 10th day after the delivery of the electronic invoice for the full undisputed amount of the applicable monthly Service Fee from a bank account of Client designated by Client.
Client agrees to deposit in Client’s Bank Account on a timely basis available funds in an amount sufficient to pay the monthly Service Fee on the date scheduled for the ACH debit, and Client’s failure to do so, if not remedied by Client in accordance with Section 3, may be treated by Kushner as a default under the Agreement.

4.2. Out-of-Pocket Expenses. In addition to the Consulting and Administration Fees, all out-of-pocket expenses, such as but not limited to mileage, travel, meals, hotels, photocopy and reproduction expenses, and legal consultation fees shall also be invoiced, and are due and payable upon receipt of the invoice. Client acknowledges and agrees that a ten (10) percent administrative charge shall also be added to each out-of-pocket expense.

4.3. Fee Disputes. The Client shall have the right to dispute any invoice, or any portion of an invoice, within five calendar days after the receipt of the electronic invoice, by email notice to Kushner with the subject line “Fee Dispute”, followed by hard copy notice pursuant to the notice provisions contained in this Agreement. In the event that the Client disputes a portion of an invoice, Client agrees to allow the ACH withdrawal by Kushner of the undisputed portion of the invoice in accordance with the terms of this Agreement. The parties shall use good faith and best efforts to resolve payment disputes in as timely a manner as possible. No interest or finance charges will be assessed to Client for the disputed portion of invoices while under dispute. The Client shall allow the ACH withdrawal by Kushner of the portion of an invoice formerly in dispute within 10 calendar days of the date of dispute resolution.

4.4. Annual Adjustment. The fee schedule contained in Exhibit C is subject to annual review by Kushner and the fees may be adjusted accordingly after the initial term of this Agreement. No less than 60 days prior to each anniversary of the Effective Date, Kushner may submit a revised fee schedule to Client for review and consideration. Client will have ten days from receipt of the revised fee schedule to terminate the Agreement for rejection of the revised fee schedule. If 30 days lapse after Client’s receipt of a revised fee schedule without acceptance or rejection by Client, Client will be deemed to have accepted the revised fee schedule.

5. Term and Termination.

5.1. Term. The initial term of this Agreement (“Initial Term”) will be for a period commencing as of the Effective Date and ending after the number of months or completion of the scope of service as stated on the Coversheet of this Agreement, unless terminated earlier as provided below. For any Administrative Services, after the Initial Term, this Agreement shall be renewed automatically for successive equal terms as stated on the Coversheet of this Agreement, unless either party gives the other party at least 90 days’ advance written notice of its intention to terminate this Agreement at the end of the then current term.

5.2. Termination by the Client. Notwithstanding any other provision of this Agreement, the Client may terminate this Agreement upon the occurrence of any of the following events:

A. Kushner defaults in the performance of any of its obligations under this Agreement and the default is not be cured within 30 days. Provided, however, if such default cannot reasonably be cured within 30 days, the Client may not terminate this Agreement if Kushner has commenced to cure the default within 30 days to the reasonable satisfaction of the Client and thereafter continues diligently to cure such default;

B. The filing by Kushner or against Kushner of any bankruptcy or similar financial reorganization, or if Kushner is deemed unable to pay its debts by a court of competent jurisdiction.

If at any time within the initial term or upon a renewal term, this Agreement is terminated (i) by the Client for any reason other than an express provision of the Agreement that authorizes the Client to provide Kushner with a notice of termination, or (ii) by Kushner due to an uncured Event of Default by the Client, Client must remit to Kushner a one-time lump-sum payment (the “Client Termination Fee”). This fee
will be calculated by multiplying the "Client’s Average Monthly Service Fee" (as defined below) by the
difference between the number of months as stated on the Coversheet of this Agreement and the number of
months for which a Service Fee was paid by Client to Kushner. The "Client’s Average Monthly Service
Fee" will be calculated by averaging the monthly administrative service fees paid to Kushner by Client
during the most recent six months. If the Client’s service agreement is terminated during the initial six
month period, the Client’s Average Monthly Service Fee shall be calculated by averaging the monthly
administrative service fees paid or payable by Client during the number of months prior to termination. The
Client Termination Fee shall be due and payable by Client within 30 days after the termination of this
Agreement by Client. Client’s obligation to pay any such Client Termination Fee shall survive the
termination of this Agreement. This Section 5.2 may not be construed as the exclusive remedy, an election
of remedies, or a waiver of damages resulting from an event of default by Client.

5.3. Termination by Kushner. Notwithstanding any other provision of this Agreement, Kushner may terminate
this Agreement immediately upon the occurrence of any of the following events:

A. Client defaults in any monetary obligation due Kushner under this Agreement and the default is
not be cured within 15 days after written notice from Kushner;

B. Client defaults in the performance of any of its obligations under this Agreement other than
monetary obligations to Kushner, and the default is not be cured within 30 days after written
notice from Kushner;

C. The filing by the Client or against the Client of any bankruptcy, financial reorganization, or if the
Client is deemed unable to pay its debts by a court of competent jurisdiction; or

D. Client incurs at least three defaults of any of its obligations within a 12-month period, even if the
defaults were subsequently cured.

5.4. Effect of Termination.

A. In the event of termination by any party, Kushner will continue to perform Services until the end
of normal working hours on the effective date of termination. Upon the effective date of
termination of this Agreement, and except as otherwise provided in this Agreement, neither party
will have any further rights or obligations under this Agreement except to the extent accrued
through such effective date, including without limitation, the right to receive any accrued but
unpaid compensation, and as otherwise set forth in this Agreement. Upon termination, each party
shall take all reasonable steps requested by the other party to effect a smooth transition.

B. Recordkeeping after the date of termination of this Agreement will become the responsibility of
the applicable Client. Upon any such termination, Kushner will transfer to the Client such
information from Kushner’s records relating to the Services as shall be necessary for the Client to
continue to provide its human resources and employee benefit accounting and Kushner shall also
transfer to Client a final accounting. Kushner shall be entitled to receive a fee, as described in
Exhibit C for furnishing such information and accounting electronically in a customary computer
format. Kushner may retain a copy of such books and records to evidence its compliance with
applicable laws and regulations and to assert or defend against any claim arising with respect to
the activities of Kushner and/or the Client in connection with this Agreement or the operation of
the Client’s business.


6.1. Ownership. Kushner and its subcontractors retain the copyright and all other intellectual property rights
associated with the documents and services provided by Kushner and its subcontractors under this
Agreement. The Client acknowledges and agrees that Kushner and its subcontractors possess valuable
proprietary rights in their human resources consulting and administrative services programs and any and all documents and materials provided to the Client by Kushner, including but not limited to policy and procedure manuals; public information/education programs; public information messages for print and audiovisual media; quality assurance standards/compliance programs; and the data collection and reporting system. Such proprietary information shall be maintained in confidence and shall, in all circumstances, remain the exclusive property of Kushner and its subcontractors.

6.2. Limited License. All materials furnished by Kushner to Client including, without limitation, all forms, brochures, documents as well as other materials that can be printed through Kushner or a Subcontractor’s website (collectively, “Materials”) are licensed (not sold). The term “Materials” shall not be deemed to refer to or include any data or information regarding Client employees. Kushner grants Client a limited, personal, nonexclusive, non-transferable license to use the Materials solely for the purposes of accessing and using the Services consistent with the terms set forth in this Agreement (the “Materials License”).

Client shall not distribute, alter or use the Materials for any other purpose. Client shall treat all Materials as Confidential Information as defined in Section 7 of this Agreement. Upon the termination of this Agreement, Client must destroy all Materials or, if requested by Kushner, return all Materials to Kushner. Except as expressly authorized in this Agreement, Client may not copy or otherwise reproduce any portion of Kushner or a Subcontractor’s website or the Materials, except to the extent necessary for Client to use Kushner or a Subcontractor’s website and Materials for their intended purpose, as set forth in this Agreement; cause or permit reverse compilation or reverse assembly of all or any portion of Kushner or a Subcontractor’s website; distribute, disclose, market, rent, lease, transfer, or provide or permit access to any portion of Kushner or a Subcontractor’s website or the Materials to any third party not authorized under this Agreement; or, use Kushner or a Subcontractor’s website or the Materials except as authorized pursuant to this Agreement.

7. Confidential Information.

7.1. Client Obligations. The Client acknowledges and agrees that Kushner will disclose confidential information to it in confidence and with the understanding that such information constitutes valuable business information developed by Kushner at great expenditure of time, effort, and money. The Client agrees that it, its Managers, Shareholders, Members, officers, employees, and its affiliates shall not, without the express prior written consent of Kushner, use such confidential information for any purpose other than in connection with the performance of this Agreement. The Client further agrees to keep strictly confidential and hold in trust all confidential information and, except as required by law, not disclose or reveal such information to any third party without the express prior written consent of Kushner, and further agrees not to permit any of its Managers, Members, officers, employees, or agents to disclose or reveal such information to any third party without the express prior written consent of Kushner. The Client acknowledges that the disclosure of confidential information to it by Kushner is done in reliance upon the Client’s representations and covenants in this Agreement. Upon termination of this Agreement by either party for any reason whatsoever, the Client shall promptly return to Kushner all material constituting or containing confidential information whether that material consists of original documents provided to the Client by Kushner, or copies produced by the Client, and the Client and its affiliates will not thereafter for any purpose, use, appropriate, or reproduce such information or disclose such information to any third party. The Client further agrees that a violation of this provision may cause irreparable damage to Kushner and the exact amount of such damage may be difficult or impossible to ascertain, and for that reason further agrees that Kushner may request, without the obligation to post bond, injunctive relief from any court of competent jurisdiction, restraining any threatened or further violation of this provision; provided, however, that such right to injunctive relief shall be cumulative and in addition to whatever other remedies Kushner may have.

7.2. Kushner Obligations. Kushner acknowledges and agrees that as a result of it providing services to the Client under this Agreement, Kushner will obtain confidential information pertaining to the Client, and its affiliates. Such confidential information will include, but not be limited to, employee lists and profiles, financial information, and proprietary business information and methods. Kushner further agrees to keep strictly confidential and hold in trust all confidential information and neither it nor its directors, officers,
employees, agents, or affiliates will use such confidential information for any purpose, or, except as required by law, disclose such confidential information to any third party other than for purposes of performance or enforcement of rights under this Agreement, without the express prior written consent of the Client on behalf of itself and its affiliates, as the case may be. Upon termination of this Agreement by either party for any reason whatsoever, Kushner shall promptly return to the Client all material constituting or containing confidential information whether that material consists of original documents provided to Kushner by the Client, or copies produced by Kushner, and Kushner and its affiliates will not subsequently for any purpose, use, appropriate, or reproduce such information or disclose such information to any third party. Kushner further agrees that a violation of this provision may cause irreparable damage to the Client, and/or its affiliates, as the case may be, and the exact amount of such damage may be difficult to ascertain, and for that reason further agrees that the Client, or the applicable affiliate may request, without the obligation to post bond, injunctive relief from any court of competent jurisdiction, restraining any threatened or further violation of this provision; provided, however, that the right to injunctive relief will be cumulative and in addition to whatever other remedies the Client, and its affiliates as applicable, may have.

7.3. **Authorized Disclosures.** As of the Effective Date of this Agreement, Client authorizes Kushner and its employees to access data and other Confidential Information of Client that is (i) contained in Client’s Kushner website, (ii) otherwise is provided, directly or indirectly, by Client to Kushner, or (iii) contained in one or more external data sources containing Client and its employees’ information, wherever Kushner needs such access, including access to Client and its employees’ data stored by Kushner or Kushner’s subcontractors in connection with the Services and this Agreement. Client acknowledges that such data includes, but is not limited to, Client’s Confidential Information regarding its ownership structure, financial reports, employee names, addresses, birth dates, social security numbers, and banking information; financial information (including, but not limited to, compensation paid to employees and related tax deductions), and benefit information (including, but not limited to, eligibility and enrollment information related to any health insurance, life insurance, dental insurance, retirement plan, or any other benefit plan provided to employees and their dependents by or through Clients). All disclosures of data and Confidential Information described in this Section are referred to as the “Authorized Disclosures.” Client agrees that Kushner shall have no obligation or responsibility for obtaining any employee or other third party consents that may be required in connection with the Authorized Disclosures. Client agrees to indemnify, defend, and hold harmless Kushner and its officers, employees, agents, and subcontractors from and against any and all claims, losses, damages, liabilities, penalties, obligations, and expenses (including, but not limited to, court costs and attorney fees) resulting from, arising out of, or related to the Authorized Disclosures.

7.4. **Privacy and Security of Certain Information.** To the extent applicable, each party agrees that it will comply in all material respects with all federal and state mandated laws, regulations, rules, or orders applicable to privacy, security, and electronic transactions, including, without limitation, regulations promulgated under Title II Subtitle F of the Health Insurance Portability and Accountability Act (Public Law 104-191) ("HIPAA"). Furthermore, the parties shall promptly amend the Agreement or execute such documents to conform with any new or revised legislation, rules, and regulations to which Client and Kushner are subject now or in the future including, without limitation, HIPAA and Standards for Privacy of Individually Identifiable Health Information or similar legislation ("Laws") in order to ensure that Client and Kushner are at all times in conformance with all Laws. If, within 30 days of either party first providing notice to the other of the need to amend the Agreement to comply with Laws, the parties, acting in good faith, are (i) unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or (ii) alternatively, the parties determine in good faith that amendments or alterations to the requirements are not feasible, then either party may terminate this Agreement upon 30 days’ prior written notice.

8. **Administrative Services.** If Client selects administrative services then the provisions specified below will apply to the provisions of those services:

8.1. **COBRA Administration.** Whenever Kushner provides COBRA Administration as an Administrative Service under this Agreement, the following provisions apply:
A. **Initial COBRA Notice.**

(i) Kushner will provide the Initial COBRA Notice to all newly eligible participants in the applicable plans.

(ii) If directed to do so in writing by Client as an additional service, Kushner will provide an Initial COBRA Notice to all active participants in all Client identified applicable plans upon the signing of this Agreement. Additional fees for this service are listed on the fee schedule attached.

B. **Sending Required Event Notices.** Once notified by the Client, Kushner will send the required event notices to the Principal Qualified Beneficiary (PQB).

C. **PQB Communication.**

(i) Kushner will be the primary source of communication with PQBs on all matters regarding COBRA administration for Client. Kushner may use paper and/or electronic means in order to communicate with the PQBs.

(ii) Kushner will maintain records of all communications for so long a period as Kushner shall determine to be appropriate. Before the destruction of said records, the Client shall have the right to request that they be transferred to the Client.

D. **Billing and Collecting of Premiums.**

(i) Kushner will timely bill the PQB for all premiums due and will collect all premium payments by PQB. Kushner will forward all payments received directly to the Client within 10 business days after the end of the month in which such payments are made by the PQBs.

(ii) By the 10th of the month following the premium reporting month, Kushner will provide a report detailing billings and premiums collected.

(iii) By the 10th of the month following the premium reporting month, Kushner will forward a check drawn on its Premium Account for all net premiums collected during the preceding premium reporting month to the Client. Client agrees that Kushner, in addition to its published fees, will retain the allowable two percent premium surcharge paid by all PQBs.

