



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

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**EXECUTIVE COMMITTEE  
REGULAR MEETING**

Thursday, February 14, 2019 at 1:30 PM

Capitol View Building  
201 Townsend St Suite 900  
Lansing, MI 48933

**AGENDA**

- I. Call to Order**
- II. Roll Call**
- III. Approval of Agenda**
- IV. Approval of Minutes**
  - a. Minutes of the November 8, 2018 regular Executive Committee meeting
- V. Administrative Report**
- VI. New Business**
  - a. Resolution 2019-01 Auditor Engagement Letter
  - b. Resolution 2019-02 Depository Account Signers
  - c. Resolution 2019-03 FY 2018-2019 General Appropriations Act Amendment
  - d. Resolution 2019-04 FMS Program Services Agreement Amendment No. 1
  - e. Resolution 2019-05 Segal Consulting Agreement Amendment No. 3
- VII. Public Comment**
- VIII. Other Business**
- IX. Adjournment**

A copy of the proposed minutes of the meeting will be available for public inspection at the principal office of the Authority within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the principal office of the Authority within 5 business days after approval.



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

**EXECUTIVE COMMITTEE  
REGULAR MEETING**

Thursday, November 8, 2018 at 2:04 p.m.

Capital View Building  
Constitution Room – 9th Floor  
201 Townsend Street  
Lansing, MI 48933

**MINUTES**

Proposed Minutes       Approved Minutes

MEETING TYPE:     Regular     Special

**I.      Call to Order**

The meeting was called to order at 2:04 PM.

**II.     Roll Call**

Executive Committee Member Attendance:

Stacie Behler, Chairperson	<input type="checkbox"/> Present	<input checked="" type="checkbox"/> Absent
James Cambridge, Secretary*	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Eric DeLong, Treasurer	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Kelli Scott, Member*	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Doug Smith, Member*	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent

\*Participated via teleconference.

Other attendees:

- Robert Bruner, Michigan Municipal Services Authority
- Kristen Delaney, Michigan Municipal Services Authority
- Steven Liedel, Dykema

**III. Approval of Agenda**

Moved by: Scott  
Supported by: Smith

Yes: X            No: \_\_\_

**IV. Approval of Minutes**

a. Minutes of the September 13, 2018 regular Executive Committee meeting

Moved by: Scott  
Supported by: Smith

Yes: X            No: \_\_\_

**V. Administrative Report**

The administrative report was delivered at the earlier Authority Board meeting.

**VI. New Business**

a. Resolution 2018-12 Schedule of Regular Meetings for Calendar Year 2019

Moved by: Smith  
Supported by: Scott

Yes: X            No: \_\_\_

b. Resolution 2018-13 Amendment No. 5 to Employment Agreement

Moved by: Scott  
Supported by: Cambridge

Yes: X            No: \_\_\_

c. Resolution 2018-14 Shared CISO Program Agreements

Moved by: Scott  
Supported by: Cambridge

Yes: X            No: \_\_\_

**II. Public Comment**

None

**III. Other Business**

None.

**IV. Adjournment**

Motion to adjourn the meeting at 2:30 PM.

Moved by: Cambridge

Supported by: Scott

Yes: X      No:   

**Certification of Minutes**

Approved by the Executive Committee on December 13, 2018.

\_\_\_\_\_  
Authority Secretary

\_\_\_\_\_  
Date





Michigan Municipal Services Authority

Administrative Report

Prepared February 11, 2019

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# Financial Report

MMSA Administrative Report

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**Plante & Moran, PLLC**  
27400 Northwestern Highway  
P.O. Box 307  
Southfield, MI 48037-0307  
Tel: 248.352.2500  
Fax: 248.352.0018  
plantemoran.com

February 8, 2019

To: Robert Bruner, MMSA Chief Executive Officer  
Michigan Municipal Services Authority (MMSA) Board of Directors

**Re: January 2019 Monthly Statements**

Enclosed are the following Monthly Statements for your review:

1. Revenue & Expenditure Report – General Fund
2. Revenue & Expenditure Report – Financial Management System Fund
3. Revenue & Expenditure Report – All Funds
4. Balance Sheet
5. Check Register
6. Bank Account Reconciliation
7. Bank Statement

**Fiscal Year Ending September 30, 2018 balances are still in draft form and subject to change in conjunction with the audit.**

Please contact Kari Shea or Kelly Schimmoeller with any questions.

Thank you.

*Disclaimer: These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on them.*



**Michigan Municipal Services Authority**  
**REVENUE AND EXPENDITURE REPORT**  
As of January 31, 2019

	Year Ending	Year Ending		Year To Date	% BDGT
	09/30/2018	09/30/2019	09/30/2019	01/31/2019	
	END BALANCE	ORIGINAL BUDGET	AMENDED BUDGET	YTD BALANCE	
<b>Revenue</b>					
539000 - State Grants	0	0	0	0	0.00 %
671000 - Contract Revenue	150,000	150,000	150,000	37,500	25.00 %
<b>Total Revenue</b>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>37,500</u>	<u>25.00 %</u>
<b>Expenses</b>					
<b>Salary and Fringes</b>					
701000 - Personal Services	197,947	200,000	200,000	63,948	31.97 %
702000 - Wages - Administrative Staff	0	0	0	0	0.00 %
703000 - Salary Director	0	0	0	0	0.00 %
708000 - MESC Taxes	0	0	0	0	0.00 %
710000 - FUTA Taxes	0	0	0	0	0.00 %
715000 - Social Security & Medicare	0	0	0	0	0.00 %
718000 - Insurance - Health	0	0	0	0	0.00 %
<b>Total Salary and Fringes</b>	<u>197,947</u>	<u>200,000</u>	<u>200,000</u>	<u>63,948</u>	<u>31.97 %</u>
<b>Operating</b>					
752000 - Office Expense	0	8,000	8,000	0	0.00 %
800000 - Other Services and Charges	10,997	2,000	2,000	0	0.00 %
801000 - Professional and Contractual Services	30	0	0	0	0.00 %
802000 - Legal	30,198	18,000	18,000	2,922	16.23 %
803000 - Accounting	16,472	16,000	16,000	6,179	38.62 %
803500 - Audit	10,500	11,000	11,000	0	0.00 %
804000 - Bank Service Charges	2,108	2,000	2,000	708	35.43 %
805000 - HR and Benefits Consulting	0	0	0	11,147	0.00 %
840000 - Insurance	3,298	0	0	2,086	0.00 %
861000 - Mileage Reimbursement	0	0	0	0	0.00 %
910000 - Professional Development	0	0	0	1,040	0.00 %
913000 - Travel Expenses	0	0	0	0	0.00 %
955000 - Miscellaneous	0	0	0	2,943	0.00 %
<b>Total Operating</b>	<u>73,603</u>	<u>57,000</u>	<u>57,000</u>	<u>27,025</u>	<u>47.41 %</u>
<b>Total Expenses</b>	<u>271,550</u>	<u>257,000</u>	<u>257,000</u>	<u>90,973</u>	<u>35.40 %</u>
<b>Revenue in Excess of Expenses</b>	<u>(121,550)</u>	<u>(107,000)</u>	<u>(107,000)</u>	<u>(53,473)</u>	<u>49.97 %</u>
<b>Transfers</b>					
699273 - Interfund Transfer In - FMS	140,157	122,922	122,922	0	0.00 %
995272 - Transfer Out - VHWM	(143,910)	0	0	0	0.00 %
<b>Total Transfers</b>	<u>(3,753)</u>	<u>122,922</u>	<u>122,922</u>	<u>0</u>	<u>0.00 %</u>
<b>Change in Equity</b>	<u>(125,303)</u>	<u>15,922</u>	<u>15,922</u>	<u>(53,473)</u>	<u>(335.84) %</u>

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**Michigan Municipal Services Authority**  
**REVENUE AND EXPENDITURE REPORT**  
As of January 31, 2019

	Year Ending	Year Ending		Year To Date	% BDGT
	09/30/2018	09/30/2019	09/30/2019	01/31/2019	
	END BALANCE	ORIGINAL BUDGET	AMENDED BUDGET	YTD BALANCE	
Revenue					
671000 - Contract Revenue	2,362,025	1,889,620	1,889,620	0	0.00 %
Total Revenue	<u>2,362,025</u>	<u>1,889,620</u>	<u>1,889,620</u>	<u>0</u>	<u>0.00 %</u>
Expenses					
Operating					
801000 - Professional and Contractual Services	2,221,868	1,766,698	1,766,698	435	0.02 %
Total Operating	<u>2,221,868</u>	<u>1,766,698</u>	<u>1,766,698</u>	<u>435</u>	<u>0.02 %</u>
Total Expenses	<u>2,221,868</u>	<u>1,766,698</u>	<u>1,766,698</u>	<u>435</u>	<u>0.02 %</u>
Revenue in Excess of Expenses	<u>140,157</u>	<u>122,922</u>	<u>122,922</u>	<u>(435)</u>	<u>(0.35) %</u>
Transfers					
995101 - Transfer Out - GF	(140,157)	(122,922)	(122,922)	0	0.00 %
Total Transfers	<u>(140,157)</u>	<u>(122,922)</u>	<u>(122,922)</u>	<u>0</u>	<u>0.00 %</u>
Change in Equity	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>(435)</u></u>	<u><u>0.00 %</u></u>

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**Michigan Municipal Services Authority**  
**REVENUE AND EXPENDITURE REPORT**  
As of January 31, 2019

	Year Ending	Year Ending		Year To Date	% BDGT
	09/30/2018	09/30/2019	09/30/2019	01/31/2019	
	END BALANCE	ORIGINAL BUDGET	AMENDED BUDGET	YTD BALANCE	
<b>Revenue</b>					
501000 - Federal Grants	0	0	0	0	0.00 %
539000 - State Grants	0	0	0	0	0.00 %
671000 - Contract Revenue	2,569,250	2,039,620	2,039,620	37,500	1.84 %
<b>Total Revenue</b>	<b>2,569,250</b>	<b>2,039,620</b>	<b>2,039,620</b>	<b>37,500</b>	<b>1.84 %</b>
<b>Expenses</b>					
<b>Salary and Fringes</b>					
701000 - Personal Services	197,947	200,000	200,000	63,948	31.97 %
702000 - Wages - Administrative Staff	0	0	0	0	0.00 %
703000 - Salary Director	0	0	0	0	0.00 %
708000 - MESC Taxes	0	0	0	0	0.00 %
710000 - FUTA Taxes	0	0	0	0	0.00 %
715000 - Social Security & Medicare	0	0	0	0	0.00 %
718000 - Insurance - Health	0	0	0	0	0.00 %
<b>Total Salary and Fringes</b>	<b>197,947</b>	<b>200,000</b>	<b>200,000</b>	<b>63,948</b>	<b>31.97 %</b>
<b>Operating</b>					
752000 - Office Expense	0	8,000	8,000	0	0.00 %
800000 - Other Services and Charges	10,996	2,000	2,000	0	0.00 %
801000 - Professional and Contractual Services	2,423,034	1,766,698	1,766,698	435	0.02 %
802000 - Legal	30,198	18,000	18,000	2,922	16.23 %
803000 - Accounting	16,472	16,000	16,000	6,179	38.62 %
803500 - Audit	10,500	11,000	11,000	0	0.00 %
804000 - Bank Service Charges	2,108	2,000	2,000	708	35.43 %
805000 - HR and Benefits Consulting	0	0	0	11,147	0.00 %
840000 - Insurance	3,298	0	0	2,086	0.00 %
861000 - Mileage Reimbursement	0	0	0	0	0.00 %
910000 - Professional Development	0	0	0	1,040	0.00 %
913000 - Travel Expenses	0	0	0	0	0.00 %
955000 - Miscellaneous	0	0	0	2,943	0.00 %
<b>Total Operating</b>	<b>2,496,606</b>	<b>1,823,698</b>	<b>1,823,698</b>	<b>27,460</b>	<b>1.51 %</b>
<b>Total Expenses</b>	<b>2,694,553</b>	<b>2,023,698</b>	<b>2,023,698</b>	<b>91,408</b>	<b>4.52 %</b>
<b>Revenue in Excess of Expenses</b>	<b>(125,303)</b>	<b>15,922</b>	<b>15,922</b>	<b>(53,908)</b>	<b>(338.57) %</b>
<b>Transfers</b>					
699273 - Interfund Transfer In - FMS	140,157	122,922	122,922	0	0.00 %
699101 - Interfund Transfer In - GF	143,910	0	0	0	0.00 %
995101 - Transfer Out - GF	(140,157)	(122,922)	(122,922)	0	0.00 %
995272 - Transfer Out - VHWM	(143,910)	0	0	0	0.00 %
<b>Total Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00 %</b>