E. **Reporting.** On a monthly basis, Kushner will provide to Client a report of all new COBRA enrollees (those who have elected to receive the coverage) and all terminations. It is the Client’s responsibility to communicate these additions and terminations to Client’s insurer or benefit plan administrator(s). Reporting by Kushner may be accomplished either through paper reports sent to Client or through electronic means by directing Client to an appropriate secure Web site.

F. **Consultation and Advice.** As necessary, Kushner shall report to the Client matters of general interest with respect to COBRA such as law or regulatory changes or administrative issues arising out of this Agreement.

G. **Client’s Duties.**

(i) Client agrees to fully complete Kushner’s Information Request(s) and agrees that these form(s) will provide the basis for all of Kushner’s administrative actions in providing the
services outlined in this Section 8.1. Changes to this form may only be made in writing and are only effective when acknowledged by Kushner in writing.

(ii) Kushner will provide to the Client either paper or electronic forms at its discretion and procedures by which the Client must notify Kushner in the manner so designated by Kushner of any and all of the following:

(a) All newly eligible participants (including employees and any eligible dependents).

(b) All terminations and/or reduction-in-hours.

(c) Any disability extensions granted to a PQB.

(iii) As a condition to Kushner's obligations under this Agreement, the Client shall cooperate with Kushner, provide Kushner with information required by it, comply with the procedures prescribed by it, and make the payments required by this Agreement.

H. Client's Acknowledgment and Agreement. Client acknowledges and agrees to the following:

(i) Kushner is not a fiduciary of the Plan as defined in Section 3 (21) of ERISA (as amended), and that Kushner shall not have any discretionary authority or discretionary control concerning the management of the Plan(s) or any authority or control concerning the management or disposition of the Plan's assets.

(ii) That Kushner shall not have any discretionary authority or discretionary responsibility in the administration of the Plan.

(iii) That Kushner is not rendering tax advice to either the Plan or Plan participants, or have any authority or responsibility to do so.

I. Limitation of Liability. In no event shall Kushner be liable for benefits under the Plan or for any other payment, except as expressly stated in this Agreement. Kushner shall have no liability for any damages to participants in the Plan resulting from a decision of the Client not to comply with any COBRA or HIPAA requirement or where Client does not provide timely and necessary information for Kushner to be able to fulfill its obligations, and Client shall protect, defend at its costs, save and hold harmless, and indemnify Kushner from any such damages, costs, expenses, attorney fees, and court costs.

J. Modification of Plan. The Client shall file with Kushner all amendments of, modifications of or changes in the Plan at least 60 days prior to the proposed effective date of such amendment, modification, or change. Kushner will have no obligation to administer any such benefits provided by such amendment, modification, or change unless agreed in writing. Kushner retains the right to modify the schedule of administrative charges to reflect any additional services required by such amendment, modification, or change.

8.2. Flexible Spending Accounts ("FSA"), Health Reimbursement Accounts ("HRA"), or Health Savings Accounts ("HSA"). Whenever Kushner provides performs administrative services as the plan recordkeeper for Client’s Flexible Spending Accounts, Health Reimbursement Accounts, or Health Savings Accounts the follow provisions will apply. Customarily, these provisions will apply when Client has adopted a cafeteria plan under Section 125 of the Internal Revenue Code of 1986, as amended and/or a Health Reimbursement Account under Section 105 (the "Plan") containing eligible reimbursement accounts for the benefit of its employees and the eligible dependents of such employees.
A. Definitions. The term "Client" will mean the Client, Fiduciary and Plan Administrator as may be used in other documents or applications. The term "Kushner" will mean the Plan Recordkeeper as used in other documents or applications. Other defined terms in this Section 8.2 will be as customarily used by Kushner.

B. Services.

(i) Plan Design. Upon written request, Kushner will assist the Client in developing an FSA, HRA and/or HSA plan of benefits for its employees in accordance with specifications provided by the Client. The Plan Document shall be established and maintained pursuant to a written instrument containing the descriptions, provisions and specifications required by law.

(ii) Claims Administration.

(a) Upon receipt of a claim for benefits under the Plan, Kushner will review the claim submitted and determine the amount, if any, which is due and payable. Claims for benefits must be submitted to Kushner in accordance with procedures prescribed by Kushner.

(b) Kushner will maintain records of claims received and determinations made for so long a period as Kushner shall determine to be appropriate. Before the destruction of said records, the Client shall have the right to request that they be transferred to the Client.

(iii) Payment of Claims.

(a) Kushner shall disburse benefit payments to such persons entitled to such payments under the Plan. Such payment shall be made through a banking system established by Kushner and the Client. Kushner shall provide the Client with a monthly summary statement and a monthly reconciliation of claims paid. The Client agrees to maintain on deposit and make available to Kushner funds sufficient to pay claims under the Plan. Kushner is not responsible in any manner whatsoever for providing funds for the payment of claims under this Agreement. The Client is solely liable and responsible for providing funds for the payment of claims under this Agreement.

(b) In the event Kushner pays any person less than the amount to which said person is entitled under the Plan, Kushner will promptly adjust the underpayment. In the event Kushner pays any person more than the amount to which said person is entitled under the Plan, Kushner shall take all reasonable steps to recover the overpayment, unless such payments have been authorized by the Client in writing.

(iv) Administrative Services.

(a) Kushner must approve, design, or assist in preparing all forms, announcement materials, and instructional materials for administration of the Plan and such other materials as are, in Kushner’s opinion, necessary or appropriate for the implementation and administration of the Plan. Kushner shall not be responsible for distributing to Plan participants or filing with any government department such Plan descriptions and modifications as may be required by law, but may distribute such materials as Kushner deems necessary to protect itself from liability for any benefits under this Agreement.
Kushner will design administrative procedures, instruct the Client's personnel in their implementation, and will, at the Client's request, review the administration of the Plan with the Employee and make recommendations. Printing of any designed material by Kushner shall be at the specific request of the Client and subject to separate charges, to be paid by the Client.

Kushner shall provide to Client all notices (including any required opt-out notice) reflecting its privacy policies and practices as required by state and federal law (including the Gramm-Leach-Bliley Act). Kushner agrees to amend this Agreement as is necessary from time to time to comply with the requirements of the privacy rules under HIPAA.

Consultation and Advice. Kushner, as necessary, shall report to the Client matters of general interest with respect to the Plan such as problems of a recurring nature, suspected abuses of Plan Benefits, changes in the local situation, etc. Further, upon request, Kushner shall advise and assist the Client in the evaluation and adoption of Plan or Benefit changes.

C. Client's Duty.

Client is the Plan Administrator and a named Fiduciary of the Plan as those terms are defined in ERISA. As such, the Client is responsible for the general management and administration of the Plan, including, but not limited to, the following:

(a) Payment of claims for benefits under the Plan and payments of expenses for the administration of the Plan, including, without limitation, taxes and other governmental fees assessed against the Plan or the Client and any attorneys, auditors, or other professional appointed by the Client in connection with the Plan;

(b) Establishment, amendment, and termination of the Plan and establishment of a funding policy for the Plan;

(c) Final interpretation of the Plan, including determination of eligibility and amount, manner, and time of Plan benefit payments;

(d) Enrollment of eligible persons in the Plan and providing Kushner with a complete and accurate enrollment form for each participant prior to the effective date of the participant's coverage;

(e) Obtaining written waivers of Plan coverage from eligible persons declining such coverage;

(f) Forwarding to Kushner, by the last day of each month, a written list of all persons beginning coverage under the Plan in the next month and persons terminating coverage, complete and accurate enrollment forms for new participants, and signed waivers of Plan coverage for newly eligible persons declining such coverage;

(g) Reviewing Kushner's monthly billing statement for accuracy of enrollment records and immediately informing Kushner of any inaccuracies;

(h) Providing such participant with a Summary Plan Description as required by ERISA. ERISA requires that a Summary Plan Description be distributed to new
participants within 90 days of enrollment, that the Client update Summary Plan Descriptions in general every five years, and that a summary of material modifications be distributed within 210 days after the end of any Plan Year that the Plan's benefits were substantially modified.

(ii) The Client will provide written notice to each Participant of the following in accordance with Section 550.932 of the Michigan Compiled Laws:

(a) What benefits are being provided and any changes in such benefits;

(b) The fact that individuals covered by the Plan are not insured;

(c) The fact that in the event the Plan or the Client does not ultimately pay medical expenses that are eligible for payment under the Plan, the individuals covered by the Plan may be liable for those expenses;

(d) The fact that Kushner merely processes claims and does not ensure that any medical expenses of individuals covered by the Plan are paid; and

(e) The fact that complete and proper claims for benefits made by individuals covered by the Plan will be promptly processed, but that in the event there are delays in processing claims, the individuals covered by the Plan will have no greater rights to interest or other remedies against Kushner than as otherwise afforded them by law.

(iii) As a condition to Kushner's obligations under this Agreement, the Client shall cooperate with Kushner, provide Kushner with information required by it, comply with the procedures prescribed by it, and make the payments required by this Agreement.

(iv) Client agrees to forward all Participant claims for benefits to Kushner so that claims can be reviewed in a timely manner and processed in accordance with the claims procedure stated in the Plan. As Plan Administrator, Client shall provide Kushner any and all revisions and changes in the Plan and additions and/or deletions to its list of Participants.

(v) Client shall, if required by law or regulation, notify each Participant and provide each Participant with an opportunity to opt-out (if required) or obtain from each Participant such written authorization for release of any personal financial record and medical records in accordance with applicable state and federal law (including the Gramm-Leach-Bliley Act) to permit Client and/or TPA to perform the obligations under this Agreement.

D. **Limitation of Liability.** Kushner shall have no liability for any damages to participants in the Plan resulting from a decision of the Client not to pay any claim, and the Client shall protect, defend at its costs, save and hold harmless, and indemnify Kushner from any such damages, costs, expenses, attorney fees, and court costs. The Client shall also assume the liability for any assessment of tax based upon the existence of the Client's Plan, including all fines, penalties, losses, damages, costs, expenses, attorney fees, and court costs incurred in connection with such assessment. Furthermore, if Kushner shall pay, pursuant to the demand of an appropriate state or federal office, taxes based on the amounts paid into or from the Plan, the Client shall reimburse Kushner upon demand in the full amount of such taxes paid, including any interest and penalties added to and paid by Kushner.

E. **Notice of Plan Amendment.** The Client shall file with Kushner all amendments, modifications, or changes in the Plan at least 60 days prior to the proposed effective date of such amendment, modification, or change. Kushner shall have no obligation to administer any such benefits
8.3. Retirement Plan Administration. Whenever Kushner provides retirement plan administrative services as an Administrative Service under this Agreement, the following provisions apply:

A. Plan Design.

(i) Upon written request, Kushner will assist the Client (the "Plan Sponsor") in developing a plan of benefits for its employees in accordance with specifications provided by the Client. This plan (the "Plan") shall be established and maintained pursuant to a written instrument containing the descriptions, provisions, and specifications required by law (the "Plan Document").

(ii) Kushner must approve, design, or assist in preparing all forms, announcement materials, and instructional materials for administration of the Plan and such other materials as are, in Kushner's opinion, necessary or appropriate for the implementation and administration of the Plan. Kushner shall not be responsible for distributing to Plan participants or filing with any government department such Plan descriptions and modifications thereto as may be required by law, but may distribute such materials as Kushner deems necessary to protect itself from liability for any benefits hereunder.

(iii) Printing of any designed material by Kushner shall be at the specific request of the Client and subject to separate charges, to be paid by the Client.

B. Administration.

(i) Kushner will perform each year the services requested by the Client, based upon its then current published Fee Schedule. These Services can include any or all of the following:
   - Compliance Testing
   - Preparation of Signature-Ready IRS Form 5500 (not including a plan audit, if needed)
   - Preparation of IRS Forms 1099-R and IRS Form 1096
   - Preparation of plan loans, where allowable by the Plan
   - Maintenance of records that enable the determination of a participant's vested percentage
   - Preparation and calculations for Hardship Withdrawals, where allowable by the Plan
   - Calculation and recalculations for mandatory distributions
   - Distribution of Client reports

(ii) The Client, the Plan Trustee, the Plan Administrator, and/or any person or persons it designates shall timely supply all data requested by Kushner in a form and manner so designated by Kushner. Kushner shall rely upon the validity of that data in completing its service. Kushner shall have no liability whatsoever for data omissions or errors. The
Client agrees that any additional work or rework required on the part of Kushner due to such data omissions or errors shall result in additional charges on either an hourly basis or from the Fee Schedule to perform or re-perform such work.

(iii) Kushner will perform services in accordance with its understanding of the executed copy of the current Plan Document, executed by the Client. Kushner reserves the right to perform only those services that are compatible with its Administrative System, and to change the style, format, or content of the various reports and services. Kushner will provide Client reports within 30 calendar days following the receipt of complete and accurate information necessary to perform the valuation and allocation process.

(iv) The Client acknowledges and agrees that Kushner does not provide investment advice in its role as a Service Provider.

(v) The Client accepts the responsibility to review the information supplied by Kushner with its legal or other tax or accounting advisor before submitting reports and completed forms to the Internal Revenue Service or other governmental agencies, obliging Kushner only to revising the information prior to submission.

(vi) The Client, Plan Trustee(s), and Plan Administrator acknowledge and agree to the following:

- Kushner is not a fiduciary of the Plan as defined in Section 3 (21) of ERISA (as amended) and that Kushner shall not have any discretionary authority or discretionary control concerning the management of the Plan or any authority or control concerning the management or disposition of the Plan’s assets.
- That Kushner shall not render investment advice for a fee or other compensation with respect to any moneys or other property of the Plan, or have any authority or responsibility to do so.
- That Kushner shall not have any discretionary authority or discretionary responsibility in the administration of the Plan.
- That Kushner is not rendering tax advice to either the Plan or Plan participants, or have any authority or responsibility to do so.

(vii) Kushner is not the “Administrator” of the Plan as defined in Section 3 (16) (A) of ERISA (as amended) or the “Plan Administrator” of the Plan as defined in Section 414(g) of the Internal Revenue Code of 1986 (as amended).

(viii) The Trustee, Plan Administrator, and the Client have read the agreement, including any fee agreement and disclosures, and have determined that the fees (including the fee arrangements) are not more than reasonable fees in light of the services contemplated to be performed for the Plan.
C. Consultation and Advice. Kushner, as necessary, shall report to the Client matters of general interest with respect to the Plan such as problems of a recurring nature or suspected abuses of Plan Benefits. Further, upon request, Kushner shall advise and assist the Client in the evaluation and adoption of Plan or Benefit changes.

D. Client's Duty.

(i) As a condition to Kushner’s obligations, the Client shall cooperate with Kushner, provide Kushner with information required by it, comply with the procedures prescribed by it, and make the payments required by this agreement.

(ii) The Client agrees to forward all information, in an accurate and timely manner, required for Kushner to perform its duties as indicated in this agreement. All information shall be provided in a form that is acceptable to Kushner. Kushner shall have no responsibility for the accuracy of the information supplied by the Client or for the accuracy of the transmission of such information. The Plan Administrator shall be responsible for the determination of those persons who are eligible for benefits under the Plan and shall provide to Kushner any and all revisions or changes in the Plan and additions and/or deletions to its list of Participants.

(iii) The Client affirms its responsibility to provide guidelines for the proper administration of the Plan and Trust, so that any interpretation, rule, or practice concerning the Plan and Trust document(s), Summary Plan Description, or any Participant Benefit Statement will be determined by the Plan Trustee.

(iv) The Client will designate the appropriate party or parties to submit reports and completed forms to the Internal Revenue Service, the Department of Labor, or other governmental agency. The party or parties shall be the sole signatory to any report or form.

(v) The Client understands that the services provided and the fees charged for those services are dependent upon agreements between Kushner and other parties. The Client understands that Kushner’s ability to provide the services of this agreement for the stated fee depends upon the continuation of any agreements in place with other parties.

(vi) The Client agrees to review any transaction confirmations and any Plan level account statements and reports received from the stocks, bonds, or mutual funds, and Kushner promptly upon receipt. The information in the confirmations, statements, and reports will be deemed to be correct unless indicated in writing by the Client within 30 business days. Any failure by the Client to make a timely written objection shall constitute a waiver of claim based upon the accuracy of any confirmation, statement, or report. Client agrees that Kushner is not responsible for the distribution of any prospectuses or other investment communications not explicitly provided for in this Agreement.

(vii) The Client agrees that it is the responsibility of the investment professional or a named fiduciary to be aware of any prospectus provisions regarding fees and expenses charged by the Investment Service Provider(s) or mutual fund. The Client authorizes Kushner to pay fees and expenses from the Plan assets or Participant accounts, unless the Client chooses to pay the fees directly by notifying Kushner in writing.

(viii) The Client agrees that to the best of its knowledge that the Plan is qualified under Section 401(a) of the Internal Revenue Code of 1986 (as amended) and that any cash or deferred arrangement under the Plan is qualified under Section 401(k) of the Internal Revenue Code of 1986 (as amended). The Client agrees to take any necessary actions from time to time to maintain such qualified status.
The Client affirms its responsibility to determine that a Domestic Relations Order is properly qualified and shall instruct the Plan Trustee and Kushner of its findings.

The Client understands that the investments purchased and held by the Plan are purchases and investments of the Trustee. Notwithstanding that a Participant may direct the purchase of an investment for the benefit of his or her account under the Plan, the Participant has no interest, direct or indirect in any such investment, and is not the purchaser of such investment, but rather has only the right to receive benefits from the Plan as provided under the terms of the Plan.

The Client understands and agrees that Kushner has not affected any transactions in, or induced or attempted to induce, the purchase or sale of any investment by the Trustee for the Plan.

The Client, Plan Administrator, and Plan Trustee agree that, to the best of their knowledge, the Plan's governing instruments (namely the Plan and Trust documents) comply with the following requirements:

(a) That the recordkeeping and/or fiduciary expenses of the Plan may be paid from Plan assets.

(b) That one or more of the Client, Plan Administrator, or Plan Trustee has the authority to employ advisors and non-fiduciary agents to assist with the recordkeeping and management of the Plan, including assistance with the maintenance of Plan records. In addition, the Plan Trustee is authorized to appoint a non-fiduciary agent to assist it in carrying out the investment instructions of the Plan participants and of any investment manager or other named fiduciary, and to compensate such agents and advisors from assets of the Plan.

(c) That Plan participants are explicitly allowed to exercise control over the assets in their accounts in the Plan subject to any rules, procedure, or limitations as established by the Client, Plan Administrator, and/or Plan Trustee.

(d) That Plan Trustee is authorized to vote stock and mutual fund proxies on behalf of the Plan and the Plan participants.

E. Tax Liability. The Client shall also assume the liability for any assessment of tax based upon the existence of the Client's Plan, including all fines, penalties, losses, damages, costs, expenses, attorney fees, and court costs incurred in connection with such assessment. Furthermore, if Kushner shall pay, pursuant to the demand of an appropriate state or federal office, taxes based on the amounts paid into or from the Plan, the Client shall reimburse Kushner upon demand in the full amount of such taxes paid, including any interest and penalties added thereto and paid by Kushner. The Client agrees to recognize and abide by Kushner's disposition of such demands for the payment of taxes, whether paid, compromised, settled, or litigated.


9.1 Kushner Obligations. Except to the extent covered by Kushner's or the Client's insurance, Kushner agrees to indemnify, defend, and hold harmless the Client and/or its Members, Managers, employees, officers, directors, and agents from any and all claims (including, but not limited to, apparent agency claims), losses, damages, liabilities, and expenses, including reasonable attorney's fees (the "Losses"), to the extent that such losses arise from Kushner's grossly negligent or intentional actions or omissions with respect to the
subject matter of this Agreement. This indemnification obligation shall survive the expiration or earlier termination of this Agreement.

9.2. **Client Obligations.** Except to the extent covered by Kushner’s or the Client’s insurance, the Client agrees to indemnify, defend, and hold harmless Kushner and/or its employees, officers, directors, and agents from any and all Losses to the extent that such Losses arise from the Client’s actions or omissions with respect to the subject matter of this Agreement. This indemnification obligation shall survive the expiration or earlier termination of this Agreement.

10. **Limitation of Liability.**

10.1. Kushner shall not incur any liability in connection with the following: (a) any action it takes at the written direction of Client or its agents; any action it does not take at the written direction of Client or its agents to not take such action; or (c) any action it takes or does not take in reliance upon any written data supplied by Client or its agents. Written direction and written data includes direction and data given electronically.

10.2. Kushner will not be liable or responsible for delays or errors by acts of God or by reason of circumstances beyond its control, including civil or military authority, national emergencies, labor difficulties, mechanical breakdown, insurrection, war, riots, failure or unavailability of transportation, communication or power supply, fire, flood or other catastrophe, extreme market volatility or trading volumes.

10.3. **NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, INCLUDING ALL SCHEDULES AND ATTACHMENTS, KUSHNER’S TOTAL LIABILITY TO CLIENT OR ANY THIRD PARTY ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT UNDER ANY THEORY OF LIABILITY SHALL NOT EXCEED THE LESHER OF:**

(i) **THE TOTAL FEES PAID BY CLIENT TO KUSHNER HEREUNDER DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE FIRST EVENT TO WHICH SUCH LIABILITY RELATES,** OR

(ii) **TWENTY THOUSAND DOLLARS ($20,000).**

10.4. **IN NO EVENT SHALL CLIENT BRING ANY CLAIM OR CAUSE OF ACTION AGAINST KUSHNER OR ITS SUBCONTRACTORS MORE THAN ONE (1) YEAR AFTER SUCH CLAIM OR CAUSE OF ACTION ARISES. IN NO EVENT DOES KUSHNER OR ITS SUBCONTRACTORS ASSUME ANY LIABILITY TO ANY PARTY OTHER THAN CLIENT REGARDING THE USE OF KUSHNER OR A SUBCONTRACTOR’S WEBSITE OR THE SERVICES. UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER OR ANY THIRD PARTY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, OR INCIDENTAL DAMAGES ARISING OUT OF THIS AGREEMENT OR THE USE OF, OR INABILITY TO USE, KUSHNER OR A SUBCONTRACTOR’S WEBSITE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

11. **General.**

11.1. **Notices and Electronic Signature.** By executing this Agreement, and except for actions requiring “Formal Notice” (as hereafter defined), the parties agree that Kushner and Client may transact business electronically pursuant to the “Electronic Signatures in Global and National Commerce Act,” (“ESIGN”) and any other similar state or local statute that authorizes electronic signatures in commerce, including, without limitation, the “Uniform Electronic Transaction Act” (“UETA”). Client agrees that Kushner may rely on electronic authorization by Client to make changes to employee or payroll records or data contained within Kushner website or relating to the Services, and Client releases Kushner and waives any rights to bring an action or seek damages from Kushner based in whole or in party on electronic instructions or authorizations by Client, or relating in any way to Kushner’s reliance on electronic authorizations or instructions by Client as authorized under this Agreement.
Any provision of this Agreement that requires notification by "Formal Notice" shall be deemed to require written notification delivered by hand or mailed by United States First-Class mail, postage prepaid, addressed to the other party at its address set forth below or at such other address as either party may from time to time designate by written notice to the other, and shall conclusively be deemed received three days after the same is deposited in the U.S. mail, or upon actual receipt, whichever is sooner. Alternatively, either party may use a recognized overnight express service, and such notice shall be deemed received the next Business Day after deposit with such recognized overnight express carrier, or upon actual receipt, whichever is sooner.

<table>
<thead>
<tr>
<th>If to Kushner:</th>
<th>Kushner &amp; Co., Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Attn: President</td>
</tr>
<tr>
<td></td>
<td>2427 West Centre Avenue</td>
</tr>
<tr>
<td></td>
<td>Portage, MI 49024</td>
</tr>
<tr>
<td>With a copy to:</td>
<td>Clark Hill PLC</td>
</tr>
<tr>
<td></td>
<td>200 Ottawa, NW - Suite 500</td>
</tr>
<tr>
<td></td>
<td>Grand Rapids, MI 49503</td>
</tr>
<tr>
<td>If to Client:</td>
<td>Mid Michigan Community College</td>
</tr>
<tr>
<td></td>
<td>1375 S. Clare Avenue</td>
</tr>
<tr>
<td></td>
<td>Harrison, MI 48625</td>
</tr>
</tbody>
</table>

11.2. **Professional Services.** Client acknowledges that Kushner is not rendering any legal or accounting services or advice. The legal and tax status of the Client’s employees and business operations under applicable law is a matter for determination by the Client and not by Kushner. To the extent applicable under the Services, Kushner is neither the plan administrator nor a named fiduciary of the Plan as these terms are defined in ERISA.

11.3. **Severability.** If any term, covenant or condition of this Agreement or the application of it to any person or circumstance shall, to any extent, be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected by it, and each term, covenant or condition of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

11.4. **Entire Agreement.** This Agreement (including the Exhibits, which are incorporated in and form a part of this Agreement) constitutes the entire agreement between Kushner and Client with respect to the subject matter of it, and supersedes any prior proposals or other oral or written representations or agreements between the parties with respect to such subject matter. This Agreement may be amended, modified, or supplemented only by a written instrument executed by both parties, except as otherwise expressly provided. Article and Section headings contained in this Agreement are for reference only and shall not be deemed to have any substantive effect or to limit or define the provisions contained of the Agreement.

11.5. **Assignment.** This Agreement and the rights and duties under this Agreement may not be assigned by either party without the prior written consent of the other party; provided, however, either party may assign this Agreement to any person or entity that acquires all or substantially all of the assets of that party, whether by asset purchase, merger, consolidation or otherwise after giving 10 days’ advance written notice to the other party. Notwithstanding any other provision of this Agreement to the contrary, and without relieving Kushner of its obligations under the Agreement, Kushner has the right to engage subcontractors to provide or perform any portion of the Services as Kushner deems appropriate. Kushner shall contractually require any such subcontractor to protect and safeguard all Confidential Information as required by this Agreement.
11.6. **Governing Law and Venue.** This Agreement is governed by the internal laws of the State of Michigan (without regard to the conflicts of laws rules of Michigan). Exclusive venue for any action is vested in Kalamazoo County.

11.7. **Arbitration-General.** If a dispute, controversy, or claim arises out of or relates to this Agreement including, without limitation, its termination or non-renewal, or the alleged breach thereof, and if said dispute cannot be settled through direct discussions, the parties shall endeavor to settle the dispute in an amicable manner by mediation administered by the American Arbitration Association under its Commercial Mediation Rules, before resorting to arbitration. If the matter has not been resolved pursuant to mediation within 30 days of the commencement of such mediation (which period may be extended by mutual agreement in writing), then any such unresolved dispute, controversy, or claim shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. One arbitrator approved by both parties shall conduct the arbitration, or if the parties are unable to agree upon an arbitrator within seven days of the conclusion of the mediation, the American Arbitration Association shall appoint the arbitrator.

The arbitrator shall allow each party to conduct limited relevant discovery. The arbitrator shall have no authority to award punitive damages or any damages not measured by the prevailing party's actual damages and may not, in any event, make any ruling, finding, or award that does not conform to the terms and conditions of this Agreement. All fees and expenses of the arbitration shall be borne by the parties equally. However, each party shall bear their own expense of counsel, experts, witnesses, and preparation and presentation of the arbitration matter. Any such arbitration shall be conducted in Kalamazoo County, Michigan.

11.8. **Non-Arbitrable Disputes.** Notwithstanding the provisions of Section 11.7 of this Agreement, any dispute relating to (i) the validity or enforceability of Section 11.7, (ii) any disclosure of Confidential Information in violation of Section 7, or (iii) the ownership, validity, enforceability, or other rights in the intellectual property of Kushner or its subcontractors shall not be subject to arbitration. Any dispute described in the preceding sentence shall be submitted to the courts of the United States in the Western District of Michigan. Each party consents to the jurisdiction of such courts and waives any objections it may have to such venue or claim that such controversy or claim has been brought in an inconvenient forum. Any final judgment in such court shall be conclusive and binding on each party and enforceable against it in any court of competent jurisdiction.

11.9. **Survival.** Any provision of this Agreement, which by its terms is intended to so survive, shall survive termination or expiration of this Agreement.

11.10. **No Third Party Beneficiaries.** This Agreement is for the mutual benefit of and governs the relationship between Kushner and Client and it does not create any rights of any kind in any third party; provided that if more than one legal entity executes this Agreement as Client, each such entity shall be jointly and severally liable for all of Client's obligations hereunder. This Agreement shall in no way be construed or interpreted as creating an express or implied employment contract between Kushner and Client or Kushner and any employee of Client.

11.11. **Independent Contractors.** The parties are independent contractors. Nothing contained in this Agreement or done pursuant to this Agreement will cause either party to be the agent of the other party for any purpose or in any sense whatsoever, or constitute the parties as partners or joint venturers.

11.12. **No Waiver.** The failure of either party to enforce at any time any of the provisions of this Agreement, or the failure to require at any time performance by the other party of any of the provisions of this Agreement, shall in no way be construed to be a present or future waiver of such provisions, nor in any way affect the validity of either party to enforce each and every such provision. The express waiver by either party of any provision, condition or requirement of this Agreement shall not constitute a waiver of any future obligation to comply with such provision, condition, or requirement.
11.13. **Authority.** Each party has had the opportunity to consult with its own counsel in connection with the negotiation of this Agreement, and has bargaining power equal to that of the other party in connection with the negotiation, execution and delivery of this Agreement. The terms and conditions of this Agreement shall not be construed in favor of either party, but rather shall be construed according to the ordinary meaning of such terms and conditions.

11.14. **Counterparts.** This Agreement may be executed in multiple counterparts or duplicate originals and transmitted via facsimile or electronic mail, any and all of which shall be regarded as one and the same instrument, and which shall be construed and enforceable as the official and governing version in the interpretation and enforcement of this Agreement.

[SIGNATURE PAGE FollowS]
CLIENT SERVICES AGREEMENT
Signature Page

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above. Client's signature on this page shall also serve as Client's signature on each of the subcontractor agreements referenced in Exhibit B attached, provided that Client will separately execute any subcontractor agreements if required by the subcontractor.

CLIENT:
Mid Michigan Community College
1375 S. Clare Avenue
Harrison, MI 48625

By: ________________________________
Name: Lori Fassett
Title: Executive Director of Personnel Services
Date: ______________________________

KUSHNER & COMPANY, INC.

By: ________________________________
Name: Gary B. Kushner
Title: President and CEO
Date: ______________________________

21
EXHIBIT A

CLIENT IDENTIFICATION

The Client(s) in the Agreement are identified below.