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## Michigan Municipal Services Authority REVENUE AND EXPENDITURE REPORT As of January 31, 2019

	Year Ending	Year Ending		Year To Date	% BDGT
	09/30/2018	09/30/2019		01/31/2019	
	END BALANCE	ORIGINAL BUDGET	AMENDED BUDGET	YTD BALANCE	
Change in Equity	(125,303)	15,922	15,922	(53,908)	(338.57) %

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## Michigan Municipal Services Authority COMPARATIVE BALANCE SHEET

	PERIOD ENDED 09/30/2018	PERIOD ENDED 01/31/2019	CHANGE	% CHANGE
<b>ASSETS</b>				
Current Assets				
Bank Accounts				
001000 - Cash	220,773	191,609	(29,164)	(13.21) %
101999 - Bill.com Money Out Clearing	0	0	0	0.00 %
Total Bank Accounts	220,773	191,609	(29,164)	(13.21) %
Other Current Assets				
018000 - Due from Other Governmental Units	0	0	0	0.00 %
040000 - Accounts Receivable	37,500	0	(37,500)	(100.00) %
071000 - Due from Cities	0	0	0	0.00 %
123000 - Prepaid Expenses	0	695	695	0.00 %
Total Other Assets	37,500	695	(36,805)	(98.14) %
Total Current Assets	258,273	192,304	(65,969)	(25.54) %
<b>TOTAL ASSETS</b>	<b>258,273</b>	<b>192,304</b>	<b>(65,969)</b>	<b>(25.54) %</b>
<b>LIABILITIES AND EQUITY</b>				
Liabilities				
Current Liabilities				
Accounts Payable				
202000 - Accounts Payable	7,908	0	(7,908)	(100.00) %
Total Accounts Payable	7,908	0	(7,908)	(100.00) %
Other Current Liabilities				
214101 - Due to GF	0	0	0	0.00 %
252000 - Accrued Federal WH	0	0	0	0.00 %
253000 - Accrued FICA	0	0	0	0.00 %
254000 - Accrued FUTA	0	0	0	0.00 %
255000 - Accrued MESC	0	0	0	0.00 %
257000 - Accrued Salaries Wages	4,153	0	(4,153)	(100.00) %
257500 - Accrued Health Savings Account	0	0	0	0.00 %
257600 - Accrued Garnishments	0	0	0	0.00 %
259000 - Accrued State WH	0	0	0	0.00 %
Total Other Current Liabilities	4,153	0	(4,153)	(100.00) %
Total Current Liabilities	12,061	0	(12,061)	(100.00) %
Total Liabilities	12,061	0	(12,061)	(100.00) %
Equity				
390000 - Fund Balance - Unassigned	371,515	246,212	(125,303)	(33.72) %
Net Revenue	(125,303)	(53,908)	71,395	(56.97) %
Total Equity	246,212	192,304	(53,908)	(21.89) %
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>258,273</b>	<b>192,304</b>	<b>(65,969)</b>	<b>(25.54) %</b>

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Created on: 02/01/2019, 06:18 PM



## Michigan Municipal Services Authority Check Register

Date	Payee	Document No	Amount Cleared
<b>Bank: Fifth Third-5711 - Firth Third</b>		<b>Account No: 7166385711</b>	
01/03/2019	10015--Gusto		51.00 01/31/2019
01/04/2019	10015--Gusto		942.76 01/31/2019
01/04/2019	10015--Gusto		2,162.80 01/31/2019
01/18/2019	10015--Gusto		942.76 01/31/2019
01/18/2019	10015--Gusto		2,262.93 01/31/2019
01/23/2019	10016--HealthEquity		275.56 01/31/2019
01/24/2019	10016--HealthEquity		275.56 01/31/2019
01/29/2019	10005--BCBS		695.68 01/31/2019
<b>Total for Fifth Third-5711</b>			<b><u>7,609.05</u></b>
<b>Bank: Bill.com Clearing - Bill.com Clearing</b>		<b>Account No:</b>	
01/10/2019	10011--The Cincinnati Insurance Company		2,781.00 In Transit
01/10/2019	10006--Robert J. Bruner Jr.		1,185.57 In Transit
01/10/2019	10003--Dykema Gossett, PLLC		452.20 In Transit
01/10/2019	10002--Plante Moran		2,198.75 In Transit
01/11/2019	10000--Segal Consulting		11,147.00 In Transit
<b>Total for Bill.com Clearing</b>			<b><u>17,764.52</u></b>

# Michigan Municipal Services Authority Reconciliation Report

As Of 01/31/2019

Account: Cash

Statement Ending Balance	191,609.02
Deposits in Transit	0.00
Outstanding Checks and Charges	0.00
Adjusted Bank Balance	191,609.02
Book Balance	191,609.02
Adjustments*	0.00
Adjusted Book Balance	191,609.02

Total Checks and Charges Cleared	33,519.25	Total Deposits Cleared	37,927.96
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## Deposits

Name	Memo	Date	Doc No	Cleared	In Transit
General Ledger Entry	To correct account	10/01/2018		427.96	
Local Community Stabi- lization Authority	LCSA 1st Qtr Pmt FY19	01/18/2019		37,500.00	
<b>Total Deposits</b>				<b>37,927.96</b>	<b>0.00</b>

## Checks and Charges

Name	Memo	Date	Check No	Cleared	Outstanding
General Ledger Entry	To correct account	10/01/2018		427.96	
Gusto	December 2018 Invoice	01/03/2019		51.00	
Gusto	01.10.19 Payroll	01/04/2019		2,162.80	
Gusto	01.10.19 Payroll	01/04/2019		942.76	
General Ledger Entry	01.10.19 Payroll	01/04/2019		3,698.00	
General Ledger Entry		01/10/2019		6,617.52	
General Ledger Entry		01/11/2019		11,147.00	
Gusto	01.24.19 Payroll	01/18/2019		2,262.93	
General Ledger Entry	01.24.19 Payroll	01/18/2019		3,840.28	
Gusto	01.24.19 Payroll	01/18/2019		942.76	
HealthEquity	01.10.19 Payroll	01/23/2019		275.56	
HealthEquity	01.24.19 Payroll	01/24/2019		275.56	
BCBS	Health Care Premium	01/29/2019		695.68	
	January 2019 Bank Fees	01/31/2019		179.44	
<b>Total Checks and Charges</b>				<b>33,519.25</b>	<b>0.00</b>



Statement Period Date: 1/1/2019 - 1/31/2019  
 Account Type: COMM'L 53 ANALYZED  
 Account Number: [REDACTED]



MICHIGAN MUNICIPAL SERVICES  
 AUTHORITY  
 PO BOX 12012  
 LANSING MI 48901-2012



0  
 4122

Banking Center: Grand Rapids  
 Banking Center Phone: 616-653-5440  
 Commercial Client Services: 866-475-0729

**Account Summary - [REDACTED]**

01/01	Beginning Balance	\$187,200.31	Number of Days in Period	31
	Checks			
13	Withdrawals / Debits	\$(33,091.29)		
1	Deposits / Credits	\$37,500.00		
01/31	Ending Balance	\$191,609.02		

**Withdrawals / Debits** 13 items totaling \$33,091.29

Date	Amount	Description
01/03	51.00	GUSTO 6semjm2tt18 FEE 945320 6semjnbr45l MICHIGAN MUNICIPAL SER 010319
01/07	942.76	GUSTO 6semjm2u9k9 CSD 958217 6semjnc2j31 MICHIGAN MUNICIPAL SER 010719
01/07	2,162.80	GUSTO 6semjm2u9kg TAX 958224 6semjnc2j2q MICHIGAN MUNICIPAL SER 010719
01/07	3,698.00	GUSTO 6semjm2u9ke NET 958222 6semjnc2j2o MICHIGAN MUNICIPAL SER 010719
01/10	6,617.52	Bill.com Payables 015HYWXQIAYEE8E Michigan Municipal Ser Multiple Payments Bill.com Payables 015HYWXQIAYEE8E 011019
01/11	11,147.00	Bill.com Payables 015TYBTENUYFN9X Michigan Municipal Ser Segal Consulting Bill.com 015TYBTENUYFN9X Inv #348658 011119
01/11	179.44	SERVICE CHARGE
01/18	942.76	GUSTO 6semjm2vrba CSD 009130 6semjncuofs MICHIGAN MUNICIPAL SER 011819
01/18	2,262.93	GUSTO 6semjm2vrbk TAX 009140 6semjncuofm MICHIGAN MUNICIPAL SER 011819
01/18	3,840.28	GUSTO 6semjm2vrbh NET 009137 6semjncuofm MICHIGAN MUNICIPAL SER 011819
01/23	275.56	HEALTHEQUITY INC HealthEqui 37915 012319
01/24	275.56	HEALTHEQUITY INC HealthEqui 37915 012419
01/29	695.68	BCBS Michigan PREMIUM MS283851 MICHIGAN MUNICIPAL SER 012919

**Deposits / Credits** 1 item totaling \$37,500.00

Date	Amount	Description
01/18	37,500.00	Local Community Bill.com 015QBEEVWRYMU21 Michigan Municipal Ser Local Community Stabilization Authority Bill.com 015QBEEVWRYMU21 Inv #F

**Daily Balance Summary**

Date	Amount	Date	Amount	Date	Amount
01/03	187,149.31	01/11	162,401.79	01/24	192,304.70
01/07	180,345.75	01/18	192,855.82	01/29	191,609.02
01/10	173,728.23	01/23	192,580.26		

[REDACTED]

# FMS Program Report

MMSA Administrative Report

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# FMS Program Update

- Grand Rapids and Kent County have approved Amendment No. 1
- This will allow CGI to move data from a CGI Data Center to Microsoft Azure cloud computing platform
- The current agreements end March 30, 2020
- 90-day notice requirement December 31, 2019
- Authority and participants are discussing renewal options

# LCSA Administrative Services

MMSA Administrative Report

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# LCSA Administrative Services

## **January – February 2019**

### **METRO Act True-up**

- Collect linear footage information from 120+ telecommunication providers

## **February 2019**

### **Winter Millage Payments**

- 1,475 Municipalities
- 201 School Districts and Intermediate School Districts

# LCSA Administrative Services

## February 2019

### **METRO Act Annual Report**

- “The authority shall file an annual report of its activities for the preceding year with the governor and the members of the legislative committees dealing with energy, technology, and telecommunications issues on or before March 1 of each year.” (MCL 484.3103)

### **METRO Act Maintenance Fee**

- Calculate maintenance fees
- Invoice telecommunication providers
- April 29 is the statutory date due for payment



# LCSA Administrative Services

**May 2019**

## **METRO Act Allocation**

- Allocate the funding provided for fee sharing
- Perform city and village calculations
- Perform township calculations

## **METRO Act Payments**

- \$25 million (2018)
- 516 eligible cities and villages
- 1,240 eligible townships

# Medicare Coordination Program Report

MMSA Administrative Report

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# Medicare Coordination

- SSDC Services mailed survey packet to 229 Livonia early retiree households in July 2018
- The purpose was to identify members that may need assistance obtaining SSDI benefits or members that have already been awarded SSDI benefits and are now enrolled in Medicare
- SSDC identified two Medicare enrolls the City was already aware of and is assisting another with obtaining SSDI benefits
- SSDC will review 25% of the retroactive award or the SSA approved fee; the Authority will receive 10% of that fee

# Chief Information Security Officer (CISO) as a Service Program Development Report

MMSA Administrative Report

Collaborate • Innovate • Serve

# Chief Information Security Officer (CISO) as a Service

- FY 2017-18 and FY 2018-19 Supplementals included \$450,000 for CISO as a Service
- Participants meet with DTMB on Friday, February 1
- Participant conference call on Friday, February 1
- Next steps are to be determined

# Stop-loss Insurance Cooperative Program Development Report

MMSA Administrative Report

Collaborate • Innovate • Serve

**Michigan Municipal Services Authority**

# **Stop-Loss Insurance Update Analysis of Proposals**

**Effective January 1, 2019**

*Presented by: Kimberly Wixson, Vice President and Health Consultant  
Mary Jerome, Associate Consultant  
Jeren Thompson, Associate Benefits Consultant*

*This document is for the sole use of plan sponsor and its authorized representatives. The vendor considers this information to be proprietary and confidential and may not be disclosed or shared with any third parties other than the authorized employees, directors, or Trustees of the plan sponsor, unless required by public disclosure laws or other legal requirements.*

**Introduction**

**Financial Analysis**

**Quote Contingencies**

**Appendices**





# Introduction

- On behalf of the Michigan Municipal Services Authority (MMSA), Segal solicited proposals from organizations to provide specific stop-loss insurance to the following municipalities and county governments.
  - City of Troy
  - City of Grand Rapids
  - Oakland County
  - Calhoun County
  - City of Livonia
  - Wayne County (added, not part of July report)
- The current specific stop-loss insurance policies are provided through Blue Cross Blue Shield of Michigan (BCBSM) and Sirius America Insurance Company. All are provided on a paid contract basis, with varying specific deductibles, covering medical only or medical and prescription drug claims. The chart below outlines the current covered lives, deductibles, and claims covered for each municipality or county.