<table>
<thead>
<tr>
<th>Name of Client</th>
<th>Federal EIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mid Michigan Community College</td>
<td>38-1812272</td>
</tr>
<tr>
<td>2.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
</tr>
</tbody>
</table>
**EXHIBIT B**

Third Party Service Providers. All Third-Party Service Providers that have been engaged by Kushner to perform one or more functions under this Agreement shall be identified below, in conjunction with the services performed. Signature of this Agreement shall constitute signature on each of the Third-Party Service Provider Agreements identified below, or shall be provided on a separate agreement with the Third Party Service Provider; the terms and conditions of either method shall be enforceable against Client.

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Agreement</th>
<th>Services Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Note: As described in the Agreement, all fees are subject to review and adjustment on an annual basis. In the event that third-party administrators revise their fees, Client’s fee schedule shall be adjusted accordingly on a direct pass-through basis.
Based on the following information, we project the set-up and ongoing annual fees for your plan as follows:

**FSA - Flexible Spending Accounts**
- Plan Implementation, Documents, and Setup: $250
- Annual Fee - billed for second and subsequent years: $250
- Monthly Processing Fee (applicable for each plan year being processed)
  - $4.25 per participant per month, minimum of $50.00 per month
  - Includes optional Debit Card

**HRA - Health Reimbursement Account Plan**
- Plan Implementation, Documents, and Setup: $250
- Annual Fee - billed in second and subsequent years: $250
- Monthly Processing Fee (applicable for each plan year being processed)
  - $4.25 per participant per month, minimum of $50.00 per month
  - Includes optional Debit Card

**Notes:**
- If Direct Deposit is selected as a payment method, a $50 returned ACH fee will apply to any failed ACH transactions.
- One debit card will be provided to include access to all debit benefits such as FSA and HRA.
- Once an employee becomes a participant, they are considered to be a participant for the remainder of the plan year and run-off.
- Fees are charged for any active plan years, which can include current and run-off plan years.
- Postage charges incurred during processing are billed monthly.
MID MICHIGAN COMMUNITY COLLEGE
HEALTH REIMBURSEMENT PLAN
BASIC PLAN DOCUMENT
TABLE OF CONTENTS

ARTICLE 1 INTRODUCTION .................................................. 1
  Section 1.01 Plan ......................................................... 1
  Section 1.02 Application of Plan ........................................ 1

ARTICLE 2 DEFINITIONS .................................................. 2

ARTICLE 3 PARTICIPATION ................................................ 4
  Section 3.01 Participation ............................................... 4
  Section 3.02 Transfers .................................................. 4
  Section 3.03 Termination and Rehires .................................. 4
  Section 3.04 Procedures for Admission ................................ 4

ARTICLE 4 ACCOUNTS ..................................................... 5
  Section 4.01 Health Reimbursement Accounts ........................ 5
  Section 4.02 Forfeitures/Transfers .................................... 5
  Section 4.03 Continuation Rights ...................................... 5

ARTICLE 5 NONDISCRIMINATION ......................................... 6
  Section 5.01 Nondiscrimination ........................................ 6

ARTICLE 6 REIMBURSEMENTS ............................................ 7
  Section 6.01 Reimbursements ......................................... 7
  Section 6.02 Claims Procedure ....................................... 8
  Section 6.03 Minor or Legally Incompetent Payee ..................... 10
  Section 6.04 Missing Payee ........................................... 10

ARTICLE 7 PLAN ADMINISTRATION ....................................... 12
  Section 7.01 Plan Administrator ....................................... 12
  Section 7.02 Indemnification ......................................... 13
  Section 7.03 Medical Child Support Orders ............................ 13
  Section 7.04 HIPAA Portability Rules ................................ 13
  Section 7.05 Third Party Recovery/Reimbursement ....................... 13

ARTICLE 8 AMENDMENT AND TERMINATION .............................. 15
  Section 8.01 Amendment ............................................... 15
  Section 8.02 Termination ............................................. 15

ARTICLE 9 MISCELLANEOUS ............................................. 16
  Section 9.01 Nonallocation of Benefits ............................... 16
  Section 9.02 No Right to Employment .................................. 16
  Section 9.03 No Funding Required ..................................... 16
  Section 9.04 Governing Law ........................................... 16
  Section 9.05 Tax Effect ................................................ 16
  Section 9.06 Severability of Provisions ................................ 16
  Section 9.07 Headings and Captions .................................. 16
  Section 9.08 Gender and Number ...................................... 17

ARTICLE 10 HIPAA PRIVACY AND SECURITY COMPLIANCE .................. 18
  Section 10.01 Definitions .............................................. 18
  Section 10.02 HIPAA Privacy Compliance .............................. 19
  Section 10.03 HIPAA Security Compliance .............................. 21
ARTICLE 1
INTRODUCTION

Section 1.01 PLAN

This document ("Basic Plan Document") and its related Adoption Agreement are intended to qualify as a health reimbursement arrangement that provides benefits that are excludable from gross income under Code section 105(b) and shall be administered in accordance with IRS Notice 2002-45 and IRS Revenue Ruling 2002-41.

Section 1.02 APPLICATION OF PLAN

Except as otherwise specifically provided herein, the provisions of this Plan shall apply to those individuals who are Eligible Employees of the Company on or after the Effective Date. Except as otherwise specifically provided for herein, the rights and benefits, if any, of former Eligible Employees of the Company whose employment terminated prior to the Effective Date, shall be determined under the provisions of the Plan, as in effect from time to time prior to that date.
ARTICLE 2
DEFINITIONS

"Adoption Agreement" means the document executed in conjunction with this Basic Plan Document that contains the optional features selected by the Plan Sponsor.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Company" means the Plan Sponsor and any other entity that has adopted the Plan with the approval of the Plan Sponsor.

"Covered Person" shall have the meaning set forth in the Adoption Agreement.

"Effective Date" shall have the meaning set forth in the Adoption Agreement.

"Eligible Employee" means any Employee employed by the Company, subject to the modifications and exclusions described in the Adoption Agreement. If an individual is subsequently reclassified as, or determined to be, an Employee by a court, the Internal Revenue Service or any other governmental agency or authority, or if the Company is required to reclassify such individual an Employee as a result of such reclassification determination (including any reclassification by the Company in settlement of any claim or action relating to such individual's employment status), such individual shall not become an Eligible Employee by reason of such reclassification or determination.

An individual who becomes employed by the Employer in a transaction between the Employer and another entity that is a stock or asset acquisition, merger, or other similar transaction involving a change in the employer of the employees of the trade or business shall not become eligible to participate in the Plan until the Plan Sponsor specifically authorizes such participation.

"Eligible Expenses" shall have the meaning set forth in the Adoption Agreement.

"Employee" means any individual who is employed by the Employer. The term "Employee" shall not include: (i) a self-employed individual (including a partner) as defined in Code section 401(c), or (ii) any person who owns (or is considered as owning within the meaning of Code section 318) more than 2 percent of the outstanding stock of an S corporation.

"Employer" means the Company or any other employer required to be aggregated with the Company under Code sections 414(b), (c), (m) or (o); provided, however, that "Employer" shall not include any entity or unincorporated trade or business prior to the date on which such entity, trade or business satisfies the affiliation or control tests described above.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"FMLA" means the Family and Medical Leave Act of 1993, as amended from time to time.

"Health Reimbursement Account" means the balance of a hypothetical account established pursuant to Section 4.01 for each Participant as of the applicable date and such other account(s) or subaccount(s) as the Plan Administrator, in its discretion, deems appropriate.

"Participant" means an Eligible Employee who participates in the Plan in accordance with Articles 3 and 4.

"Plan Administrator" means the person(s) designated pursuant to the Adoption Agreement and Section 7.01.

"Plan Sponsor" means the entity described in the Adoption Agreement.

"Plan Year" means the 12-consecutive month period described in the Adoption Agreement.
"Termination" and "Termination of Employment" means any absence from service that ends the employment of the Employee with the Company.
ARTICLE 3
PARTICIPATION

Section 3.01  PARTICIPATION

Each Eligible Employee as of the Effective Date who was eligible to participate in the Plan immediately prior to the Effective Date shall be a Participant eligible to participate in the Plan pursuant to Article 4 on the Effective Date. Each other Eligible Employee who was not a Participant in the Plan prior to the Effective Date shall become a Participant eligible to participate pursuant to Article 4 on the date specified in the Adoption Agreement; provided that he is an Eligible Employee on such date.

Section 3.02  TRANSFERS

If a change in job classification or a transfer results in an individual no longer qualifying as an Eligible Employee, such Employee shall cease to be a Participant for purposes of Article 4 (or shall not become eligible to become a Participant) as of the effective date of such change of job classification or transfer. Should such Employee again qualify as an Eligible Employee or if an Employee who was not previously an Eligible Employee becomes an Eligible Employee, he shall become a Participant on the first entry date following the later of the effective date of such subsequent change of status or the date the Employee meets the eligibility requirements of this Article 3.

Section 3.03  TERMINATION AND REHIRES

If an Employee has a Termination of Employment, such Employee shall not become eligible to become a Participant as of his Termination of Employment. In addition, unless otherwise specified in the Adoption Agreement, if an Employee has a Termination of Employment, such Employee shall cease to be a Participant for purposes of Article 4 as of his Termination of Employment. If the Adoption Agreement permits Eligible Employees to participate in the Plan after Termination, former employees will continue to be eligible to participate in the Plan until such time and with the benefits specified in the Adoption Agreement.

An individual who has satisfied the applicable eligibility requirements set forth in Article 3 as of his Termination date, and who is subsequently reemployed by the Company as an Eligible Employee, shall resume or become a Participant on the first entry date following his rehire date. An individual who has not so qualified for participation on his Termination date, and who is subsequently reemployed by the Company as an Eligible Employee, shall be eligible to participate on the first entry date following the later of the effective date of such reemployment or the date the individual meets the eligibility requirements of this Article 3.

Section 3.04  PROCEDURES FOR ADMISSION

The Plan Administrator shall prescribe such forms and may require such data from Participants as are reasonably required to enroll a Participant in the Plan or to effectuate any Participant elections. The Plan Administrator may impose other limitations and/or conditions with respect to participation in the Plan on Eligible Employees who commence or recommence participation in the Plan pursuant to Sections 3.02 and 3.03.
ARTICLE 4
ACCOUNTS

Section 4.01 HEALTH REIMBURSEMENT ACCOUNTS

(a) Credits. Each Participant's Health Reimbursement Account shall be credited each Plan Year with the maximum annual amount specified in the Adoption Agreement for each coverage level, unless the Adoption Agreement provides that a portion of such annual amount shall be credited periodically throughout the Plan Year.

(b) Debits. Each Participant's Health Reimbursement Account shall be debited for Eligible Expenses described in Subsection (c).

(c) Eligible Expenses. A Participant may be reimbursed from his or her Health Reimbursement Account for Eligible Expenses incurred by Covered Persons provided such expenses are (i) incurred in the Plan Year, (ii) incurred while the Participant participates in the Plan, (iii) not attributable to a deduction allowed under Code section 213 for any prior taxable year, and (iv) not covered, paid or reimbursed from any other source. For purposes of Code section 105(b), dependents shall also include students who have not attained the age of 24 for whom coverage is required under Code section 9813; provided, that treatment as a dependent due to a medically necessary leave of absence under Code section 9813 shall not extend beyond a period of one year.

Section 4.02 FORFEITURES/TRANSFERS

(a) Forfeitures. Except as provided in Subsection (b) and (c), any balance remaining in a Participant's Health Reimbursement Account after the end of any Plan Year shall be forfeited and shall remain the property of the Company. Except as expressly provided herein, any balance remaining in a Participant's Account on his date of Termination shall be forfeited and shall remain the property of the Company. However, no forfeiture (or carryover permitted in Subsection (b)) shall occur until all payments and reimbursements hereunder have been made on claims submitted within the time period specified in Section 6.01(b).

(b) Carryovers. To the extent permitted in the Adoption Agreement and subject to any conditions and/or limitations in the Adoption Agreement, the unused balance in a Participant's Health Reimbursement Account remaining at the end of a Plan Year may be carried over to the immediately following Plan Year.

(c) Change in status. If provided in the Adoption Agreement, a reduction in the number of Covered Persons may result in a forfeiture of prorated amounts from the Participant's Health Reimbursement Account. In addition, future contributions to the Participant's Health Reimbursement Account may be discontinued until the correct prorated amount is attained.

Section 4.03 CONTINUATION RIGHTS

(a) Leave of Absence/FMLA/USERRA. If the Plan is subject to FMLA or the Plan Administrator determines that the Plan is subject to FMLA, the Plan Administrator shall permit a Participant taking unpaid leave under the FMLA to continue medical benefits as required by such applicable law. Any Participant on FMLA leave who revoked coverage shall be reinstated to the extent required by applicable law. The Plan Administrator shall permit Participants to continue to receive benefits as required under the Uniformed Services Employment and Reemployment Rights Act and shall provide such reinstatement rights as required by such law. The Plan Administrator shall also permit Participants to continue benefit elections as required under any other applicable state law to the extent that such law is not pre-empted by federal law.

(b) COBRA. If the Plan is subject to COBRA (Code section 4980B and other applicable state law) or the Plan Administrator determines that the Plan is subject to COBRA, a Participant shall be entitled to continuation coverage with respect to his or her Health Reimbursement Account as prescribed in Code Section 4980B (and the regulations thereunder) or such applicable state statutes.
ARTICLE 5
NONDISCRIMINATION

Section 5.01    NONDISCRIMINATION

(a) The Plan may not discriminate in favor of highly compensated employees (within the meaning of Code section 105(h)(5)) as to benefits provided or eligibility to participate with respect to the Health Reimbursement Account.

(b) Adjustment of Eligibility/Benefits. If the Plan Administrator determines that the Plan may fail to satisfy any nondiscrimination requirement or any limitation imposed by the Code, the Plan Administrator may modify any eligibility requirement or benefit amount under the Plan in order to assure compliance with such requirements or limitations. Any act taken by the Plan Administrator under this Subsection shall be carried out in a uniform and non-discriminatory manner.
ARTICLE 6
REIMBURSEMENTS

Section 6.01 PROCEDURES FOR REIMBURSEMENT

(a) Benefits Provided by Insurance. All claims for benefits that are provided under insurance contracts shall be made by the Participant to the insurance company issuing such contract.

(b) Timing of Claims. Reimbursements and/or payments shall only be made for expenses incurred in the applicable Plan Year while the Participant participates in the Plan. Except as otherwise expressly provided herein, no reimbursement and/or payment shall be made for any expenses relating to services rendered before participation or after Termination of Employment for any reason. All claims for reimbursement and/or payment must be made within the time periods specified in the Adoption Agreement.

(c) Documentation. A Participant or any other person entitled to benefits from the Plan (a “Claimant”) may apply for such benefits by completing and filing a claim with the Plan Administrator. Any such claim shall include all information and evidence that the Plan Administrator deems necessary to properly evaluate the merit of and to make any necessary determinations on a claim for benefits. The Plan Administrator may request any additional information necessary to evaluate the claim.

(d) Payment. To the extent that the Plan Administrator approves the claim, the Company shall: (i) reimburse the Claimant, or (ii) at the option of the Plan Administrator, pay the service provider directly for any amounts payable from the Health Reimbursement Account. The Plan Administrator shall establish a schedule, not less frequently than annually, for the payment of claims. The Plan Administrator may provide that payments/reimbursements of less than certain amount may be carried forward and aggregated with future claims until the reimbursable amount is greater than such minimum, provided, however, that the entire amount of payments/reimbursements outstanding at the end of the Plan Year shall be reimbursed without regard to the minimum payment amount.

(e) Coordination with Cafeteria Plan. A Participant shall not be entitled to payment/reimbursement under a health care reimbursement account in a cafeteria plan sponsored by the Company to the extent the expense is reimbursable under this Plan. Notwithstanding the foregoing, the Adoption Agreement may provide that a Participant shall be entitled to payment/reimbursement under the Plan if before the cafeteria plan year begins, the Adoption Agreement specifies that coverage under the Plan is available only after the Participant has received his or her maximum reimbursement under a health care reimbursement account in the cafeteria plan.

(f) Death. If a Participant dies, his beneficiaries may submit claims for Eligible Expenses for the portion of the Plan Year preceding the date of the Participant’s death. A Participant may designate a specific beneficiary provided that such beneficiary is the Participant’s spouse or one or more of the Participant’s dependents. If no beneficiary is specified, the Plan Administrator may pay any amount due hereunder to the Participant’s spouse or, if there is no spouse, to the Participant’s dependents in equal shares. Such payment shall fully discharge the Plan Administrator and the Company from further liability on account thereof.

(g) Form of Claim/Notice. All claims and notices shall be made in written form unless the Plan Administrator provides procedures for such claims and notices to be made in electronic and/or telephonic format to the extent that such alternative format is permitted under applicable law.

(h) Refunds/Indemnification. If the Plan Administrator determines that any Claimant has directly or indirectly received excess payments/reimbursements or has received payments/reimbursements that are taxable to the Claimant, the Plan Administrator shall notify the Claimant and the Claimant shall repay such excess amount (or at the option of the Plan Administrator, the Claimant shall repay the amount that should have been withheld or paid as payroll or withholding taxes) as soon as possible, but in no event later than 30 days after the date of notification. A Claimant shall indemnify and reimburse the Company for any liability the Company may incur for making such payments, including but not limited to failure to withhold or pay payroll or withholding taxes from such payments or
reimbursements. If the Claimant fails to timely repay an excess amount and/or make sufficient indemnification, the
Plan Administrator may: (i) to the extent permitted by applicable law, offset the Claimant’s salary or wages, and/or
(ii) offset other benefits payable hereunder.

(i) Debit, Credit or Other Stored Value Cards. To the extent provided in the Adoption Agreement, the
Company may enter into an agreement with a financial institution to provide a Participant with a debit, credit or
other stored value card to provide immediate payment of reimbursements available under Section 4.01 provided that
the use of such card complies with IRS Revenue Ruling 2003-43 (to the extent not superseded by IRS Notice 2006-
any superseding guidance. A Participant may obtain benefits under Section 4.01 without the use of the card.

(j) HSA Coordination. Except as otherwise provided in the Adoption Agreement, benefits under this
Plan shall not be coordinated with coverage in a high deductible health plan to facilitate participation in Health
Savings Accounts.

(k) Plan Administrator Procedures. The Plan Administrator may establish procedures regarding the
documentation to be submitted in a claim for reimbursement and/or payment and may also establish any other
procedures regarding claims for reimbursement and/or payment provided that the procedures do not violate ERISA
section 503 if the Adoption Agreement indicates the plan is subject to ERISA. Such procedures may include,
without limitation, requirements to submit claims periodically throughout the Plan Year.

Section 6.02 CLAIMS PROCEDURE

(a) A request for benefits is a "claim" subject to this Section only if it is filed by the Participant or the
Participant’s authorized representative in accordance with the Plan’s claim filing guidelines. In general, claims must
be filed in writing. Any claim that does not relate to a specific benefit under the Plan (for example, a general
eligibility claim or a dispute involving a mid-year election change) must be filed with the Plan Administrator. A
request for prior approval of a benefit or service where prior approval is not required under the Plan is not a "claim"
under these rules. Similarly, a casual inquiry about benefits or the circumstances under which benefits might be
paid under the Plan is not a "claim" under these rules, unless it is determined that your inquiry is an attempt to file a
claim. If a claim is received, but there is not enough information to process the claim, the Participant will be given
an opportunity to provide the missing information. Participants may designate an authorized representative if written
notice of such designation is provided.

(b) This Section 6.02(b) shall apply for any claim for benefits under the Health Reimbursement
Account.

(1) Timing of Notice of Denied Claim. The Plan Administrator shall notify the Claimant of
any adverse benefit determination within a reasonable period of time, but not later than 30 days after receipt of the
claim. This period may be extended one time by the Plan for up to 15 days, provided that the Plan Administrator
both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies the
Claimant, prior to the expiration of the initial 30-day period, of the circumstances requiring the extension of time
and the date by which the Plan expects to render a decision. If such an extension is necessary due to a failure of the
Claimant to submit the information necessary to decide the claim, the notice of extension shall specifically describe
the required information, and the Claimant shall be afforded at least 45 days from receipt of the notice within which
to provide the specified information.

(2) Content of Notice of Denied Claim. If a claim is wholly or partially denied, the Plan
Administrator shall provide the Claimant with a notice identifying (A) the reason or reasons for such denial, (B) the
pertinent Plan provisions on which the denial is based, (C) any material or information needed to grant the claim and
an explanation of why the additional information is necessary, (D) an explanation of the steps that the Claimant must
take if he wishes to appeal the denial including a statement that the Claimant may bring a civil action under ERISA,
and (E): (I) If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse
determination, either the specific rule, guideline, protocol, or other similar criterion; or a statement that such a rule,
guideline, protocol, or other similar criterion was relied upon in making the adverse determination and that a copy of
such rule, guideline, protocol, or other criterion will be provided free of charge to the Claimant upon request; or (II)
if the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the Claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request.

(3) Appeal of Denied Claim. If a Claimant wishes to appeal the denial of a claim, he shall file an appeal with the Plan Administrator on or before the 180th day after he receives the Plan Administrator's notice that the claim has been wholly or partially denied. The appeal shall identify both the grounds and specific Plan provisions upon which the appeal is based. The Claimant shall be provided, upon request and free of charge, documents and other information relevant to his claim. An appeal may also include any comments, statements or documents that the Claimant may desire to provide. The Plan Administrator shall consider the merits of the Claimant's presentations, the merits of any facts or evidence in support of the denial of benefits, and such other facts and circumstances as the Plan Administrator may deem relevant. In considering the appeal, the Plan Administrator shall:

(A) Provide for a review that does not afford deference to the initial adverse benefit determination and that is conducted by an appropriate named fiduciary of the Plan who is neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual;

(B) Provide that, in deciding an appeal of any adverse benefit determination that is based in whole or in part on a medical judgment, including determinations with regard to whether a particular treatment, drug, or other item is experimental, investigational, or not medically necessary or appropriate, the appropriate named fiduciary shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment;

(C) Provide for the identification of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a Claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and

(D) Provide that the health care professional engaged for purposes of a consultation under Subsection (B) shall be an individual who is neither an individual who was consulted in connection with the adverse benefit determination that is the subject of the appeal, nor the subordinate of any such individual.

The Plan Administrator shall notify the Claimant of the Plan's benefit determination on review within 60 days after receipt by the Plan of the Claimant's request for review of an adverse benefit determination. The Claimant shall lose the right to appeal if the appeal is not timely made.

(4) Denial of Appeal. If an appeal is wholly or partially denied, the Plan Administrator shall provide the Claimant with a notice identifying (1) the reason or reasons for such denial, (2) the pertinent Plan provisions on which the denial is based, (3) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits, and (4) a statement describing the Claimant's right to bring an action under section 502(a) of ERISA. The determination rendered by the Plan Administrator shall be binding upon all parties.

(5) Exhaustion of Remedies. Before a suit can be filed in federal court, claims must exhaust internal remedies.

(c) Additional Internal and External Claims Procedures.

(1) Applicability. This Section shall apply if (A) the Plan constitutes a group health plan as defined in Treas. Reg. section 54.9801-2 or if the Plan Administrator determines that the Plan is subject to HIPAA portability rules and (B) the Plan is not a grandfathered health plan under the Patient Protection and Affordable Care Act.
(2) Effective Date. This Section shall be effective the later of (A) the first plan year beginning after September 23, 2010 or (B) the date the Plan is no longer a grandfathered health plan under the Patient Protection and Affordable Care Act.

(3) Internal Claims Process. The claims requirements under the Plan shall apply as the internal claims process except as provided under DOL Reg. 2590.715-2719 and any superseding guidance.

(A) Adverse Benefit Determination. An adverse benefit determination means an adverse benefit determination as defined in DOL Reg. 2560.503-1, as well as any rescission of coverage, as described in DOL Reg. 2590.715-2712(a)(2).

(B) Full and Fair Review. A Claimant must be allowed to review the file and present evidence and testimony as part of the internal appeals process. Claimants must be provided, free of charge, with any new or additional evidence considered relied upon or generated by the Plan in connection with the claim sufficiently in advance of the final adverse benefit determination to give the Claimant a reasonable opportunity to respond prior to that date. The Plan must also meet the conflict of interest requirements under DOL Reg. 2590.715-2712(b)(2)(D).

(C) Notice. A description of available internal and external claims processes and information regarding how to initiate an appeal must be provided. Notices of adverse benefit determinations must include the information required under DOL Reg. 2590.715-2719(b)(2)(ii)(E) as applicable. The final notice of internal adverse benefit determination must include a discussion of the decision. Notice must be provided in a linguistically appropriate manner as provided under DOL Reg. 2590.715-2719(e). The Plan must disclose the contact information for any applicable office of health insurance consumer assistance or ombudsman established under PHS Act section 2793.

(4) Deemed Exhaustion of Internal Claims Process. If the Plan fails to adhere to the requirements of DOL Reg. 2590.715-2719(b)(2), except as provided under DOL Reg. 2590.715-2719(b)(2)(ii)(F)(2), the claimant may initiate an external review under Section 6.02(c)(5) or may bring an action under section 502(a) of ERISA as provided in DOL Reg. 2590.715-2719(b)(2)(ii)(F) and any superseding guidance.


(A) State External Claims Process. If the Adoption Agreement specifies that the Plan is not subject to ERISA and the State external claims process includes at a minimum the consumer protections in the NAIC Uniform Model Act then the plan must comply with the applicable State claims review process.

(B) Federal External Claims Process. The plan must comply with the Federal external claims process of DOL Reg. section 2590.715-2719(d) and any superseding guidance if Subsection (c)(5)(A) above is not applicable.

(d) Notwithstanding anything to the contrary, if the Adoption Agreement specifies that (1) the Plan is not subject to ERISA and (2) the Plan does not constitute a group health plan as defined in Treas. Reg. section 54.9801-2 or the Plan is a grandfathered health plan under the Patient Protection and Affordable Care Act, claims procedures shall be established by the policies and procedures of the Plan Administrator and/or Company and any other applicable law.

Section 6.03 MINOR OR LEGALLY INCOMPETENT PAYEE

If a distribution is to be made to an individual who is either a minor or legally incompetent, the Plan Administrator may direct that such distribution be paid to the legal guardian. If a distribution is to be made to a minor and there is no legal guardian, payment may be made to a parent of such minor or a responsible adult with whom the minor maintains his residence, or to the custodian for such minor under the Uniform Transfer to Minors Act, if such is permitted by the laws of the state in which such minor resides. Such payment shall fully discharge the Plan Administrator and the Company from further liability on account thereof.

Section 6.04 MISSING PAYEE
If the Plan Administrator is unable to make payment to any Participant or other person to whom a payment is due under the Plan because it cannot ascertain the identity or whereabouts of such Participants or other person after reasonable efforts have been made to identify or locate such person, such payment and all subsequent payments otherwise due to such Participant or other person shall be forfeited one year after the date any such payment first became due.
ARTICLE 7
PLAN ADMINISTRATION

Section 7.01 PLAN ADMINISTRATOR

(a) Designation. The Plan Administrator shall be specified in the Adoption Agreement. In the absence of a designation in the Adoption Agreement, the Plan Sponsor shall be the Plan Administrator. If a Committee is designated as the Plan Administrator, the Committee shall consist of one or more individuals who may be Employees appointed by the Plan Sponsor and the Committee shall elect a chairman and may adopt such rules and procedures as it deems desirable. The Committee may also take action with or without formal meetings and may authorize one or more individuals, who may or may not be members of the Committee, to execute documents in its behalf.

(b) Authority and Responsibility of the Plan Administrator. The Plan Administrator shall be the Plan "administrator" as such term is defined in section 3(16) of ERISA (if the Adoption Agreement provides that the Plan is subject to ERISA), and as such shall have total and complete discretionary power and authority:

(i) to make factual determinations, to construe and interpret the provisions of the Plan, to correct defects and resolve ambiguities and inconsistencies therein and to supply omissions thereto. Any construction, interpretation or application of the Plan by the Plan Administrator shall be final, conclusive and binding;

(ii) to determine the amount, form or timing of benefits payable hereunder and the recipient thereof and to resolve any claim for benefits in accordance with Article 6;

(iii) to determine the amount and manner of any allocations hereunder;

(iv) to maintain and preserve records relating to the Plan;

(v) to prepare and furnish all information and notices required under applicable law or the provisions of this Plan;

(vi) to prepare and file or publish with the Secretary of Labor, the Secretary of the Treasury, their delegates and all other appropriate government officials all reports and other information required under law to be so filed or published;

(vii) to hire such professional assistants and consultants as it, in its sole discretion, deems necessary or advisable; and shall be entitled, to the extent permitted by law, to rely conclusively on all tables, valuations, certificates, opinions and reports which are furnished by same;

(viii) to determine all questions of the eligibility of Employees and of the status of rights of Participants;

(ix) to adjust Accounts in order to correct errors or omissions;

(x) to determine the validity of any judicial order;

(xi) to retain records on elections and waivers by Participants;

(xii) to supply such information to any person as may be required;

(xiii) to perform such other functions and duties as are set forth in the Plan that are not specifically given to any other fiduciary or other person.
Procedures. The Plan Administrator may adopt such rules and procedures as it deems necessary, desirable, or appropriate for the administration of the Plan. When making a determination or calculation, the Plan Administrator shall be entitled to rely upon information furnished to it. The Plan Administrator's decisions shall be binding and conclusive as to all parties.

(d) Allocation of Duties and Responsibilities. The Plan Administrator may designate other persons to carry out any of his duties and responsibilities under the Plan.

(e) Compensation. The Plan Administrator shall serve without compensation for its services.

(f) Expenses. All direct expenses of the Plan, the Plan Administrator and any other person in furtherance of their duties hereunder shall be paid or reimbursed by the Company.

(g) Allocation of Fiduciary Duties. A Plan fiduciary shall have only those specific powers, duties, responsibilities and obligations as are explicitly given him under the Plan. It is intended that each fiduciary shall not be responsible for any act or failure to act of another fiduciary. A fiduciary may serve in more than one fiduciary capacity with respect to the Plan.

Section 7.02 INDEMNIFICATION

Statutory and common law theories and principles of indemnification, contribution, and equitable restitution shall govern and apply to claims, actions, causes of action, costs, expenses and losses (including attorneys' fees) resulting from or caused by the actions or omissions of the parties or their employees pursuant to this Agreement.