	Covered Lives	Specific Stop-Loss Deductible	Aggregating Specific Deductible	Stop-Loss Incumbent Carrier	Claims Covered
City of Troy	313	\$150,000	None	BCBSM	Medical and Rx
City of Grand Rapids	1,645	None	None	None	None
Oakland County	1,251	\$500,000	None	BCBSM	Medical
Oakland County	2,484	\$500,000	\$100,000	Sirius America Insurance Company	Medical and Rx
Calhoun County	524	\$180,000	None	BCBSM	Medical
City of Livonia	719	\$300,000	None	BCBSM	Medical and Rx
Wayne County	2,726	None	None	None	None

- The MMSA’s objective is to assess the market and determine the competitiveness of its current stop-loss insurance arrangements while also exploring opportunities for potential savings.
- This report provides a comprehensive assessment of each bidder's proposal.

# Financial Analysis – Executive Summary

*January 1, 2019 – December 31, 2019*

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- Each vendor was asked to provide proposals with the following specifications:
  - An effective date of January 1, 2019
  - A specific stop-loss deductible matching the current for each municipality or county
  - A \$250,000 and \$300,000 specific deductible for Grand Rapids
  - A \$300,000, \$350,000, and \$400,000 specific deductible for Wayne County
  - A contract basis of “15/12” and “Paid”
  - Coverage for medical claims only and medical and prescription drug claims
- Each vendor provided a proposal which adheres to each of the above requests
- The proposal from TMHCC under the current policy terms, excluding premiums for City of Grand Rapids and Wayne County, is 26.5% higher than the current
- Premiums are based on an estimated 9,662 eligible active, early retiree, and COBRA participants and are net of any commissions

## Introduction *continued*

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- In July, Segal received four proposals from Berkley, THMCC, Partner Re, and Sun Life
- Updated large claims data, and missing plan and census data was provided to the top bidders, TMHCC, Partner RE, and Sun Life in October
- A '◆' in the chart below indicates that the carrier submitted a quote in response to our request

Company Name	Proposals Received in July	Updated Proposals
Berkley Accident and Health (Berkley)	◆	
Tokio Marine HCC Life (TMHCC)	◆	◆
Partner RE	◆	
Sun Life Financial	◆	

- After a review of the experience, Partner RE and Sun Life declined to provide an updated proposal
- The following pages summarize Segal's analysis of the quotes received

## Financial Analysis – Current and Covered Claims – Initial Evaluation

- The following table summarizes the proposals with each municipality's and county's current Paid contract, covered claims basis, and deductible levels:

	Covered Claims	Current	Berkley	Partner RE	Sun Life	TMHCC
City of Troy	Medical and Rx	\$515,800	\$825,800	\$556,200	\$560,800	\$295,900
City of Grand Rapids	N/A	N/A	-	-	-	-
Oakland County	Medical / Medical and Rx	\$891,900	\$1,662,500	\$1,167,300	\$1,275,000	\$1,034,700
Calhoun County	Medical	\$526,100	\$760,600	\$657,300	\$525,300	\$1,002,600
City of Livonia	Medical and Rx	\$581,400	\$743,100	\$621,800	\$582,100	\$476,000
<b>Total Premium</b>		<b>\$2,515,200</b>	<b>\$3,992,000</b>	<b>\$3,002,600</b>	<b>\$2,943,200</b>	<b>\$2,809,200</b>
\$ Difference From Current			<b>\$1,476,800</b>	<b>\$487,400</b>	<b>\$428,000</b>	<b>\$294,000</b>
% Difference From Current			<b>58.7%</b>	<b>19.4%</b>	<b>17.0%</b>	<b>11.7%</b>

- All proposals in this initial evaluation were subject to providing updated large claims and any missing data (i.e. corrected census, missing plan summaries, monthly enrollment)

## Financial Analysis – Current and Covered Claims – Final Evaluation

- The following table summarizes the proposals with each municipality’s and county’s current Paid contract, covered claims basis, and deductible levels:

	Covered Claims	Current	Renewal	TMHCC
City of Troy	Medical and Rx	\$368,600	To Be Determined	\$515,800
City of Grand Rapids	N/A	N/A	N/A	
Oakland County	Medical / Medical and Rx	\$891,900	\$916,200	\$1,028,400
Calhoun County	Medical	\$526,100	\$574,000	\$917,600
City of Livonia	Medical and Rx	\$581,400	To Be Determined	\$532,700
Wayne County	N/A	N/A	N/A	
<b>Total Premium</b>		<b>\$2,368,000</b>	<b>To Be Determined</b>	<b>\$2,994,500</b>
\$ Difference From Current			<b>To Be Determined</b>	<b>\$626,500</b>
% Difference From Current			<b>To Be Determined</b>	<b>26.5%</b>

# Quote Contingencies and Lasers

- TMHCC’s rates for all options are firm for a 1/1/2019 effective date contingent upon review of the disclosure statement
- The TMHCC proposals do include lasers for some municipalities/county governments. The chart below outlines the lasered claimant amounts

	Number of Lasers	Lasered Amounts					
City of Troy	3	\$600,000	\$600,000	\$215,000			
City of Grand Rapids	6	\$1,500,000	\$500,000	\$415,000	\$360,000	\$330,000	\$300,000
Oakland County	2	\$700,000	\$600,000				
Calhoun County	0						None
City of Livonia	0						None
Wayne County	0						None

# Appendices



# Appendix A

## Financial Strength Ratings

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	Berkley	Partner RE	Sun Life	TMHCC
A.M. Best	A+	A	A+	A++
Standard and Poor's	Not Rated	A+	AA-	AA

Segal Consulting believes it is important to consider the financial strength of insurance companies and managed care organizations that are candidates for initial selection or renewal as insurers or service providers to employee benefit plans. Therefore, we are providing the current claims paying ability rating that was available to us on the date this document was prepared for the insurance companies or managed care organizations under consideration.

When available, we select Standard & Poor's and A.M. Best because of their excellent overall reputation as rating services. In addition, they evaluate more insurance companies than most of the other comparable rating services. Several other rating services (e.g., Duff & Phelps and Moody's) also provide claims paying ability evaluations of insurance companies and managed care organizations. You may wish to consult these others services before making a decision regarding the initial selection or renewal of an insurance company or managed care organization.

Insurance company and managed care organization rating category explanations are attached. For example, Standard & Poor's ratings range from "Vulnerable" to "Secure". In particular, they regard "vulnerable" companies (i.e., ratings of BB+ and lower) to be at relatively serious risk in terms of meeting both claims and creditor obligations. Insurance companies in this category should be researched carefully before being selected.

Finally, Segal Consulting does not itself perform insurance company or managed care organization credit quality evaluations and does not offer any warranty as to the scope or reliability (e.g., with respect to an organization's ability to meet future obligations) of the insurance company or managed care organization evaluations performed by Standard & Poor's, A.M. Best, or any other rating services.



# Appendix A

## Rating Categories Explained

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### A.M. Best's Rating Descriptions\*

#### INVESTMENT GRADE OR SECURE:

RATING*	CATEGORY
A++ and A+	Superior - "very strong ability to meet their ongoing obligations to policyholders"
A and A-	Excellent - "strong ability to meet their ongoing obligations to policyholders"
B++ and B+	Very Good - "good ability to meet their ongoing obligations to policyholders"

#### BELOW INVESTMENT GRADE OR VULNERABLE

RATING*	CATEGORY
B and B-	Fair - "ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions"
C++ and C+	Marginal - "ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions"
C and C-	Weak - "ability to meet their current obligations to policyholders, but their financial strength is very vulnerable to adverse changes in underwriting and economic conditions"
D	Poor - "ability to meet their current obligations to policyholders and their financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions"
E	Under Regulatory Supervision – "placed by an insurance regulatory authority under a significant form of control or restraint, such as conservatorship or rehabilitation, but does not include liquidation"
F	In Liquidation - "under an order of liquidation by a court of law or whose owners have voluntarily agreed to liquidate the company"
S	Rating Suspended - "experienced sudden and significant events affecting their financial position or operating performance whose rating implications cannot be evaluated due to a lack of timely or adequate information"

\*Ratings may be modified as follows: Under Review (u); Group (g); Pooling (p) or Reinsurance (r).

# Appendix A

## Rating Categories Explained *continued*

### Standard & Poor's Rating Descriptions\*

INVESTMENT GRADE OR SECURE	
RATING	CATEGORY
AAA	Companies rated AAA have the highest rating assigned. Capacity to pay interest and repay principal is extremely strong.
AA	Companies rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated insurers only to a small degree.
A	Companies rated A have a strong capacity to pay interest and repay principal, although they are somewhat more susceptible to adverse changes in economic conditions than those in higher rated categories.
BBB	Companies rated BBB are regarded as having an adequate capacity to pay interest and repay principal, however, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal.
BELOW INVESTMENT GRADE OR VULNERABLE	
RATING	CATEGORY
BB; B; CCC; CC	Companies rated BB, B, CCC and CC are regarded, on balance, as speculative with respect to their credit worthiness. While such companies may have some protective characteristics, uncertainties and major risk exposure or adverse conditions outweigh them.
R; NR	The rating R is reserved for companies who "have experienced a REGULATORY ACTION regarding solvency." The rating NR indicates that the insurer's financial solvency is not rated.

*Plus (+) or Minus (-): The ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to refine relative standing within each category.*

*\* S&P uses a suffix 'pi' "based on an analysis of published financial information and additional information in the public domain. They do not reflect in-depth meetings with an insurer's management and are, therefore, based on less comprehensive information than ratings without a 'pi' subscript."*

# Appendix B

## Financial Analysis – 15/12 Medical Claims Only

- The following table outlines the 15/12 Medical proposals:

	Medical Only 15/12		
	Current	Renewal	TMHCC
City of Troy	\$368,600	To Be Determined	\$497,400
City of Grand Rapids (\$250k)	\$0	N/A	\$1,880,400
City of Grand Rapids (\$300k)	\$0	N/A	\$1,524,100
Oakland County	\$891,900	To Be Determined	\$1,050,800
Calhoun County	\$526,100	\$574,000	\$909,200
City of Livonia	\$581,400	To Be Determined	\$515,000
Wayne County (\$300k)	\$0	N/A	\$1,352,600
Wayne County (\$350k)	\$0	N/A	\$1,169,800
Wayne County (\$400k)	\$0	N/A	\$1,031,700
<b>Total Premium</b>	<b>\$2,368,000</b>	<b>To Be Determined</b>	<b>\$5,528,200</b>
\$ Difference From Current		<b>To Be Determined</b>	<b>\$3,160,200</b>
% Difference From Current		<b>To Be Determined</b>	<b>133.5%</b>

*Calhoun County stop-loss renewal for medical only on a paid contract basis.*

- The differences from current are inflated due to the addition of stop-loss coverage for Grand Rapids and Wayne County. For these policies, the total premium is based on the least expensive (i.e. highest specific deductible) coverage option.
- For those with stop-loss currently (yellow shaded) the total TMHCC premium would be \$1,977,600 or a 21.3% over current.