Section 7.03 MEDICAL CHILD SUPPORT ORDERS

In the event the Plan Administrator receives a medical child support order (within the meaning of ERISA section 609(a)(2)(B)), the Plan Administrator shall notify the affected Participant and any alternate recipient identified in the order of the receipt of the order and the Plan's procedures for determining whether such an order is a qualified medical child support order (within the meaning of ERISA section 609(a)(2)(A)). Within a reasonable period the Plan Administrator shall determine whether the order is a qualified medical child support order and shall notify the Participant and alternate recipient of such determination.

If the plan is not subject to ERISA any applicable law related to qualified medical child support orders or National Medical Support Notices shall apply and the Plan Administrator shall follow any required procedures under such law.

Section 7.04 HIPAA PORTABILITY RULES

In the event the Plan constitutes a group health plan as defined in Treas. Reg. section 54.9801-2 or if the Plan Administrator determines that the Plan is subject to HIPAA portability rules, the Plan shall comply with the requirements of Code section 9801 et seq. including the requirement to cover children until the attainment of age 26 if the Plan makes dependent coverage of children available.

Section 7.05 THIRD PARTY RECOVERY/REIMBURSEMENT

(a) In General. When a Participant or covered dependent receives Plan benefits which are related to medical expenses that are also payable under Workers' Compensation, any statute, any uninsured or underinsured motorist program, any no fault or school insurance program, any other insurance policy or any other plan of benefits, or when related medical expenses that arise through an act or omission of another person are paid by a third party, whether through legal action, settlement or for any other reason, the Participant shall reimburse the Plan for the related Plan benefits received out of any funds or monies the Participant recovers from any third party.

(b) Specific Requirements and Plan Rights. Because the Plan is entitled to reimbursement, the Plan shall be fully subrogated to any and all rights, recovery or causes of actions or claims that a Participant or covered
The Plan is granted a specific and first right of reimbursement from any payment, amount or recovery from a third party. This right to subrogation applies regardless of the manner in which the recovery is structured or worded, and even if the Participant or covered dependent has not been paid or fully reimbursed for all of their damages or expenses.

The Plan's share of the recovery shall not be reduced because the full damages or expenses claimed have not been reimbursed unless the Plan agrees in writing to such reduction. Further, the Plan's right to subrogation or reimbursement will not be affected or reduced by the "make whole" doctrine, the "fund" doctrine, the "common fund" doctrine, comparative/contributory negligence, "collateral source" rule, "attorney's fund" doctrine, regulatory diligence or any other equitable defenses that may affect the Plan's right to subrogation or reimbursement.

The Plan may enforce its subrogation or reimbursement rights by requiring the Participant to assert a claim to any of the benefits to which the Participant or a covered dependent may be entitled. The Plan will not pay attorneys' fees or costs associated with the claim or lawsuit without express written authorization from the Company.

If the Plan should become aware that a Participant or covered dependent has received a third party payment, amount or recovery and not reported such amount, the Plan, in its sole discretion, may suspend all further benefits payments related to the Participant and covered dependents until the reimbursable portion is returned to the Plan or offset against amounts that would otherwise be paid to or on behalf of the Participant or covered dependents.

(c) Participant Duties and Actions. By participating in the Plan each Participant and covered dependent consents and agrees that a constructive trust, lien or an equitable lien by agreement in favor of the Plan exists with regard to any settlement or recovery from a third person or party. In accordance with that constructive trust, lien or equitable lien by agreement, each Participant and covered dependent agrees to cooperate with the Plan in reimbursing it for Plan costs and expenses.

Once a Participant or covered dependent has any reason to believe that the Plan may be entitled to recovery from any third party, the Participant must notify the Plan. And, at that time, the Participant (and the Participant's attorney, if applicable) must sign a subrogation/reimbursement agreement that confirms the prior acceptance of the Plan's subrogation rights and the Plan's right to be reimbursed for expenses arising from circumstances that entitle the Participant or covered dependent to any payment, amount or recovery from a third party.

If a Participant fails or refuses to execute the required subrogation/reimbursement agreement, the Plan may deny payment of any benefits to the Participant or covered dependent until the agreement is signed. Alternatively, if a Participant fails or refuses to execute the required subrogation/reimbursement agreement and the Plan nevertheless pays benefits to or on behalf of the Participant or a covered dependent, the Participant's acceptance of such benefits shall constitute agreement to the Plan's right to subrogation or reimbursement.

Each Participant and covered dependent consents and agrees that they shall not assign their rights to settlement or recovery against a third person or party to any other party, including their attorneys, without the Plan's consent. As such, the Plan's reimbursement will not be reduced by attorneys' fees and expenses without express written authorization from the Plan.
ARTICLE 8
AMENDMENT AND TERMINATION

Section 8.01 AMENDMENT

The provisions of the Plan may be amended in writing at any time and from time to time by the Plan Sponsor.

Section 8.02 TERMINATION

(a) It is the intention of the Plan Sponsor that this Plan will be permanent. However, the Plan Sponsor reserves the right to terminate the Plan at any time for any reason.

(b) Each entity constituting the Company reserves the right to terminate its participation in this Plan. Each such entity constituting the Company shall be deemed to terminate its participation in the Plan if: (i) it is a party to a merger in which it is not the surviving entity and the surviving entity is not an affiliate of another entity constituting the Company, or (ii) it sells all or substantially all of its assets to an entity that is not an affiliate of another entity constituting the Company.
ARTICLE 9
MISCELLANEOUS

Section 9.01 NONALIENATION OF BENEFITS

No Participant or Beneficiary shall have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which he may expect to receive, contingently or otherwise, under the Plan.

Section 9.02 NO RIGHT TO EMPLOYMENT

Nothing contained in this Plan shall be construed as a contract of employment between the Company and the Participant, or as a right of any Employee to continue in the employment of the Company, or as a limitation of the right of the Company to discharge any of its Employees, with or without cause.

Section 9.03 NO FUNDING REQUIRED

Except as otherwise required by law:

(a) Any amount contributed by a Participant and/or the Company to provide benefits hereunder shall remain part of the general assets of the Company and all payments of benefits under the Plan shall be made solely out of the general assets of the Company.

(b) The Company shall have no obligation to set aside any funds, establish a trust, or segregate any amounts for the purpose of making any benefit payments under this Plan. However, the Company may in its sole discretion, set aside funds, establish a trust, or segregate amounts for the purpose of making any benefit payments under this Plan.

(c) No person shall have any rights to, or interest in, any Account other than as expressly authorized in the Plan.

Section 9.04 GOVERNING LAW

(a) The Plan shall be construed in accordance with and governed by the laws of the state or commonwealth of organization of the Plan Sponsor to the extent not preempted by Federal law.

(b) The Plan hereby incorporates by reference any provisions required by state law to the extent not preempted by Federal law.

Section 9.05 TAX EFFECT

The Company does not represent or guarantee that any particular federal, state or local income, payroll, personal property or other tax consequence will result from participation in this Plan. A Participant should consult with professional tax advisors to determine the tax consequences of his or her participation.

Section 9.06 SEVERABILITY OF PROVISIONS

If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

Section 9.07 HEADINGS AND CAPTIONS

The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.
Section 9.08  GENDER AND NUMBER

Except where otherwise clearly indicated by context, the masculine and the neuter shall include the feminine and the neuter, the singular shall include the plural, and vice-versa.
ARTICLE 10
HIPAA PRIVACY AND SECURITY COMPLIANCE

This Article 10 shall only apply in the event that the Plan constitutes a group health plan as defined in section 2791(a)(2) of the Public Health Service Act or if the Plan Administrator determines that the Plan is subject to the HIPAA privacy and security rules. The Plan will comply with HIPAA as set forth below.

Section 10.01 Definitions. For purposes of this Article 10, the following terms have the following meanings:

(a) "Business Associate" means any outside vendor who performs a function or activity on behalf the Plan which involves the creation, use or disclosure of PHI, and includes any subcontractor to whom a Business Associate delegates its obligations.

(b) "Group Health Benefits" means the medical benefits, dental benefits, vision benefits and, if applicable, employee assistance program benefits offered under the Plan.

(c) "Individual" means the Participant or the Participant's covered dependents enrolled in any of the Group Health Benefits under the Plan.

(d) "Notice of Privacy Practices" means a notice explaining the uses and disclosures of PHI that may be made by the Plan, the covered Individuals' rights under the Plan with respect to PHI, and the Plan's legal duties with respect to PHI.

(e) "Plan Administration Functions" means the administration functions performed by the Plan Sponsor on behalf of the Plan. Plan Administration Functions do not include functions performed by the Plan Sponsor in connection with any other benefit plan of the Plan Sponsor.

(f) "Protected Health Information ("PHI")" means information about an Individual, including genetic information, (whether oral or recorded in any form or medium) that:

(1) is created or received by the Plan or the Plan Sponsor;

(2) relates to the past, present or future physical or mental health or condition of the Individual, the provision of health care to the Individual, or the past, present or future payment for the provision of health care to the Individual; and

(3) identifies the Individual or with respect to which there is a reasonable basis to believe the information may be used to identify the Individual.

PHI includes Protected Health Information that is transmitted by or maintained in electronic media.

(g) "Summary Health Information" means information summarizing the claims history, claims expenses, or types of claims experienced by an Individual, and from which the following information has been removed:

(1) names;

(2) any geographic information which is more specific than a five digit zip code;

(3) all elements of dates relating to a covered Individual (e.g., birth date) or any medical treatment (e.g., admission date) except the year; all ages for a covered Individual if the Individual is over age 89 and all elements of dates, including the year, indicative of such age (except that ages and elements may be aggregated into a single category of age 90 and older);
other identifying numbers, such as, Social Security, telephone, fax, or medical record numbers, e-mail addresses, VIN, or serial numbers;

(5) facial photographs or biometric identifiers (e.g., finger prints); and

(6) any other unique identifying number, characteristic, or code.

Section 10.02 HIPAA Privacy Compliance. The Plan's HIPAA privacy compliance rules ("Privacy Rule") are as follows:

(a) Permitted Use or Disclosure of PHI by Plan Sponsor. Any disclosure to and use by the Plan Sponsor of any PHI will be subject to and consistent with this Section.

(1) The Plan and health insurance issuer, HMO, or Business Associate servicing the Plan may disclose PHI to the Plan Sponsor to permit the Plan Sponsor to carry out Plan Administration Functions, including but not limited to the following purposes:

(A) to provide and conduct Plan Administrative Functions related to payment and health care operations for and on behalf of the Plan;

(B) for auditing claims payments made by the Plan;

(C) to request proposals for services to be provided to or on behalf of the Plan; and

(D) to investigate fraud or other unlawful acts related to the Plan and committed or reasonably suspected of having been committed by a Plan participant.

(2) The uses described above in (1) are permissible only if the Notice of Privacy Practices distributed to covered Individuals in accordance with the Privacy Rule states that PHI may be disclosed to the Plan Sponsor.

(3) The Plan or a health insurance issuer or HMO may disclose to the Plan Sponsor information regarding whether an Individual is participating in the Plan, or is enrolled in or has disenrolled from a health insurance issuer or HMO offered by the Plan.

(b) Restrictions on Plan Sponsor's Use and Disclosure of PHI.

(1) The Plan Sponsor will not use or further disclose PHI, except as permitted or required by the Plan or as required by law.

(2) The Plan Sponsor will ensure that any agent, including any subcontractor, to whom it provides PHI agrees to the restrictions and conditions of this Section.

(3) The Plan Sponsor will not, and will not permit a health insurance issuer or HMO to, use or disclose PHI for employment-related actions or decisions, or in connection with any other benefit or employee benefit plan of the Plan Sponsor.
(4) The Plan Sponsor will report to the Plan any use or disclosure of PHI that is inconsistent with the uses and disclosures allowed under this Section promptly upon learning of such inconsistent use or disclosure.

(5) The Plan Sponsor will make a covered Individual's PHI available to the covered Individual in accordance with the Privacy Rule.

(6) The Plan Sponsor will make PHI available for amendment and will, upon notice, amend PHI in accordance with the Privacy Rule.

(7) The Plan Sponsor will track certain PHI disclosures it makes so that it can make available the information required for the Plan to provide an accounting of disclosures in accordance with the Privacy Rule.

(8) The Plan Sponsor will make its internal practices, books, and records, relating to its use and disclosure of PHI received from the Plan to the Secretary of the U.S. Department of Health and Human Services to determine the Plan's compliance with the Privacy Rule.

(9) The Plan Sponsor will, if feasible, return or destroy all PHI, in whatever form or medium (including in any electronic medium under the Plan Sponsor's custody or control) received from the Plan, including all copies of and any data or compilations derived from and allowing identification of any Individual who is the subject of the PHI, when that PHI is no longer needed for the Plan Administration Functions for which the disclosure was made. If it is not feasible to return or destroy all such PHI, the Plan Sponsor will limit the use or disclosure of any PHI it cannot feasibly return or destroy to those purposes that make the return or destruction of the information infeasible.

(10) When using or disclosing PHI or when requesting PHI from another party, the Plan sponsor must make reasonable efforts to limit PHI to the minimum necessary to accomplish the intended purpose of the use or disclosure, and limit any request for PHI to the minimum necessary to satisfy the purpose of the request.

(11) The Plan Sponsor will not use any genetic information for any underwriting purposes.

(c) Adequate Separation between the Plan Sponsor and the Plan.

(1) Only those employees of the Plan Sponsor, as outlined in the Plan's HIPAA Policies and Procedures, may be given access to PHI received from the Plan or a health insurance issuer, HMO or Business Associate servicing the Plan.

(2) The members of the classes of employees identified in the Plan's HIPAA Policies and Procedures will have access to PHI only to perform the Plan Administration Functions that the Plan Sponsor provides for the Plan.

(3) The Plan Sponsor will promptly report to the Plan any use or disclosure of PHI in breach, violation of, or noncompliance with, the provisions of this Section of the Plan, as required under this Section, and will cooperate with the Plan to correct the breach, violation or noncompliance, will impose appropriate disciplinary action or sanctions, including termination of employment, on each employee who is responsible for the breach, violation or noncompliance, and will mitigate any deleterious effect of the breach, violation or noncompliance on any Individual covered under the Plan, the privacy of whose PHI may have been compromised by the breach, violation or noncompliance. Regardless of whether a person is disciplined or terminated pursuant to this section, the
Plan reserves the right to direct that the Plan Sponsor, and upon receipt of such direction the Plan Sponsor shall, modify or revoke any person's access to or use of PHI.

(d) Purpose of Disclosure of Summary Health Information to Plan Sponsor.

(1) The Plan and any health insurance issuer or HMO may disclose Summary Health Information to the Plan Sponsor if the Plan Sponsor requests the Summary Health Information for the purpose of obtaining premium bids from health plans for providing health insurance coverage under the Plan.

(2) The Plan and any health insurance issuer or HMO may disclose Summary Health Information to the Plan Sponsor if the Plan Sponsor requests the Summary Health Information for the purpose of modifying, amending, or terminating the Plan.

(e) Plan Sponsor Certification. The Plan Sponsor will provide the Plan with a certification stating that the Plan has been amended to incorporate the terms of this Article and that the Plan Sponsor agrees to abide by these terms. The Plan Sponsor will also provide the certification upon request to its health insurance issuers, HMOs and Business Associates of the Plan.

(f) Rights of Individuals.

(1) Notice of Privacy Practices. The Plan Sponsor will provide a Notice of Privacy Practices to the Participant in accordance with HIPAA.

(2) Right to Request Restrictions. Each Individual has the right to request that the Plan restrict its uses and disclosures of the Individual's PHI.

(3) Right to Access. Each Individual has the right to obtain and inspect its PHI held by the Plan.