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# Appendix B

## Financial Analysis – Paid Medical Claims Only

➤ The following table outlines the Paid Medical proposals:

	Medical Only - Paid		
	Current	Renewal	TMHCC
City of Troy	\$368,600	To Be Determined	\$502,200
City of Grand Rapids (\$250k)	\$0	N/A	\$1,898,600
City of Grand Rapids (\$300k)	\$0	N/A	\$1,539,100
Oakland County	\$891,900	To Be Determined	\$1,061,200
Calhoun County	\$526,100	\$574,000	\$917,600
City of Livonia	\$581,400	To Be Determined	\$519,900
Wayne County (\$300k)	\$0	N/A	\$1,364,400
Wayne County (\$350k)	\$0	N/A	\$1,180,200
Wayne County (\$400k)	\$0	N/A	\$1,040,900
<b>Total Premium</b>	<b>\$2,368,000</b>	<b>To Be Determined</b>	<b>\$5,580,900</b>
\$ Difference From Current		<b>To Be Determined</b>	<b>\$3,212,900</b>
% Difference From Current		<b>To Be Determined</b>	<b>135.7%</b>

*Calhoun County stop-loss renewal for medical only on a paid contract basis.*

- The differences from current are inflated due to the addition of stop-loss coverage for Grand Rapids and Wayne County. For these policies, the total premium is based on the least expensive (i.e. highest specific deductible) coverage option.
- For those with stop-loss currently (yellow shaded) the total TMHCC premium would be \$3,000,900 or a 26.7% over current.

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# Appendix B

## Financial Analysis – 15/12 Medical and Rx Claims

➤ The following table outlines the 15/12 Medical and Rx proposals:

	Medical and Rx - 15/12		
	Current	Renewal	TMHCC
City of Troy	\$368,600	To Be Determined	\$511,000
City of Grand Rapids (\$250k)	\$0	N/A	\$1,916,200
City of Grand Rapids (\$300k)	\$0	N/A	\$1,556,100
Oakland County	\$891,900	To Be Determined	\$1,019,100
Calhoun County	\$526,100	\$574,000	\$940,500
City of Livonia	\$581,400	To Be Determined	\$527,700
Wayne County (\$300k)	\$0	N/A	\$1,382,400
Wayne County (\$350k)	\$0	N/A	\$1,195,600
Wayne County (\$400k)	\$0	N/A	\$1,055,000
<b>Total Premium</b>	<b>\$2,368,000</b>	<b>To Be Determined</b>	<b>\$5,609,400</b>
\$ Difference From Current		<b>To Be Determined</b>	<b>\$3,241,400</b>
% Difference From Current		<b>To Be Determined</b>	<b>136.9%</b>

*Calhoun County stop-loss renewal for medical only on a paid contract basis.*

- The differences from current are inflated due to the addition of stop-loss coverage for Grand Rapids and Wayne County. For these policies, the total premium is based on the least expensive (i.e. highest specific deductible) coverage option.
- For those with stop-loss currently (yellow shaded) the total TMHCC premium would be \$1,976,300 or a 21.2% over current.

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## Appendix B

### Financial Analysis – Paid Medical and Rx Claims

- The following table outlines the Paid Medical and Rx proposals:

	Medical and Rx - Paid		
	Current	Renewal	TMHCC
City of Troy	\$368,600	To Be Determined	\$515,800
City of Grand Rapids (\$250k)	\$0	N/A	\$1,934,500
City of Grand Rapids (\$300k)	\$0	N/A	\$1,571,300
Oakland County	\$891,900	To Be Determined	\$1,028,400
Calhoun County	\$526,100	\$574,000	\$949,500
City of Livonia	\$581,400	To Be Determined	\$532,700
Wayne County (\$300k)	\$0	N/A	\$1,394,500
Wayne County (\$350k)	\$0	N/A	\$1,206,100
Wayne County (\$400k)	\$0	N/A	\$1,064,800
<b>Total Premium</b>	<b>\$2,368,000</b>	<b>To Be Determined</b>	<b>\$5,662,500</b>
\$ Difference From Current		<b>To Be Determined</b>	<b>\$3,294,500</b>
% Difference From Current		<b>To Be Determined</b>	<b>139.1%</b>

*Calhoun County stop-loss renewal for medical only on a paid contract basis.*

- The differences from current are inflated due to the addition of stop-loss coverage for Grand Rapids and Wayne County. For these policies, the total premium is based on the least expensive (i.e. highest specific deductible) coverage option.
- For those with stop-loss currently (yellow shaded) the total TMHCC premium would be \$3,026,400 or a 27.8% over current.

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**EXECUTIVE COMMITTEE  
RESOLUTION 2019-01**

**Auditor Engagement Letter**

The Michigan Municipal Services Authority (the "Authority") adopted Resolution 2014-41 on December 11, 2014 to retain Abraham & Gaffney, P.C. ("A&G") to perform the Authority's audit for the fiscal years ending on September 30, in 2014, 2015, 2016 with an option to extend for two (2) additional years of 2017 and 2018.

A&G reorganized effective August 1, 2017 and no longer had personnel with the experience or qualifications to provide government audit services so it released the Authority from its agreement.

Former A&G personnel formed Stevens, Kirinovic, & Tucker P.C. ("SKT") to perform government audits with the same personnel and under the same terms and conditions previously provided by A&G.

The Authority adopted Resolution 2017-10 on August 10, 2017 to retain SKT to perform the Authority's audit for the fiscal years ending September 30, 2017 and 2018.

Effective January 1, 2019, SKT merged with Maner Costerisan PC ("MC") and the professionals of SKT joined MC.

MC now seeks the Authority's approval of a new agreement for MC to perform the Authority's audit for the fiscal year ending September 30, 2018.

***Secretary's Certification:***

I certify that this resolution was adopted by the executive committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on February 14, 2019.

By: \_\_\_\_\_  
James Cambridge  
Authority Secretary

January 7, 2019

Michigan Municipal Services Authority

We are pleased to confirm our understanding of the services we are to provide the Michigan Municipal Services Authority for the years ending September 30, 2018. We will audit the financial statements of the governmental activities and the major fund, which collectively comprise the basic financial statements of the Michigan Municipal Services Authority as of and for the years ending September 30, 2018. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Michigan Municipal Services Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Michigan Municipal Service Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedules.

### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.



We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the Michigan Municipal Services Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You are also responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee our assistance with the preparation of your financial statements and related notes and any other non-attest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities and the major fund of the Michigan Municipal Services Authority and the respective changes in financial position in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. With regard to electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other non-audit services we provide as identified in the addendum. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them.

### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

## **Audit Procedures - Internal Controls**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

## **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Michigan Municipal Service Authority's compliance with provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

## **Engagement Administration, Fees, and Other**

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We expect to begin our audit in January and to issue our reports no later than February 28 of each year. William I. Tucker IV, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fees for these services will be based on the actual time spent at our standard hourly rates, plus out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The fees are detailed as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Financial</u> <u>Audit</u>
2018	\$ 10,600

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Our most recent external peer review report, dated June 2017, accompanies this letter.

If reproduction or publication of financial statements audited by us, or any portion thereof, is intended, it is our policy that any master of printer's proofs be submitted to us for review prior to publication.

We will continue to perform our services under the arrangements discussed above from year to year unless for some reason you or we find that some change is necessary. However, the performance of each audit or consulting engagement is a separate and severable engagement. Each separate engagement shall be deemed complete and Maner Costerisan will not have a continuing responsibility to perform additional services with respect to that completed engagement when we present to you the final fund financial statements or final audit report, respectively, that relates to any given year. Our reports on the financial statements to be issued pursuant to this engagement are for your use. If it is your primary intent that our reports will benefit or influence a third party user we must be informed prior to the beginning of the annual engagement.

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

You agree that our maximum liability to you for any negligent errors or omissions committed by us in the performance of the engagement will be limited to the amount of our fees for this engagement, except to the extent determined to result from our gross negligence or willful misconduct.

Because there are inherent difficulties in recalling or preserving information as the period after an engagement increases, you agree that, notwithstanding the statute of limitations of the State of Michigan, any claim based on this engagement must be commenced within twelve (12) months after performance of our service, unless you have previously provided us with a written notice of a specific defect in our services that forms the basis of the claim.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules. If the parties are unable to resolve the dispute through mediation within 60 days from the date notice is first given from one party to the other as to the existence of a dispute and the demand to mediate, then they may proceed to resolve the matter by arbitration if this agreement provides that the particular dispute is subject to arbitration, or by whatever other lawful means are available to them if this agreement does not provide for arbitration of the particular dispute. Costs of any mediation proceeding shall be shared equally by all parties.

Michigan Municipal Services Authority and Maner Costerisan both agree that any dispute over fees charged by Maner Costerisan to the client will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place at Lansing, Michigan. Any hearing shall be before one arbitrator in accordance with Rule 17 of the Commercial Arbitration Rules of the American Arbitration Association (the Rules). Any award rendered by the arbitrator pursuant to this agreement may be filed and entered and shall be enforceable in the appropriate court of the county in which arbitration proceeds. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution. The prevailing party shall be entitled to an award of reasonable attorney's fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

We appreciate the opportunity to be of service to the Michigan Municipal Services Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*Maner Costerisan PC*

RESPONSE:

This letter correctly sets forth the understanding of the Michigan Municipal Services Authority.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

To: Maner Costerisan

After considering the qualifications of the accounting personnel of Michigan Municipal Services Authority we believe they have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America. However, for convenience and other issues, we may contract with you to prepare our financial statements.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **ADDENDUM TO ENGAGEMENT LETTER**

As part of the audit engagement, you have requested our assistance with the following services. *Government Auditing Standards* considers these services as “non-attest” or “non-audit” services. Management is required to review, approve and accept responsibility for any non-audit services we may perform.

- Preparation of the financial statements, including the related notes, required and additional supplementary information.
- Assistance with the preparation and submission of audit financial information required by law or regulations.
- Assistance with, or the preparation of, year-end adjusting journal entries and work papers.

Thomas G. Wieland  
David A. Grotkin  
Joel A. Joyce  
Brian J. Mechenich



Carrie A. Gindt  
Patrick G. Hoffert  
Jason J. Wrasse  
Joshua T. Bierbach

## Report on the Firm's System of Quality Control

July 27, 2017

To the Partners of Maner Costerisan PC and  
the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Maner Costerisan PC (the firm) in effect for the year ended March 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

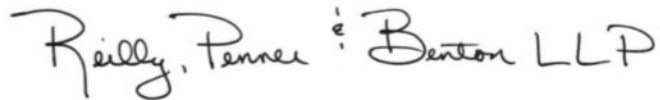
Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans, and audits of carrying broker-dealers.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.



## Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maner Costerisan PC in effect for the year ended March 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maner Costerisan PC has received a peer review rating of pass.

A handwritten signature in black ink that reads "Reilly, Penner & Benton LLP". The signature is written in a cursive, flowing style.

Reilly, Penner & Benton LLP

**MICHIGAN MUNICIPAL SERVICES AUTHORITY**  
Executive Committee

**RESOLUTION 2014-41**  
Procurement of Auditing Services

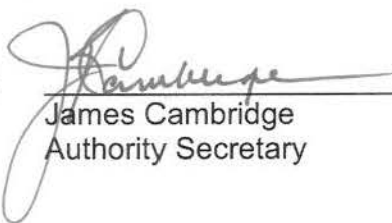
The Executive Committee of the Michigan Municipal Services Authority ("Authority") resolves:

1. That the Chief Executive Officer of the Authority ("CEO") is authorized to enter into professional services agreement on behalf of the Authority with a vendor to provide for the Authority for the Authority's 2013-2014 fiscal year, 2014-2015 fiscal year, and the 2015-2016 fiscal year;
2. That the CEO shall procure the services in a manner that complies with the Authority's procurement policy, including use of a competitive process;
3. That the CEO shall select the vendor that submits a proposal to the Authority that the CEO determines represents the best value for the Authority; and
4. That the total amount paid to the vendor under the professional services agreement shall not exceed \$12,000.00 in any one fiscal year and \$34,000.00 in total over three fiscal years.

***Secretary's Certification:***

I certify that this resolution was duly adopted by the Executive Committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on December 11, 2014.

By: \_\_\_\_\_

  
James Cambridge  
Authority Secretary

Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA  
Alan D. Panter, CPA  
William I. Tucker IV, CPA



**ABRAHAM & GAFFNEY, P.C.**  
Certified Public Accountants

3511 Coolidge Road  
Suite 100  
East Lansing, MI 48823  
(517) 351-6836  
FAX: (517) 351-6837

December 18, 2014

Michigan Municipal Services Authority  
P.O. Box 12012  
Lansing, MI 48901-2012

We are pleased to confirm our understanding of the services we are to provide the Michigan Municipal Services Authority for the years ending September 30, 2014, 2015, and 2016. We will audit the financial statements of the governmental activities and the major fund, which collectively comprise the basic financial statements of the Michigan Municipal Services Authority as of and for the years ending September 30, 2014, 2015, and 2016. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Michigan Municipal Services Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Michigan Municipal Service Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules.

**Audit Objective**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.



We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the Michigan Municipal Services Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You are also responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee our assistance with the preparation of your financial statements and related notes and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities and the major fund of the Michigan Municipal Services Authority and the respective changes in financial position in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. With regard to electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.



Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

#### **Audit Procedures - Internal Controls**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Michigan Municipal Service Authority's compliance with provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### **Engagement Administration, Fees, and Other**

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.



We expect to begin our audit in January and to issue our reports no later than February 28 of each year. William I. Tucker IV, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fees for these services will be based on the actual time spent at our standard hourly rates, plus out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The fees are detailed as follows:

<u>Year Ending September 30,</u>	<u>Financial Audit</u>
2014	\$ 9,800
2015	10,200
2016	10,600

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review accompanied the proposal for audit services dated December 5, 2014.

If reproduction or publication of financial statements audited by us, or any portion thereof, is intended, it is our policy that any master of printer's proofs be submitted to us for review prior to publication.

We will continue to perform our services under the arrangements discussed above from year to year unless for some reason you or we find that some change is necessary. However, the performance of each audit or consulting engagement is a separate and severable engagement. Each separate engagement shall be deemed complete and Abraham & Gaffney, P.C. will not have a continuing responsibility to perform additional services with respect to that completed engagement when we present to you the final fund financial statements or final audit report, respectively, that relates to any given year.

Our reports on the financial statements to be issued pursuant to this engagement are for your use. If it is your primary intent that our reports will benefit or influence a third party user we must be informed prior to the beginning of the annual engagement.

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.



If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules. If the parties are unable to resolve the dispute through mediations within 60 days from the date notice is first given from one party to the other as to the existence of a dispute and the demand to mediate, then they may proceed to resolve the matter by arbitration if this agreement provides that the particular dispute is subject to arbitration, or by whatever other lawful means are available to them if this agreement does not provide for arbitration of the particular dispute. Costs of any mediation proceeding shall be shared equally by all parties.

The Authority and Abraham & Gaffney, P.C. both agree that any dispute over fees charged by Abraham & Gaffney, P.C. to the client will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place in East Lansing, Michigan. Any hearing shall be before one arbitrator in accordance with Rule 17 of the Commercial Arbitration Rules of the American Arbitration Association (the Rules). Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the appropriate court of the County in which arbitration proceeds. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution. The prevailing party shall be entitled to an award of reasonable attorney's fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

We appreciate the opportunity to be of service to the Michigan Municipal Services Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the Michigan Municipal Services Authority.

By: *Robert [Signature]*

Title: *Chief Executive Officer*

Date: *December 19, 2014*



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

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**EXECUTIVE COMMITTEE  
RESOLUTION 2017-10**

**Authorize Change in Provider of Auditing Services**

The Michigan Municipal Services Authority (the “**Authority**”) previously retained Abraham and Gaffney, P.C. (“**A&G**”) as its provider of auditing services.

A&G has reorganized effective August 1, 2017, and indicates that it no longer has the qualifications or experience to provide quality services to governmental and nonprofit clients like the Authority.

Former personnel of A&G and the services they performed for governmental and nonprofit clients have been transferred to Stevens, Kirinovic, & Tucker P.C. (“**SKT**”) and A&G has released the Authority from its contract with A&G.

SKT indicates that it has the qualifications and experience to provide quality services to governmental and nonprofit clients and wants to continue to provide the auditing services previously performed for the Authority using the same personnel and under the same terms and conditions, including fee structure, as provided by A&G before August 1, 2017. SKT has proposed an engagement letter for the Authority to retain its auditing services.


The executive committee of the Authority therefore resolves:

- that Stevens, Kirinovic & Tucker P.C. is retained to provide auditing services to the Authority as the Authority’s independent auditor; and
- that the chief executive officer is hereby authorized on behalf of the Authority to sign an engagement agreement with Stevens, Kirinovic & Tucker P.C. for the 2016-2017 and the 2017-2018 fiscal years.

**Secretary’s Certification:**

I certify that this resolution was duly adopted by the Executive Committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on August 10, 2017.

By:

  
James Cambridge  
Authority Secretary





August 1, 2017

Michigan Municipal Services Authority  
P.O. Box 12012  
Lansing, MI 48901-2012

We are pleased to confirm our understanding of the services we are to provide the Michigan Municipal Services Authority for the years ending September 30, 2017 and 2018. We will audit the financial statements of the governmental activities and the major fund, which collectively comprise the basic financial statements of the Michigan Municipal Services Authority as of and for the years ending September 30, 2017 and 2018. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Michigan Municipal Services Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Michigan Municipal Service Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules.

#### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the Michigan Municipal Services Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.



## Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You are also responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee our assistance with the preparation of your financial statements and related notes and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities and the major fund of the Michigan Municipal Services Authority and the respective changes in financial position in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. With regard to electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

## Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.





## Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

## Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Michigan Municipal Service Authority's compliance with provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

## Engagement Administration, Fees, and Other

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We expect to begin our audit in January and to issue our reports no later than February 28 of each year. William I. Tucker IV, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fees for these services will be based on the actual time spent at our standard hourly rates, plus out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The fees are detailed as follows:

<u>Year Ending September 30.</u>	<u>Financial Audit</u>
2017	\$ 10,600
2018	10,600

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.





If reproduction or publication of financial statements audited by us, or any portion thereof, is intended, it is our policy that any master of printer's proofs be submitted to us for review prior to publication.

We will continue to perform our services under the arrangements discussed above from year to year unless for some reason you or we find that some change is necessary. However, the performance of each audit or consulting engagement is a separate and severable engagement. Each separate engagement shall be deemed complete and Stevens, Kirinovic & Tucker, P.C. will not have a continuing responsibility to perform additional services with respect to that completed engagement when we present to you the final fund financial statements or final audit report, respectively, that relates to any given year.

Our reports on the financial statements to be issued pursuant to this engagement are for your use. If it is your primary intent that our reports will benefit or influence a third party user we must be informed prior to the beginning of the annual engagement.

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules. If the parties are unable to resolve the dispute through mediations within 60 days from the date notice is first given from one party to the other as to the existence of a dispute and the demand to mediate, then they may proceed to resolve the matter by arbitration if this agreement provides that the particular dispute is subject to arbitration, or by whatever other lawful means are available to them if this agreement does not provide for arbitration of the particular dispute. Costs of any mediation proceeding shall be shared equally by all parties.

The Authority and Stevens, Kirinovic & Tucker, P.C. both agree that any dispute over fees charged by Stevens, Kirinovic & Tucker, P.C. to the client will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place in East Lansing, Michigan. Any hearing shall be before one arbitrator in accordance with Rule 17 of the Commercial Arbitration Rules of the American Arbitration Association (the Rules). Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the appropriate court of the County in which arbitration proceeds. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution. The prevailing party shall be entitled to an award of reasonable attorney's fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

We appreciate the opportunity to be of service to the Michigan Municipal Services Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

*Stevens Kirinovic & Tucker, P.C.*

STEVENS, KIRINOVIC & TUCKER, P.C.  
Certified Public Accountants



RESPONSE:

This letter correctly sets forth the understanding of the Michigan Municipal Services Authority.

By: Robert Kounesha

Title: CEO

Date: 08/03/2017



Michigan Municipal Services Authority

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**EXECUTIVE COMMITTEE  
RESOLUTION 2019-02**

Depository Account Signers

The executive committee of the Michigan Municipal Services Authority resolves:

- that the following individuals are the authorized signers for the depository account for money of the Michigan Municipal Services Authority (“**Authority**”) by Fifth Third Bank:

<b>Name</b>	<b>Title</b>
Kelli D. Scott	Chairperson
Robert J. Bruner, Jr.	Chief Executive Officer
Eric DeLong	Treasurer

(each an “**Authorized Signer**”);

- that Fifth Third Bank is authorized and directed to recognize the signatures of the Authorized Signers on checks drawn on, for the withdrawal of funds, and for the transaction of any other business regarding the indicated account or accounts of the Authority until such time as the Authority gives written notice of a change in authorization and Fifth Third Bank has a reasonable opportunity to act on that notice;
- that Fifth Third Bank also is authorized in its discretion to accept additions, deletions, changes, and other updates to the Commercial Master Signature on file with Fifth Third Bank on behalf of the Authority in a separate, written instrument signed by an Authorized Signer;
- that in connection with the Authority’s ongoing use of the Authority’s account or accounts at Fifth Third Bank, the treasurer is authorized to sign and deliver a Commercial Master Signature Card or updates to the Commercial Master Signature Card consistent with this resolution, including replacing the Authority’s existing Commercial Master Signature Card on file with Fifth Third Bank on the date this resolution is adopted;
- that by signing and delivering the Commercial Master Signature Card, or any updates, the treasurer is authorized on behalf of the Authority to acknowledge receipt of and agree to the Fifth Third Bank Commercial Account Rules governing the Authority’s account or accounts (as amended or updated), and agree to the related operating policies in effect at Fifth Third Bank with respect to the account or accounts;

- that the treasurer is authorized by the Authority to certify that that the treasurer is duly authorized by the Authority to execute and deliver the Commercial Master Signature Card or any updates, and that the signatures on the Commercial Master Signature Card and any of its exhibits or updates are the genuine specimen signatures of the listed persons;
- that the Authorized Signers are authorized to execute on behalf of the Authority the documents, certifications, or other authorizations, and make subsequent changes, as required by Fifth Third Bank to effectuate this resolution; and
- that this resolution shall remain effective until rescinded or superseded by the executive committee.

***Secretary's Certification:***

I certify that this resolution was adopted by the Executive Committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on February 14, 2019.

By: \_\_\_\_\_  
James Cambridge  
Authority Secretary





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**EXECUTIVE COMMITTEE  
RESOLUTION 2019-03**

FY 2018-2019 General Appropriations Act Amendment

The Executive Committee of the Michigan Municipal Services Authority (“Authority”) resolves that the FY 2018-2019 General Appropriations Act is amended as follows:

**Section 6. Estimated Revenues and Expenditures.** Estimated total revenues and expenditures for the Authority for FY 2018-2019 as follows:

<b>FUND</b>	<b>REVENUES</b>	<b>EXPENDITURES</b>	<b>OTHER FINANCING SOURCES (USES)</b>
General Fund	\$150,000	\$279,841	\$122,922
FMS Fund	\$1,889,620	\$1,766,698	\$(122,922)

The Chief Executive Officer is permitted to execute transfers within these limits between appropriations without the prior approval of the Executive Committee.

***Secretary’s Certification:***

I certify that this resolution was adopted by the executive committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on February 14, 2019.