(4) Right to Amend. Each Individual has the right to ask the Plan to amend its PHI.

(5) Right to an Accounting. Each Individual has the right to request an accounting of disclosures of PHI made by the Plan for purposes other than treatment, payment or health care operations.

Section 10.03 HIPAA Security Compliance... To ensure the Plan's compliance with HIPAA's privacy compliance rules ("Security Rule"), the Plan Sponsor will:

(a) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that it creates, receives, maintains, or transmits on behalf of the Plan;

(b) Ensure that the adequate separation required by the HIPAA Security Rule is supported by reasonable and appropriate security measures;

(c) Ensure that any agent, including a subcontractor, to whom it provides this information agrees to implement reasonable and appropriate security measures to protect the information; and

(d) Report to the Plan any security incident of which it becomes aware.
ADOPTION AGREEMENT
HEALTH REIMBURSEMENT PLAN

The undersigned adopting employer hereby adopts this Plan. The Plan is intended to qualify as a health reimbursement arrangement under Code sections 106 and 105. The Plan shall consist of this Adoption Agreement, its related Basic Plan Document and any related Appendix and Addendum to the Adoption Agreement. Unless otherwise indicated, all Section references are to Sections in the Basic Plan Document.

COMPANY INFORMATION

1. Name of adopting employer (Plan Sponsor): Mid Michigan Community College
2. Address: 1375 S. Clare Avenue
6. Phone number: 989-386-6604 7. Fax number: ____________
8. Plan Sponsor EIN: 38-1812272
9. Plan Sponsor fiscal year end: December 31
10a. Plan Sponsor entity type:
   i. | C Corporation
   ii. | S Corporation
   iii. | Non Profit Organization
   iv. | Partnership
   v. | Limited Liability Company
   vi. | Limited Liability Partnership
   vii. | Sole Proprietorship
   viii. | Union
   ix. | Government Agency
   x. | X | Other: Governmental entity or Church
10b. If 10a.viii (Union) is selected, enter name of the representative of the parties who established or maintain the Plan: ____________
12a. The Plan Sponsor is a member of an affiliated service group:
   | | Yes | X | No
12b. If 12a is "Yes", list all members of the group (other than the Plan Sponsor): ____________
13a. The Plan Sponsor is a member of a controlled group:
   | | Yes | X | No
13b. If 13a is "Yes", list all members of the group (other than the Plan Sponsor): ____________

PLAN INFORMATION

A. GENERAL INFORMATION.

1. Plan Number: 503
2. Plan name: a. Mid Michigan Community College HRA Plan
   b. ____________
3. Effective Date:
3a. Original effective date of Plan: January 1, 2017
3b. Is this a restatement of a previously-adopted plan:
   | | Yes | X | No
3c. If A.3b is "Yes", effective date of Plan restatement: ____________
   NOTE: If A.3b is "No", the Effective Date shall be the date specified in A.3a, otherwise the date specified in A.3c;
   provided, however, that when a provision of the Plan states another effective date, such stated specific effective date shall
   apply as to that provision.
4a. Plan Year means each 12-consecutive month period ending on December 31 (e.g. December 31). If the Plan Year
   changes, any special provisions regarding a short Plan Year should be placed in the Addendum to the Adoption
   Agreement.
4b. The Plan has a short plan year:
   | | Yes | X | No
4c. If A.4b is "Yes", the short plan year begins ________ and ends on ____________
5. Is the Plan Subject to ERISA?
   | | Yes | X | No
A. ELIGIBILITY.

Other Company Benefit Plan

1a. An Employee is eligible to participate in the Plan under the same terms and conditions as under the Company benefit plan(s) specified in B.1b.
   i. [ ] Yes - without limitation
   ii. [ ] Yes - with limitations and modifications described in B.1c
   iii. [X] No

1b. If B.1a is not "No", enter name of other Company benefit plan(s): ____________.

1c. If B.1a is "Yes - with limitations and modifications", describe limitations and/or modifications: ____________.

NOTE: If B.1a is not "No", the remainder of Section B is disregarded.

Exclusions/Modifications

If B.1a is "No", the term "Eligible Employee" shall not include (Check items B.2 - B.6a as appropriate):

2. [X] Union. Any Employee who is included in a unit of Employees covered by a collective bargaining agreement, if benefits were the subject of good faith bargaining, and if the collective bargaining agreement does not provide for participation in this Plan.


4. [X] Non-Resident Alien. Any Employee who is a non-resident alien who received no earned income (within the meaning of Code section 861(a)(3)) which constitutes income from services performed within the United States (within the meaning of Code section 861(a)(3)).

5. [X] Part-time. Any Employee who is expected to work less than 20 hours per week.

6a. [ ] Other. Other Employees described in B.6b.

6b. If B.1a is "No", and B.6a is selected, describe other Employees excluded from definition of Eligible Employee:

NOTE: The Plan may not discriminate in favor of highly compensated employees (within the meaning of Code section 105(h)(5)) as to benefits provided or eligibility to participate.

7a. If B.1a is "No", allow immediate participation for all Eligible Employees employed on the date specified in B.7b:
   i. [X] Yes [X] No

7b. If B.1a is "No" and B.7a is "Yes", all Eligible Employees employed on ______ shall become eligible to participate in the Plan as of such date.

8a. If B.1a is "No", indicate whether the Plan will make any other revisions to the term "Eligible Employee":
   i. [X] Yes [ ] No

8b. If B.1a is "No" and B.8a is "Yes", describe any further modifications to the term "Eligible Employee": Eligible employees must be enrolled in either Medicare Part A, TRICARE, or VA benefits and enrolled in the Michigan Community College group health insurance plan.

Service Requirements

10. If B.1a is "No", minimum age requirement for an Eligible Employee to become eligible to be a Participant in the Plan: None

11. If B.1a is "No", minimum service requirement for an Eligible Employee to become eligible to be a Participant in the Plan:
   i. [X] None
   ii. [ ] Completion of _____ hours of service.
   iii. [ ] Completion of _____ days of service.
   iv. [ ] Completion of _____ months of service.
   v. [ ] Completion of _____ years of service.

12a. If B.1a is "No", frequency of entry dates:
   i. [X] An Eligible Employee shall become a Participant in the Plan as soon as administratively feasible upon meeting the requirements of B.10 and B.11.
   ii. [ ] first day of each calendar month.
   iii. [ ] first day of each plan quarter.
   iv. [ ] first day of the first month and seventh month of the Plan Year.
   v. [ ] first day of the Plan Year.

12b. If B.1a is "No" and B.12a(i) (immediate entry) is not selected, an Eligible Employee shall become a Participant in the Plan on the entry date selected in B.12a that is:
   i. [ ] coincident with or next following
   ii. [ ] next following

   the date the requirements of B.10 and B.11 are met.

13a. If B.1a is "No", indicate whether the Plan will make any other revisions to the eligibility rules specified in B.10 - B.12:
[X] Yes  |  | No
13b. If B.1a is "No" and B.13a is "Yes", describe any further modifications to the eligibility rules specified in B.10 - B.12: 
Spouse and Dependents of Eligible employees that are enrolled in the Mid Michigan Community College health insurance plan will automatically participate in the HRA plan and are ineligible to contribute to an H.S.A.

Former Employees

15a. Permit Eligible Employees to participate in the Plan after Termination (Section 3.03; See item C.10 to describe benefits available to former employees):

i. [X] Yes - all Eligible Employees are eligible to participate in the Plan after Termination.

ii. [X] Yes - selected Eligible Employees are eligible to participate in the Plan after Termination.

iii. [X] No.

15b. If B.15a is "Yes - selected Eligible Employees are eligible to participate in the Plan after Termination", describe the Employees: ___________.

NOTE: The election in B.15 does not have an effect on COBRA coverage.

C. BENEFITS

Eligible Expenses

1a. Coverage under the Plan for Covered Persons is available for the following Eligible Expenses (Section 4.01):

i. [X] All allowable medical expenses. All medical expenses that are excludable from income under Code section 105(b).

ii. [X] Listed medical expenses. All medical expenses that are listed on an appendix to the Adoption Agreement and that are excludable from income under Code section 105(b).

iii. [X] Health plan deductibles. Only health plan deductible amounts that are otherwise payable by the Participant under a Company-sponsored medical plan covering the Participant.

iv. [X] Health plan coinsurance. Only health plan coinsurance amounts that are otherwise payable by the Participant under a Company-sponsored medical plan covering the Participant.

v. [X] Health plan deductibles and coinsurance. Only health plan deductibles and coinsurance amounts that are otherwise payable by the Participant under a Company-sponsored medical plan covering the Participant.

vi. [X] Schedule of expenses. A schedule of allowable medical expenses under a Company-sponsored medical plan(s) (current or former) as provided in an appendix to the Adoption Agreement.

NOTE: If C.1.a-vi. is selected, the terms listed in the schedule of expenses shall be defined as provided in the relevant Company-sponsored medical plan.

1b. Are there any other modifications to the definition of Eligible Expenses:

[X] Yes  |  | No

1c. If C.1b is "Yes", describe modifications to the definition of Eligible Expenses: ___________.

NOTE: The modifications listed in C.1c may not be inconsistent with expenses that are excludable from income under Code section 105(b).

Covered Person

2a. The definition of Covered Person under the Plan shall include the following persons:

i. [X] Participant, spouse and dependents. The Participant, his or her spouse and all dependents within the meaning of Code section 152 as modified by Code section 105(b), and any child (as defined in section 152(f)(1)) of the Participant until his or her 26th birthday.

ii. [X] Persons covered under Company medical plan. The Participant, his or her spouse and all dependents within the meaning of Code section 152 as modified by Code section 105(b), and any child (as defined in section 152(f)(1)) of the Participant until his or her 26th birthday, but only if such persons are also covered under the Company-sponsored benefit plan specified in C.2b.

iii. [X] Participants Only. No spousal or dependent coverage.

iv. [X] Other. The persons described in C.2e.

NOTE: The Plan Administrator may extend coverage for children until the end of the calendar year in which a child turns age 26.

2b. If C.2a is "Persons covered under Company medical plan", indicate the name of the Company-sponsored benefit plan: ___________.

NOTE: If i) the Plan constitutes a group health plan as defined in Treas. Reg. section 54.9801-2 or if the Plan Administrator determines that the Plan is subject to HIPAA portability rules, ii) the Plan is not a grandfathered health plan under the Patient Protection and Affordable Care Act, and iii) children are covered under this Plan, all children up to their 26th birthday must be covered.

2c. If C.2a is "Other", indicate the definition of Covered Person: ___________.

Copyright 2002-2016 Kushner & Company
NOTE: The definition in C.2e may not include anyone other than the Participant, his or her spouse and all dependents within the meaning of Code section 152 as modified by Code section 105(b), and any child (as defined in section 152(1)(I)) of the Participant until his or her 26th birthday. If (i) the Plan constitutes a group health plan as defined in Treas. Reg. section 54.9801-2 or if the Plan Administrator determines that the Plan is subject to HIPAA portability rules, ii) the Plan is not a grandfathered health plan under the Patient Protection and Affordable Care Act, and iii) children are covered under this Plan, all children up to their 26th birthday must be covered.

Health Reimbursement Account - Maximum Benefit

3a. If C.1a.vi is selected are the maximum annual amounts specified in the schedule of benefits?
   [ ] Yes [ ] No
   NOTE: If the maximum annual amount credited to a Participant's Health Reimbursement Account depends on the Company-sponsored benefit plan the Participant is enrolled in or the particular type of Eligible Expense, C.1a.vi (schedule of expenses) should be selected and C.3a should be "Yes" (the maximum annual amounts entered in the schedule of benefits apply to this Plan).

3b. Enter the maximum annual amount that will be credited to a Participant's Health Reimbursement Account in any Plan Year for the applicable coverage category (Section 4.01): 
   i. One Covered Person (Participant only): $1,300
   ii. Two Covered Persons (Participant plus one other Covered Person): $2,600
   iii. More than two Covered Persons (Family coverage): $2,600
   NOTE: If the Plan only provides for a single coverage level for all Participants, enter that coverage level in C.3b.i.-C.3b.iii.
   NOTE: The maximum annual amount is determined after any deductibles and coinsurance are calculated. For example, if the HRA pays the last $750 of a $1,000 plan deductible (after the Participant pays $250), C.3b.i should be "$750".

3c. FSA Failsafe. Limit the maximum annual benefit to 5 times the value of coverage and exclude long term care services: 
   [ ] Yes [X] No
   NOTE: If C.3c is "Yes", the Plan is intended to be a flexible spending arrangement under Code section 106(c). Qualified long term care services as defined in Code section 7702B(c) are not an Eligible Expense under the plan and the maximum amount of reimbursement available must be less than 5 times the value of such coverage.

Health Reimbursement Account - Deductible

4. Enter the annual Health Reimbursement Account deductible in any Plan Year for the applicable coverage category:
   a. One Covered Person (Participant only): $0
   b. Two Covered Persons (Participant plus one other Covered Person): $0
   c. More than two Covered Persons (Family coverage): $0
   NOTE: If the Plan only provides for a single deductible for all Participants, enter that deductible in C.4a. - C.4c.
   NOTE: If the Participants are also covered by a Company-sponsored medical plan, enter the deductible that applies to this plan (the Health Reimbursement Plan), not the deductibles of the Company-sponsored plan. Any expenses covered by a Company-sponsored plan are not an Eligible Expense under this Plan (Section 4.01(c)).
   NOTE: If C.1a.vi (schedule of benefits) is selected, enter 0 (zero) if no annual deductible applies before the schedule of benefits is implemented.
   NOTE: If the Plan constitutes a group health plan as defined in Treas. Reg. section 54.9801-2 or if the Plan Administrator determines that the Plan is subject to HIPAA portability rules and ii) the Plan is not a grandfathered health plan under the Patient Protection and Affordable Care Act, then the Plan must provide coverage without cost-sharing requirements for preventative care to the extent required under Treas. Reg. 54.9815-2713T (and any superseding guidance; up to the amount available under a Participant's Health Reimbursement Account).

Health Reimbursement Account - Coinsurance

5. If C.1a.vi is not selected, once the HRA deductible is met (if any), indicate the level of coverage provided under the HRA until the annual amount under C.3 is met: 100% of eligible expenses (for example, 50% of coinsurance/copayment amounts” or "100% of Eligible Expenses”).
   NOTE: If C.5 is left blank, once the HRA deductible is met (if any), the Plan will provide coverage for 100% of Eligible Expenses until the annual amount under C.3 is met, unless otherwise provided in the Adoption Agreement.
   NOTE: If the Plan constitutes a group health plan as defined in Treas. Reg. section 54.9801-2 or if the Plan Administrator determines that the Plan is subject to HIPAA portability rules and ii) the Plan is not a grandfathered health plan under the Patient Protection and Affordable Care Act, then the Plan must provide coverage without cost-sharing requirements for preventative care to the extent required under Treas. Reg. 54.9815-2713T (and any superseding guidance; up to the amount available under a Participant's Health Reimbursement Account).