By: \_\_\_\_\_  
James Cambridge  
Authority Secretary



**FY 2018-2019 General Appropriations Act  
General Fund**

	Year Ending 09/30/18		Year Ending 09/30/18		Year Ending 09/30/19		Year Ending 09/30/19	
	ORIGINAL BUDGET	AMENDEDMENT	ORIGINAL BUDGET	AMENDEDMENT	ORIGINAL BUDGET	AMENDEDMENT	ORIGINAL BUDGET	AMENDEDMENT
Contract Revenue	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>
Personal Services	\$ 225,000	\$ 197,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Legal	\$ 12,000	\$ 24,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Accounting	\$ 5,500	\$ 18,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Audit	\$ 10,500	\$ 10,500	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000
Bank Service Charges	\$ -	\$ 2,000	\$ 2,000	\$ 2,500	\$ 2,000	\$ 2,500	\$ 2,000	\$ 2,500
HR and Benefits Consulting	\$ -	\$ -	\$ -	\$ 16,000	\$ -	\$ 16,000	\$ -	\$ 16,000
Insurance	\$ 2,000	\$ -	\$ 2,000	\$ 2,781	\$ 2,000	\$ 2,781	\$ 2,000	\$ 2,781
Professional Development	\$ -	\$ -	\$ -	\$ 1,560	\$ -	\$ 1,560	\$ -	\$ 1,560
Miscellaneous	\$ 2,000	\$ 7,000	\$ 8,000	\$ 12,000	\$ 8,000	\$ 12,000	\$ 8,000	\$ 12,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 257,000</b>	<b>\$ 258,500</b>	<b>\$ 257,000</b>	<b>\$ 279,841</b>	<b>\$ 257,000</b>	<b>\$ 279,841</b>	<b>\$ 257,000</b>	<b>\$ 279,841</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (257,000)</b>	<b>\$ (108,500)</b>	<b>\$ (107,000)</b>	<b>\$ (129,841)</b>	<b>\$ (107,000)</b>	<b>\$ (129,841)</b>	<b>\$ (107,000)</b>	<b>\$ (129,841)</b>
<b>TRANSFERS</b>								
Transfers in	\$ 144,848	\$ 137,025	\$ 122,922	\$ 122,922	\$ 122,922	\$ 122,922	\$ 122,922	\$ 122,922
Transfers out	\$ -	\$ (133,693)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>CHANGE IN NET POSITION</b>	<b>\$ (112,152)</b>	<b>\$ (105,168)</b>	<b>\$ 15,922</b>	<b>\$ (6,919)</b>	<b>\$ 15,922</b>	<b>\$ (6,919)</b>	<b>\$ 15,922</b>	<b>\$ (6,919)</b>
<b>BEGINNING NET POSITION</b>	<b>\$ 322,659</b>	<b>\$ 322,659</b>	<b>\$ 322,659</b>	<b>\$ 322,659</b>	<b>\$ 322,659</b>	<b>\$ 322,659</b>	<b>\$ 322,659</b>	<b>\$ 322,659</b>
<b>ENDING NET POSITION</b>	<b>\$ 210,507</b>	<b>\$ 217,491</b>	<b>\$ 338,581</b>	<b>\$ 315,740</b>	<b>\$ 338,581</b>	<b>\$ 315,740</b>	<b>\$ 338,581</b>	<b>\$ 315,740</b>

**FY 2018-2019 General Appropriations Act  
VHWM Fund**

	<b>Year Ending 09/30/18</b>	<b>Year Ending 09/30/18</b>	<b>Year Ending 09/30/19</b>	<b>Year Ending 09/30/19</b>
	<b>ORIGINAL BUDGET</b>	<b>AMENDEDMENT</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDEDMENT</b>
Contract Revenue	\$ 755,124	\$ 57,225	\$ -	\$ -
TOTAL REVENUES	\$ 755,124	\$ 57,225	\$ -	\$ -
Professional and Contractual Services	\$ 744,706	\$ 190,918	\$ -	\$ -
TOTAL EXPENDITURES	\$ 744,706	\$ 190,918	\$ -	\$ -
OPERATING INCOME (LOSS)	\$ 10,418	\$ (133,693)	\$ -	\$ -
TRANSFERS				
Transfers in	\$ -	\$ 133,693	\$ -	\$ -
Transfers out	\$ (10,418)	\$ -	\$ -	\$ -
CHANGE IN NET POSITION	\$ -	\$ -	\$ -	\$ -
BEGINNING NET POSITION	\$ -	\$ -	\$ -	\$ -
ENDING NET POSITION	\$ -	\$ -	\$ -	\$ -

**FY 2018-2019 General Appropriations Act**

**FMS Fund**

	<b>Year Ending 09/30/18</b>	<b>Year Ending 09/30/18</b>	<b>Year Ending 09/30/19</b>	<b>Year Ending 09/30/19</b>
	<b>ORIGINAL BUDGET</b>	<b>AMENDEDMENT</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDEDMENT</b>
Contract Revenue	\$ 2,863,430	\$ 2,362,025	\$ 1,889,620	\$ 1,889,620
<b>TOTAL REVENUES</b>	<b>\$ 2,863,430</b>	<b>\$ 2,362,025</b>	<b>\$ 1,889,620</b>	<b>\$ 1,889,620</b>
Professional and Contractual Services	\$ 2,729,000	\$ 2,225,000	\$ 1,766,698	\$ 1,766,698
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,729,000</b>	<b>\$ 2,225,000</b>	<b>\$ 1,766,698</b>	<b>\$ 1,766,698</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 134,430</b>	<b>\$ 137,025</b>	<b>\$ 122,922</b>	<b>\$ 122,922</b>
<b>TRANSFERS</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	\$ (134,430)	\$ (137,025)	\$ (122,922)	\$ (122,922)
<b>CHANGE IN NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BEGINNING NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>ENDING NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**FY 2018-2019 General Appropriations Act**

**All Funds**

	<b>Year Ending 09/30/18</b>	<b>Year Ending 09/30/18</b>	<b>Year Ending 09/30/19</b>	<b>Year Ending 09/30/19</b>
	<b>ORIGINAL BUDGET</b>	<b>AMENDEDMENT</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDEDMENT</b>
TOTAL REVENUES	\$ 3,618,554	\$ 2,569,250	\$ 2,039,620	\$ 2,039,620
TOTAL EXPENDITURES	\$ 3,730,706	\$ 2,674,418	\$ 2,023,698	\$ 2,046,539
OPERATING INCOME (LOSS)	\$ (112,152)	\$ (105,168)	\$ 15,922	\$ (6,919)
CHANGE IN NET POSITION	\$ (112,152)	\$ (105,168)	\$ 15,922	\$ (6,919)
BEGINNING NET POSITION	\$ 322,659	\$ 322,659	\$ 217,491	\$ 233,413
ENDING NET POSITION	\$ 210,507	\$ 217,491	\$ 233,413	\$ 226,494



**EXECUTIVE COMMITTEE  
RESOLUTION 2019-04**

Approve Amendment No. 1 to FMS Program-CGI Advantage360<sup>®</sup> Service Agreement

On March 31, 2015, the Michigan Municipal Service Authority (“**MMSA**”) entered into an agreement (the “**Agreement**”) with CGI Technology Solutions, Inc. (“**CGI**”), the City of Grand Rapids (“**Grand Rapids**”), Genesee County (“**Genesee**”), and Kent County (“**Kent**”).

Under the Agreement, the MMSA offers a cloud-based financial management system (“**FMS**”) to local governmental entities throughout Michigan using CGI’s proprietary CGI Advantage360<sup>®</sup> solution using a software as a service (“**SaaS**”) model. CGI also provides related implementation, support, and other consulting services to the to Grand Rapids, Genesee, and Kent (together the “**Participating Municipalities**”) via the MMSA.

To provide a more scalable, secure, and cost-effective, cloud-based SaaS solution, CGI wants to use an infrastructure as a service (“**IaaS**”) solution—Microsoft Azure Services—to host CGI Advantage360<sup>®</sup> instead of hosting CGI Advantage360<sup>®</sup> at a data center owned and operated by CGI as originally required under the Agreement.

CGI believes that there are tangible benefits to its clients (including the Participating Municipalities) by hosting the CGI Advantage360<sup>®</sup> FMS solution using Microsoft Azure Services.

CGI plans to migrate the CGI Advantage360<sup>®</sup> solution to the Microsoft Azure Services platform as part of an upcoming release update tentatively scheduled to occur in the Spring of 2018 as CGI Advantage360<sup>®</sup> Release Update 9.

To facilitate this migration to IaaS, CGI will enter into an agreement with Microsoft Corporation, and will be required to comply with the terms and conditions of Microsoft Corporation’s standard volume licensing online services terms, including provisions relating to Microsoft Azure Services and any future changes to those terms (the “**Microsoft Terms**”).

CGI and the Participating Municipalities want to amend the Agreement to recognize CGI’s migration of the CGI System to the use of Microsoft Azure Services, CGI’s obligation under the Microsoft Terms, and the impact of the migration and CGI’s obligations under the Microsoft Terms upon the MMSA and the Participating Municipalities.

The executive committee of the Authority therefore resolves:

- that the attached Amendment No. 1 to the FMS Program-CGI Advantage360® Service Agreement dated March 31, 2015 (the “**Amendment**”), is hereby approved; and
- that the chief executive officer is hereby authorized to sign the Amendment on behalf of the MMSA.

***Secretary’s Certification:***

I certify that this resolution was adopted by the executive committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on February 14, 2019.

By: \_\_\_\_\_  
James Cambridge  
Authority Secretary

AMENDMENT NO. 1 TO FMS PROGRAM—CGI ADVANTAGE360® SERVICE  
AGREEMENT

This amendment modifies the FMS Program CGI Advantage360® Service Agreement dated March 31, 2015 (the “**Agreement**”) originally between CGI TECHNOLOGIES AND SOLUTIONS INC., a Delaware corporation (“**CGI**”), the Michigan Municipal Services Corporation, a Michigan public body corporate (the “**MMSA**”), GENESEE COUNTY, a Michigan public body corporate (“**Genesee**”), the CITY OF GRAND RAPIDS, a Michigan public body corporate (“**Grand Rapids**”), and KENT COUNTY, a Michigan public body corporate (“**Kent**”).

Under the Agreement, the MMSA offers a cloud-based financial management system (“**FMS**”) to local governmental entities throughout Michigan using CGI’s proprietary CGI Advantage360® solution using a software as a service (“**SaaS**”) model. CGI also provides related implementation, support, and other consulting services to the MMSA and to Participating Municipalities, including Grand Rapids and Kent.

While an original participant, Genesee has terminated its participation and is no longer a Participating Municipality or a party to the Agreement.

To provide a more scalable, secure, and cost-effective, cloud-based SaaS solution, CGI wants to use an infrastructure as a service (“**IaaS**”) solution—Microsoft Azure Services—to host CGI Advantage360® instead of hosting CGI Advantage360® at a data center owned and operated by CGI.

CGI believes that there are tangible benefits to its clients (including the MMSA, Grand Rapids, Kent, and potential future Participating Municipalities) by hosting the CGI Advantage360® FMS solution using Microsoft Azure Services.

CGI states that CGI will remain the single point of accountability for CGI Advantage360® to the Participating Municipalities.

CGI plans to migrate the CGI Advantage360® solution to the Microsoft Azure Services platform as part of an upcoming release update tentatively scheduled to occur by mid-2019 as CGI Advantage360® Release Update 9.

To facilitate this migration to IaaS, CGI will enter into an agreement with Microsoft Corporation, and will be required to comply with the terms and conditions of Microsoft Corporation’s standard volume licensing online services terms, including provisions relating to Microsoft Azure Services and any future changes to those terms (the “**Microsoft Terms**”).

The parties want to amend the Agreement to recognize CGI’s migration of the CGI System to the use of Microsoft Azure Services, CGI’s obligation under the Microsoft Terms, and the impact of the migration and CGI’s obligations under the Microsoft Terms upon the MMSA, Grand Rapids, Kent, and any future Participating Municipalities.

The parties therefore agree as follows:

1. **Defined Terms.** Defined terms used but not defined in this amendment are as defined in the Agreement. For purposes of this amendment and the Agreement as amended by this amendment, the following definitions apply:

(a) **“CGI Hosted Facility”** means a secure facility that hosts CGI System applications, infrastructure, and Participating Municipality Content.

(b) **“Microsoft”** means Microsoft Corporation, a Washington corporation.

(c) **“Microsoft Azure Services”** means the Microsoft services and features identified at <http://azure.microsoft.com/services/>, except those licensed separately, and includes any open source components incorporated by Microsoft in those services and features.

(d) **“Microsoft OST”** means the terms under Microsoft’s volume licensing online services terms document and program agreement in effect at the time of use and applicable to CGI’s use for a CGI Hosting Facility, the CGI System, or both, of a Microsoft online service, including Microsoft Azure Services, as a result of CGI’s subscription to a Microsoft Online Service through a Microsoft volume licensing program.

(e) **“Online Service”** means that term as defined under the Microsoft OST

2. **Redefine CGI Data Center and Participating Municipality Data.** The Agreement is hereby amended to: (a) replace each use of the term “CGI Data Center” and the term “CGI locations” with the term “CGI Hosting Facility”; (b) replace each use of the term “Participating Municipality data” and the term “data of a Participating Municipality” with the term “Participating Municipality Content”; and (c) clarify that any reference to CGI hardware or CGI infrastructure in the Agreement includes the CGI Hosting Facility.

3. **Amendment to Section 2.K.** Section 2.K of the Agreement is hereby amended by inserting the following after the last sentence of Section 2.K:

Content, including Content at rest, may not be processed or stored outside of the United States of America. Each Participating Municipality retains all right, title, and interest in and to its Content. This Amendment No. 1 assumes migration to Microsoft Azure Services for the CGI System and for the CGI Hosted Facility. If CGI at any time proposes to use any service other than Microsoft Azure Services or CGI’s secure Phoenix Data Center for the CGI System and for the CGI Hosted Facility, CGI must notify any Participating Municipality of that proposal and each Participating Municipality must agree to changes to this Agreement specific to that service before that service may be used to provide the CGI System to the Participating Municipality. Presuming CGI uses Microsoft Azure Services for the CGI System, CGI shall



promptly notify the MMSA and each affected Participating Municipality of any of the following: (a) a change in the Microsoft OST that alters Microsoft's limited right to use Participating Municipality Content; (b) a change in any applicable acceptable use policy under the Microsoft OST; (c) a notice from Microsoft of a demand from law enforcement for Participating Municipality Content; (d) a notice from Microsoft of a request from any nonparty for Participating Municipality Content; and (e) a notification from Microsoft of a security incident affecting Participating Municipality Content. If CGI uses Microsoft Azure Services for the CGI System, CGI shall not direct the disclosure of Participating Municipality Content outside of Microsoft or its controlled affiliates or subsidiaries without the express written consent of the Participating Municipality. CGI's obligations under this agreement continue to apply notwithstanding a contrary provision of the Microsoft OST or any other agreement between CGI and Microsoft for the provision of Microsoft Azure Services for the CGI System or the use of Microsoft Azure Services by CGI for the CGI System. If CGI uses Microsoft Azure Services for the CGI System, all of the following will apply: (i) Microsoft will be a Subcontractor under this agreement, (ii) nothing in this agreement will impose an obligation on Microsoft in a manner inconsistent with the Microsoft OST, and (iii) neither the MMSA nor a Participating Municipality may require the removal of Microsoft as a Subcontractor under Section 2.L without CGI's consent. If CGI uses Microsoft Azure Services for the CGI System, CGI shall obtain or assign for each user of the CGI System and each device used to access the CGI System any subscription license or service license required under the Microsoft OST for the use of the CGI System at no additional cost to the MMSA or a Participating Municipality.

4. **Amendment to Section 3.B.** Section 3.B of the Agreement is hereby amended by inserting the following new sentence at the end of Section 3.B: "If CGI initiates migration of CGI Advantage360 to hosting using Microsoft Azure Services, CGI shall notify the MMSA and a Participating Municipality other than the City of Grand Rapids and Kent County at least 150 days before migrating CGI Advantage360 to hosting using Microsoft Azure Services. CGI shall support each Participating Municipality with that migration by implementing the Azure Migration Contingency Plan detailed on Schedule 6."

5. **Amendment to Section 14.F.** Section 14.F of the Agreement is hereby amended by inserting the following new sentence at the end of Section 14.F: "This agreement does not apply to either of the following if separately licensed by a Participating Municipality: (1) Microsoft Azure Services or (2) another Microsoft product or service."

6. **General Amendments to Schedule 2.** Schedule 2 of the Agreement is hereby amended by replacing each use of the term “Planned Availability” and the term “Planned Minutes of Availability” with “Planned Minutes Available” and by deleting the example provided for purposes of illustration in Section 1.D(1) of Schedule 2. For purposes of this amendment and Schedule 2 of the Agreement as amended by this amendment, “**Planned Minutes Available**” means the total minutes in the applicable month (for example, 60 minutes multiplied by 24 hours per day multiplied by the total days in the month) minus any minutes allotted for Scheduled Maintenance, Scheduled Outages, and Included Offline Processing.

7. **Amendment to Section 1.D(6) of Schedule 2.** Section 1.D(6) of Schedule 2 of the Agreement is hereby amended and restated to read in its entirety as follows:

(6) “Service Metrics Period” means 12:00 a.m. through 11:59 p.m. United States Eastern time zone, every day (otherwise known as 24/7/365), excluding Recognized Outages. During these hours, SLA metrics, reporting, and penalties will be applied to system availability. Online access to the CGI System will be provided if no Scheduled Maintenance, Scheduled Outage, or Included Offline Processing is occurring.

8. **Amendment to Section 1.O of Schedule 2.** Section 1.O of Schedule 2 of the Agreement is hereby amended and restated to read in its entirety as follows:

O. “Scheduled Maintenance” means the Standard Scheduled Maintenance period beginning at 12:00 a.m. on Saturday and ending at 11:00 p.m. on Sunday (Eastern Time) on the third weekend of each month plus other time periods of less than 12 hours during which CGI is performing planned maintenance on the CGI System after first providing written notice to the Participating Municipalities at least one week before the beginning of the time period. A Participating Municipality may notify CGI of Scheduled Maintenance that coincides with the Participating Municipality’s peak periods, when weekend work may be necessary on the part of the Participating Municipality. CGI shall work to mitigate the impacts of Scheduled Maintenance during such peak periods. If the CGI System is offline for a period longer than the communicated Scheduled Maintenance period, any overage time will be MD.

9. **Addition of Section 1.S of Schedule 2.** Section 1 of Schedule 2 of the Agreement is hereby amended by inserting after section 1.R of Schedule 2 the following new Section 1.S of Schedule 2:

5. "Scheduled Outage" means an outage documented, planned, and communicated in advance. Scheduled Outage includes Scheduled Maintenance periods. A Schedule Outage is not MD. MD includes unscheduled outages associated with a Critical Issue, as defined in Table 1, reported by any Party. Scheduled Outage does not include an Issue not attributable to CGI or a Subcontractor or caused by CGI or a Subcontractor.

10. **Amendment to Section 2.A(4) of Schedule 2.** Section 2.A(4) of Schedule 2 of the Agreement is hereby amended and restated to read in its entirety as follows:

(4) All user-id maintenance for a Managed Application used by a Participating Municipality will be performed by the Participating Municipality. All File Transfer Solution user-id maintenance for a Participating Municipality will be performed by the Participating Municipality. Disaster Recovery is based on a maximum production data loss ("Recovery Point Objective"), of 4 hours or less and a maximum production recovery time ("Recovery Time Objective") of 12 hours or less, and includes no more than one Disaster Recovery testing window per 12-month period. Replication and failover results from CGI's annual Disaster Recovery testing will be provided to each Participating Municipality.

11. **Amendment to Section 2.B(7) of Schedule 2.** Section 2.B(7) of Schedule 2 of the Agreement is hereby amended and restated to read in its entirety as follows:

(7) CGI shall coordinate and perform typical-level system and application backups required to support business operations and Disaster Recovery. The specific frequency and retention of the various required backups consists of a daily production database backup during any day when the CGI System is Generally Available, given that the Recovery Point Objective is 4 hours or less.

12. **Amendment to Section 3.A(3) of Schedule 2.** Section 3.A(3) of Schedule 2 of the Agreement is hereby amended by inserting the following additional new sentence at the end of Section 3.A(3): "The order of precedence (highest to lowest) is as follows: Application Availability, Critical Issue Resolution, and then Serious Issue Resolution."

13. **Amendment to Table 2 of Schedule 2.** The content of the table cell containing the minimum service level for the disaster recovery metric for Recovery Point Objective under Table 2 of Schedule 2 of the Agreement (included within Section

2.A(4) of Schedule 2 of the Agreement) is hereby amended and restated in its entirety to read as “No greater than 4 hours loss of data”.

14. **Addition of Schedule 6.** The Agreement is hereby amended by inserting after Schedule 5 of the Agreement the contents of Schedule 6 to this amendment as a new Schedule 6 of the Agreement.

15. **Amendment to Exhibit A (Participation Agreement Form).** Exhibit A to the Agreement is hereby amended and restated in its entirety with the contents of Exhibit A to this amendment.

16. **Amendment to Exhibit B (Implementation and Support Services Agreement Form).** Exhibit B to the Agreement is hereby amended and restated in its entirety with the contents of Exhibit B to this amendment.

17. **Counterparts.** If the parties sign this amendment in several counterparts, each will be deemed an original but all counterparts together will constitute one instrument.

18. **Date; Effectiveness; Notices.**

(a) The date of this amendment will be the date this amendment is signed by the last party to sign it (as indicated by the date associated with that party’s signature). If any party signs but fails to date a signature, the date that CGI receives the signing party’s signature will be deemed to be the date that the signing party signed this amendment.

(b) By signing this Amendment, each Participating Municipality notifies CGI that the Participating Municipality is ready as of the date of the Participating Municipality’s signature for CGI to begin the migration of the CGI System to hosting using Microsoft Azure Services. CGI shall notify the MMSA and each Participating Municipality pursuant to Section 14.B of the Service Agreement when CGI begins the migration of the CGI System to Azure hosting. During the migration:

- (1) the CGI System will operate in parallel in both a CGI Data Center production and one or more nonproduction environments and in one or more Microsoft Azure Services nonproduction environments while Participating Municipality Content is uploaded to Microsoft Azure Services environments;
- (2) the provisions of the Agreement as amended by this amendment are effective and apply only to a Microsoft Azure Services nonproduction environment and to Participating Municipality Content entered into a Microsoft Azure Services nonproduction environment;
- (3) except as provided in Section 18(b)(2) of this amendment, the provisions of the Agreement applicable before the date of this amendment, Section 3.B of the Agreement as amended by this amendment and Schedule 6 of this Agreement as added by this amendment, are effective and apply;

- (4) CGI shall consult with each Participating Municipality about the timeframe for completion of the migration and concerning implementation issues related to, and approaches to minimize the impact upon, each Participating Municipality of proceeding with production operations in Microsoft Azure; and
- (5) CGI shall provide each Participating Municipality with the opportunity to verify the accuracy of the Participating Municipality's Content transferred to a Microsoft Azure Services environment.

(c) CGI shall provide the MMSA and the Participating Municipalities with written notice pursuant to Section 14.B of the Service Agreement of the completion of migration of the CGI System to Microsoft Azure Services. CGI shall notify its primary point of contact for each Participating Municipality by email at least 30 days before beginning production operations in Microsoft Azure. Upon commencement of production operations in Microsoft Azure, both of the following are effective and apply:

- (1) the CGI System will operate entirely using the Microsoft Azure Services production environment and one or more Microsoft Azure Services nonproduction environments and the CGI Data Center will not be used; and
- (2) the provisions of the Service Agreement as amended by this amendment are effective and apply.

*[SIGNATURE PAGE FOLLOWS]*

Each party is signing this amendment on the date stated opposite that party's signature.

CGI TECHNOLOGY AND SOLUTIONS, INC.

Date: January \_\_, 2019

By: \_\_\_\_\_  
Patrick Colacicco  
Vice President, Government and  
Health Solutions

MICHIGAN MUNICIPAL SERVICES  
AUTHORITY

Date: January \_\_, 2019

By: \_\_\_\_\_  
Robert J. Bruner, Jr.  
Chief Executive Officer


CITY OF GRAND RAPIDS

Date: January \_\_, 2019

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

KENT COUNTY

Date: January \_\_, 2019

By:   
Name: Stephen W. DUARTE  
Its: FISCAL SERVICES DIR.