Health Reimbursement Account - Procedures
6a. The amounts in C.3 shall be credited to the Participant's Health Reimbursement Account at the following times:

i. [X] Beginning of Plan Year: The entire amount shall be credited at the beginning of the Plan Year.

ii. [ ] Semiannually: One half of the amount shall be credited at the beginning of the Plan Year and on the first day of the seventh month of the Plan Year.

iii. [ ] Quarterly: One fourth of the amount shall be credited at the beginning of each plan quarter.

iv. [ ] Monthly: One twelfth of the amount shall be credited at the beginning of each calendar month during the Plan Year.

v. [ ] Per payroll period: Amounts are credited each payroll period in an amount equal to the entire amount divided by the number of payroll periods.

vi. [ ] Claims dependent: Accounts are credited and reimbursements are made as claims are made.

6b. If C.6a.vi is not selected and a Participant enters the Plan at a time other than the beginning of a period described in C.6a, the amounts credited to the Participant's Health Reimbursement Account for such period shall be reduced to reflect the time of actual participation in the applicable period:

[ ] Yes [X] No

6c. If C.6a.vi is not selected and if a change to the number of Covered Persons under C.2 affects the amount(s) credited to the Health Reimbursement Account at times other than that selected in C.6a, contributions to the Participant's Health Reimbursement Account will be prorated to accommodate the change:

[ ] Yes [X] No - only future contributions affected

NOTE: If you select "Yes", this may result in a forfeiture from a Participant's Account, or, if amounts have been credited from a Participant's Account in excess of prorated amounts, future contributions may be discontinued until the correct contribution amount is attained.

7a. The Plan allows a carryover of the balance in a Participant's Health Reimbursement Account to the next Plan Year:

i. [X] Yes.

ii. [ ] Yes - but limited to the dollar amount specified in C.7b.

iii. [ ] Yes - but limited to the multiple specified in C.7b of the maximum annual benefit specified in C.3.

iv. [X] No.

7b. If C.7a is "Yes with limitations", enter the maximum dollar amount (or multiple of the maximum annual amount specified in C.3) that may be carried over to the next Plan Year:_________.

NOTE: Enter a percentage if C.7a.iii is selected and the multiple is less than 1.

Coordination with Other Plans

8. Describe method to coordinate coverage in the Plan with a Health Care Reimbursement Account ("HCRA") in a Company-sponsored cafeteria plan for expenses that are reimbursable under both this Plan and the cafeteria plan (Section 6.01(c)):

i. [X] None. Plan is not used in conjunction with a Company-sponsored HCRA.

ii. [ ] HCRA first. A Participant shall not be entitled to payment/reimbursement under the HCRA until the Participant has received his or her maximum reimbursement under the Plan.

iii. [ ] Cafeteria plan first. A Participant shall not be entitled to payment/reimbursement under this Plan until the Participant has received his or her maximum reimbursement under the HCRA.

9a. Describe method to coordinate coverage in the Plan with Health Savings Accounts (Section 6.01(j)):

i. [X] None. Coverage in the Plan is not limited or the Plan is not used in conjunction with a Health Savings Account.

ii. [ ] Permitted Coverage. Coverage in the Plan is only provided for permitted insurance and other specified coverage (e.g., coverage for accidents, disability, dental care, vision care or preventive care within the meaning of Code section 223(c)(1), Rev. Rul. 2004-45 and Notice 2008-59).

iii. [ ] Post Deductible Coverage. The Plan will not pay or reimburse any medical expense incurred before the minimum annual deductible under Code section 223(c)(2)(A)(i) is satisfied pursuant to Notice 2008-59.

iv. [ ] Both Permitted and Post Deductible Coverage. Until the minimum annual deductible under Code section 223(c)(2)(A)(i) is satisfied, coverage in the Plan is only provided for permitted insurance and other specified coverage (e.g., coverage for accidents, disability, dental care, vision care or preventive care within the meaning of Code section 223(c)(1) and Rev. Rul. 2004-45). The Plan will pay or reimburse all medical expenses otherwise allowed by the Plan incurred after the minimum annual deductible under Code section 223(c)(2)(A)(i) is satisfied.

v. [ ] Suspended HRA. A Participant may elect to forego coverage in the Plan except for permitted insurance and other specified coverage (e.g., coverage for accidents, disability, dental care, vision care or preventive care within the meaning of Code section 223(c)(1) and permitted by Rev. Rul. 2004-45).

9b. If C.9a is not "None", the limitations shall apply to:

i. [ ] All Participants.

ii. [ ] Only Participants who are also eligible to participate in the high deductible health plan.

iii. [ ] Only Participants who are also enrolled in the high deductible health plan.

NOTE: If C.9a is "None" or C.9b is not "All Participants", eligibility for a Health Savings Account may be limited.
Former Employees

10a. If B.15a is "Yes" (Eligible Employees may participate in the Plan after Termination), select what benefits the Employees described in B.15 are eligible for after Termination:
   i. [ ] Plan Year spend-down. Former employees may spend down the amount remaining in their Account through the end of the Plan Year or 90 days after Termination, whichever is later.
   ii. [ ] Other. As specified in C.10b.
   NOTE: If C.10a.i is selected, no new benefits will apply to Terminated participants. If you want to provide new benefits for Terminated Participants or other spend-down periods, select C.10a.ii and indicate what benefits Terminated Participants will receive and any restrictions on Eligible Expenses in C.10b.

10b. If C.10a.ii is selected, describe any unique Plan features that apply to the Employees described in B.15: _______.
   NOTE: The elections in C.10 will apply irrespective of whether employees are eligible for or elect COBRA coverage.
   NOTE: Unless otherwise specified in C.10b, Eligible Expenses, benefits and other Plan provisions will apply in the same manner to former employees as other Plan Participants.

D. PLAN OPERATIONS

Claims

1. Claims for reimbursement for an active Participant must be filed with the Plan Administrator (Section 6.01):
   i. [X] within 90 days following the last day of each Plan Year.
   ii. [ ] by ________.

2a. The Plan provides for an earlier deadline for claims submission for Terminated Participants:
   [X] Yes [ ] No

2b. If D.2a is Yes, claims for reimbursement for a Terminated Participant must be filed with the Plan Administrator (Section 6.01):
   i. [X] within 90 days following Termination of employment.
   ii. [ ] by ________.

3. Indicate whether the Company will provide debit, credit, and/or other stored-value cards (Section 6.01(i)):
   [ ] Yes [X] No

Plan Administrator

4a. Designation of Plan Administrator (Section 7.01):
   i. [X] Plan Sponsor
   ii. [ ] Committee appointed by Plan Sponsor
   iii. [ ] Other

4b. If D.4a.iii is selected, Name of Plan Administrator: ___________

5a. Type of indemnification for the Plan Administrator (Section 7.02):
   i. [ ] None - the Company will not indemnify the Plan Administrator.
   ii. [X] Standard as provided in Section 7.02.
   iii. [ ] Custom.

5b. If D.5a.ii (Custom) is selected, indemnification for the Plan Administrator is provided pursuant to an Addendum to the Adoption Agreement.

State Law Rules

10a. If A.5 is "No" (non-ERISA Plan), is the Plan subject to other state law rules?:
   [ ] Yes [X] No

10b. If A.5 is "No" (non-ERISA Plan) and D.10a is "Yes", enter any State law rules that apply to the Plan: _______.

E. EFFECTIVE DATES

Use this Section to provide any effective dates for Plan provisions other than the Effective Date specified in A.3.

F. EXECUTION PAGE

Failure to properly fill out the Adoption Agreement may result in the failure of the Plan to achieve its intended tax consequences.
The Plan shall consist of this Adoption Agreement, its related Basic Plan Document #HRA and any related Appendix and Addendum to the Adoption Agreement.

Additional participating employers may be specified in an addendum to the Adoption Agreement.

The undersigned agree to be bound by the terms of this Adoption Agreement and Basic Plan Document and acknowledge receipt of same.

The Plan Sponsor caused this Plan to be executed this 6th day of December, 2016.

MID MICHIGAN COMMUNITY COLLEGE:

Signature: [Signature]

Print Name: [Print Name]

Title/Position: VP for Finance, Admin
APPENDIX A

The following are available for coverage under this Plan (but only if also excludable from income under Code section 105(b)): Deductibles, Coinsurance, Copays, Prescription Drugs, Dental, and Vision expenses are eligible for reimbursement. Your Explanation of Benefits (EOB) is required as your receipt when submitting claims for Deductible and Coinsurance expenses.
INTEGRATION ADDENDUM

This addendum to the Plan is adopted to reflect "FAQs about Affordable Care Act Implementation Part XI," IRS Notice 2013-54, the Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act (collectively, the Affordable Care Act). This addendum is intended as good faith compliance with the requirements of the Affordable Care Act and is to be construed in accordance with same. This addendum shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this addendum and the Affordable Care Act.

NOTE: This addendum shall not modify the Plan with respect to former employees unless specifically noted below.

1. Other Company Group Health Plan
   a. The Company offers the following group health plan: Mid Michigan Community College HRA plan (the "Company-sponsored Group Health Plan"). The Company-sponsored Group Health Plan does not consist solely of excepted benefits.
   b. Does the Company-sponsored Group Health Plan offer minimum value?
      i. [X] Yes, the Company-sponsored Group Health Plan provides minimum value.
      ii. [ ] No, the Company-sponsored Group Health Plan does not provide minimum value.

   NOTE: "Minimum value" means minimum value as defined in Code section 36B(c)(2)(C)(ii) and any superseding guidance (generally means the Company-sponsored Group Health Plan covers at least 60% of total costs).

2. Eligible Employee and Enrollment
   a. An Employee is eligible to participate in the Plan if enrolled in
      i. [X] the Company-sponsored Group Health Plan and one of the following: Medicare Part A, TRICARE, or VA Benefits.
      ii. [ ] a group health plan that offers minimum value
      iii. [ ] a group health plan even if that plan does not offer minimum value
   b. An Eligible Employee will enter the plan and become a Participant in this Plan at the same time as the Company-sponsored Group Health Plan.
   c. An Eligible Employee (or former employee) may opt out of the HRA during the same enrollment periods as the Company-sponsored Group Health Plan
      i. [X] on an annual basis
      ii. [ ] permanently and waive all future reimbursements from the HRA

   NOTE: 2a-d of this Amendment replaces and supersedes B.1-13 of the Adoption Agreement.
   NOTE: 2a.ii and 2a.iii would allow the other group health plan to be offered by a different employer (such as the employee's spouse's employer).
   NOTE: Eligibility to participate in the Plan if enrolled in a group health plan that offers minimum value (2a.ii) should generally only be selected if the Company-sponsored Group Health Plan provides minimum value (1b.1 is selected).
   NOTE: 2b must comply with the Affordable Care Act.
   NOTE: If a change in group health plan coverage results in an individual no longer qualifying as an Eligible Employee, such Employee shall cease to be a Participant for purposes of Article 4 (or shall not become eligible to become a Participant) as of the effective date of such coverage change unless the Participant is a former employee eligible for former employee benefits.
   NOTE: The Plan Administrator may establish deadlines and administrative procedures for opt outs. If an Eligible Employee opts out of the Plan on an annual basis, the Eligible Employee may not enter the HRA until the next Plan Year.

3. Eligible Expenses

Coverage under the Plan for Covered Persons is available for the following Eligible Expenses:

   a. [ ] All allowable medical expenses. All medical expenses that are excludable from income under Code section 105(b).
b. [X] Selected expenses. Choose one or more options below.
   i. [X] Health plan deductibles. Only health plan deductible amounts that are otherwise payable by the Participant under a group health plan covering the Participant.
   ii. [X] Health plan coinsurance. Only health plan coinsurance/copay amounts that are otherwise payable by the Participant under a group health plan covering the Participant.
   iii. [X] Health plan Copays and Prescription Drugs
   iv. [X] Dental Expenses
   v. [X] Vision Expenses

NOTE: 3a-c of this Amendment replaces and supersedes C.1a-c of the Adoption Agreement.
NOTE: 3a may only be selected if the group health plan offered by the Company provides minimum value (1B.i is selected.
NOTE: 3a may not be selected if employees are eligible to participate in this Plan when enrolled in a group health plan that plan does not offer minimum value (2a.iii is selected).
NOTE: The modifications listed in 3c may not be inconsistent with expenses that are excludable from income under Code section 105(b) and the Affordable Care Act.
Agenda Item V-F: Trustee Years of Service

Board Consideration: Information

Background:

President Hammond will present the following Trustees with Years of Service awards:

Richard Allen – 30 Years  
Betty Mussell – 30 Years  
Douglas Jacobson – 20 Years  
Carolyn Bay – 20 Years  
Eric Kreckman – 10 Years

Recommendation:

None.
Agenda Item V-G: Oath of Office

Board Consideration: Information

Background:

Trustees Bay and Petrongelli have been recently re-elected and will complete their Oath of Office.

Recommendation:

None.
Agenda Item V-H: Future Meeting Dates

Board Consideration: Information/Action

Background:

A discussion will take place concerning the January 2017 and March 2017 Board of Trustee meeting dates. Changes may be recommended at the meeting.

Recommendation:

A recommendation will be made at the meeting.
VI-A: Calendar of Events

Board Consideration: Information

Background:
Dec 9  Staff Holiday Party – 5:00 p.m., Houghton Room, Harrison
Dec 18 Fall Semester Ends
Dec 23-Jan 2 College Closed

2017
Jan 3  MMCC Board of Trustees Workshop – 6:00 p.m., Houghton Room, Harrison
Jan 3  MMCC Board of Trustees Regular Meeting – 7:00 p.m., Houghton Room, Harrison
Jan 7  Winter Classes Begin
Jan 25 MCCA Legislative Summit – 8:30 a.m., Lansing
Jan 27 MCCA Executive Committee Meeting, Lansing
Feb 7  MMCC Board of Trustees Workshop – 6:00 p.m., Houghton Room, Harrison
Feb 7  MMCC Board of Trustees Regular Meeting – 7:00 p.m., Houghton Room, Harrison
Mar 4-10 Spring Break – No Classes
Mar 7  MMCC Board of Trustees Workshop – 6:00 p.m., Houghton Room, Harrison
Mar 7  MMCC Board of Trustees Regular Meeting – 7:00 p.m., Houghton Room, Harrison
Mar 15 Phi Theta Kappa Awards Luncheon – 9:00 a.m., Lansing
Mar 23-24 MCCA Spring Board of Directors Meeting, Jackson College
Mar 29 Faculty Professional Development Day – No Classes
Apr 4  MMCC Board of Trustees Workshop – 6:00 p.m., Houghton Room, Harrison
Apr 4  MMCC Board of Trustees Regular Meeting – 7:00 p.m., Houghton Room, Harrison
Apr 14 College Closes at Noon – No Classes
May 2  MMCC Board of Trustees Workshop – 6:00 p.m., Houghton Room, Harrison
May 2  MMCC Board of Trustees Regular Meeting – 7:00 p.m., Houghton Room, Harrison
May 5  Winter Semester ends
May 6  Commencement
June 6  MMCC Board of Trustees Workshop – 6:00 p.m., Houghton Room, Harrison
June 6 MMCC Board of Trustees Regular Meeting – 7:00 p.m., Houghton Room, Harrison

Recommendation:
None.
Agenda Item: VI-B: Board Comments-Other Business

Board Consideration: Information

Background:

1. Any comments may be offered by Trustees at this time.

2. Closed Session - Public Act No. 267 of 1976 permits the Board to meet in closed session for the purpose of conducting strategy sessions necessary in reaching a collective bargaining agreement and for other specified purposes relating to personnel, property and litigation. The Board will go into Closed Session for the purpose of discussing collective bargaining strategy. A two-thirds roll call vote of Board members is required to call a closed session.

Recommendation:

None.