**SCHEDULE 6**  
**Azure Migration Contingency Plan**

1. CGI shall provision and provide access for each Participating Municipality to two new computing environments, (1) a production (“**PRD**”) and (2) a non-production (“**NPD**”) environment, to host each Participating Municipality’s instance of CGI Advantage360 on Microsoft Azure (“**Azure**”). The PRD and the NPD on Azure for each Participating Municipality must be provided in addition to the then-current instance of PRD and NPD environments of CGI Advantage360 for each Participating Municipality hosted at the CGI Data Center (“**PDC**”). CGI shall provide a PRD and NPD environment for both Azure and PDC for each Participating Municipality for the duration of a user acceptance testing (“**UAT**”) period of not less than 120 days.

- a. Holidays and other business constraints introduce added risk for activities relating to migration of CGI Advantage 360 to Azure, including fewer work days for preparing payroll, and must be accounted for in CGI’s planning for the day on which Azure will be fully implemented in a live environment (the “**Go Live Date**”). CGI shall consult with each Participating Municipality (i) about the day on which the Participating Municipality’s Content will be fully transitioned to and implemented in Azure in a live PRD (for each Participating Municipality, the “**Cut Over Date**”); (ii) concerning implementation issues related to, and approaches to minimize the impact upon, each Participating Municipality of proceeding on that Cut Over Date; and (iii) to determine the most appropriate Cut Over Date for the Participating Municipality to minimize business risk to the Participating Municipality.
- b. The parties acknowledge that the Cut Over Date for entities contracting with CGI for CGI Advantage360 is independent of the Cut Over Date for any one of those entities or a Participating Municipality.
- c. CGI shall periodically update each Participating Municipality about known issues, defects, critical updates, and other items that have impacts across all CGI Advantage360 environments as they arise and also shall implement measures to minimize the risks associated with those issues, defects, critical updates, and other items upon the migration to Azure for the Participating Municipalities.
- d. CGI shall clearly identify both the Azure NPD and the PRD environment as either an NPD or PRD environment in the left navigation panel header of the applications for both environments and differentiate both of the environments from the then-current PRD and NPD environments of PDC. CGI intends for this identification to reduce confusion for UAT users.

2. Each Participating Municipality shall continue all production business processing activity in its PDC PRD environment, and any existing business process testing activity (including “sandbox activity”) in the PDC NPD environment through the Cut Over Date for the Participating Municipality.

3. CGI shall perform an initial conversion and data load activity to migrate all production data and environment elements (including each Participating Municipality’s supported reports, forms, adapters and interfaces) from PDC PRD to the Azure NPD environment to facilitate the minimum UAT period specified in Paragraph 1 of this Schedule 6. CGI recommends that each Participating Municipality execute both of the following activities:

- a. *Regression/UAT* – executing UAT against all of the Participating Municipality’s business processes, including validating reports, forms, and adapters and interfaces; and

- b. *Core Parallel Testing* – specific parallel testing activities to validate the Participating Municipalities human resource management (“**HRM**”) payroll and accounts payable (“**AP**”) vendor check processing before the Participating Municipality’s Cut Over Date.

If a Participating Municipality is in the midst of an implementation of an Advantage360 module, CGI shall perform another initial conversion and data load activity from the active PDC-PRD to the Azure NPD environment at a time mutually agreed between CGI and the Participating Municipality after that module’s implementation activity is completed.

4. CGI recommends that each Participating Municipality execute a complete regression/UAT of all its production business processes in the new Azure NPD. This should include core parallel testing of HRM payroll and AP check processing as well as regression/UAT of all reports, forms, and interfaces used by the Participating Municipality.

5. CGI also recommends that before the Go Live Date each Participating Municipality conduct a series of Core Parallel Processing Tests to validate that core critical business processes operate successfully in the parallel Azure NPD. After a Participating Municipality reviews and validates the output of the Core Parallel Processing Tests, the Participating Municipality shall provide CGI with written approval to proceed to activities necessary to migrate the Participating Municipality on the Cut Over Date for the Participating Municipality.

As used in this paragraph 5, “Core Parallel Processing Tests” include both of the following:

- a. “**HRM Payroll Test**” means a test in which CGI will load payroll related configuration data for a Participating Municipality from the existing PDC PRD into the Azure NPD for the Participating Municipality (the “**Payroll Data Load**”). CGI will also load timesheet data from a recent confirmed/validated payroll into Azure NPD for the Participating Municipality. Authorized users of the Participating Municipality will not be required to re-enter or re-process any timesheet information to support this parallel test.

Upon completion of the Payroll Data Load for a Participating Municipality, CGI and the Participating Municipality will jointly execute a mock payroll using the new Azure NPD. CGI will assist the Participating Municipality by providing data extracts and other comparison tools to enable each the Participating Municipality to validate the test parallel payroll executed in the new Azure NPD in comparison to the selected previous production payroll executed by the Participating Municipality in PDC PRD.

If the HRM Payroll Test fails for a Participating Municipality, CGI and the Participating Municipality shall jointly determine the root cause of the failure and implement a fix intended to prevent the failure from reoccurring. This HRM Payroll Test process will be repeated until the HRM Payroll test returns a favorable or passing result.

- b. “**FIN Accounts Payable Cycle Test**” means a test, CGI will load AP related configuration and transactional data of a Participating Municipality from the existing PDC PRD into the Azure NPD for the Participating Municipality (the “**FIN Accounts Payable Data Load**”).

Upon completion of the FIN Accounts Payable Data Load into the Azure NPD for the Participating Municipality, CGI and the Participating Municipality will jointly execute an AD chain using the new Azure NPD for the Participating Municipality. CGI will assist the Participating Municipality in



providing data extracts and other comparison tools to enable the Participating Municipality to validate that the FIN Accounts Payable Cycle Test executed without failure in the new Azure NPDP.

If the AP check process test fails for a Participating Municipality, CGI along with the Participating Municipality shall work together to determine the root cause of the failure and to fix the issue. The process described in this paragraph will be repeated until the test returns a favorable or passing result for the Participating Municipality.

6. In a manner similar to the initial go or no-go decision for an initial implementation of CGI Advantage360, CGI shall conduct a formalized go or no-go decision meeting with each Participating Municipality for the activities relating to the upgrade to CGI Advantage 360 to Azure. At this meeting each Participating Municipality shall indicate to CGI whether the results from Regression/UAT and Core Process Parallel testing described in paragraph 3 of this Schedule 6 are acceptable to the Participating Municipality and whether the Participating Municipality has high confidence of a successful migration to CGI Advantage 360 to Azure.

a. If a Participating Municipality does not indicate high confidence of a successful migration to CGI Advantage 360 to Azure, the Participating Municipality shall document its specific concerns and the Participating Municipality and CGI shall work to remediate each item in a workman like manner until resolved or a reasonable workaround satisfactory to the Participating Municipality is provided by CGI.

b. After resolution of all issues preventing the migration by a Participating Municipality to CGI Advantage 360 to Azure, an additional go or no-go decision meeting will be held between the Participating Municipality and CGI and will repeat until all issues preventing the migration by the Participating Municipality are resolved to the satisfaction of the Participating Municipality. The parties intend to adhere to CGI's intended mid-2019 Go-Live date for to CGI Advantage 360 to Azure. However, this migration target will not be constrained by that planned schedule and the parties acknowledge that there may be circumstances that extend the full implementation of the migration to CGI Advantage 360 to Azure.

**EXHIBIT A**

**First Amended and Restated Participation Agreement Form**

This participation agreement is between the MICHIGAN MUNICIPAL SERVICES AUTHORITY, a Michigan public body corporate (the “MMSA”), CGI TECHNOLOGIES AND SOLUTIONS INC., a Delaware Corporation (“CGI”), and the \_\_\_\_\_, a Michigan  
[full legal name of participating governmental entity]  
\_\_\_\_\_, (the “Participating Municipality”).  
[type of governmental entity, such as “municipal corporation” or “public body corporate”]

On March 31, 2015, the MMSA and CGI entered into a services agreement, which was subsequently amended (the “Services Agreement”), offering a cloud-based financial management program (“FMS”) to non-state governmental entities throughout Michigan using CGI’s proprietary CGI Advantage360 solution in a Software as a Service model, as well as related implementation, support, and other consulting services. The Services Agreement and all amendments to the Services Agreement are attached as Attachment A.

The Participating Municipality wants to participate in the FMS program and begin using the CGI Advantage360 solution.

The parties therefore agree as follows:

1. **Services Agreement.** Beginning on the Project Start Date and ending on the end date indicated on Schedule 1 (the “Term”), the Participating Municipality will be a party to the Services Agreement and a Participating Municipality for all purposes under the Services Agreement and shall comply with the applicable terms and conditions of the Services Agreement. Beginning on the Project Start Date and continuing until the end of the Term, CGI shall provide the Participating Municipality with Services, including the CGI Advantage360 offering selected by the Participating Municipality under Schedule 2 and the Adaptors selected by the Participating Municipality under Schedule 3.2. **Fees.**

(a) During the Term of this agreement, the Participating Municipality shall pay to the MMSA the fees, including SaaS Subscription Fees indicated on Schedule 2.

(b) The MMSA shall invoice the Participating Municipality in advance of the provision of SaaS Subscription Services for SaaS Subscription Fees and other fees payable by the Participating Municipality on an annual basis as provided in Schedule 2. MMSA shall issue the initial invoice for SaaS Subscription Services on the Project Start Date and thereafter during the Term unless otherwise mutually agreed through an amendment to this agreement on each anniversary of the Project Start Date. Each invoice shall include any applicable Service Level Credit under the Services Agreement.

(c) All fees payable to the MMSA under this agreement shall be paid in United States Dollars, by electronic funds transferred to an account at Fifth Third Bank designated in writing by the MMSA. The Participating Municipality should direct any questions regarding electronic fund

transfers to the MMSA at the following e-mail address: [fms@michiganmsa.org](mailto:fms@michiganmsa.org). Correct invoices are due and payable in full within 30 days after receipt, if the Participating Municipality determines that the invoice was properly rendered. If the Participating Municipality fails to pay an invoiced amount that is not the subject of a good faith dispute between Participating Municipality and the MMSA when due, the MMSA may charge interest on the overdue invoiced amount at a rate of 1.5% per month, or the maximum rate allowed by law if less. Interest will begin to accrue on the first day after the payment due date and will accumulate on the outstanding balance on a daily basis until paid in full.

(d) The Participating Municipality may withhold payment of amounts it does not in good faith believe are due to the MMSA if all of the following are satisfied:

- (1) the Participating Municipality notifies the MMSA in writing of the disputed amount and the reason for the dispute before the payment due date within 15 days of submission of the invoice by the MMSA;
- (2) the Participating Municipality timely pays all other amounts specified on the invoice;
- (3) the Participating Municipality works in good faith with the MMSA to resolve the dispute in a prompt and mutually acceptable manner; and
- (4) the Participating Municipality pays any amounts ultimately determined to be due to the MMSA within five days after the dispute is resolved and the MMSA adjusts the amount due from the Participating Municipality to reflect the dispute resolution. If a disputed amount is not resolved within 30 days after the original payment due date, the parties will resolve the dispute as provided in section 13 of the Services Agreement.

(e) The Participating Municipality waives the right to dispute invoices unless the invoiced amounts are either paid or disputed in writing as provided in section 2(d).

(f) SaaS Subscription Fees, including any for Adaptors, do not include any services for implementation, configuration, or other custom services. Other services outside the scope of this agreement require a separate Implementation and Support Services Agreement between the Participating Municipality and CGI, as provided under the Services Agreement.

(g) For purposes of this agreement:

“**CGI Advantage360**” means that term as defined in the Services Agreement.

“**Project Start Date**” means that term as defined in the Services Agreement.

“**SaaS Subscription Fees**” means that term as defined in the Services Agreement.

“**SaaS Subscription Services**” means that term as defined in the Services Agreement.

“**Service Level Credit**” means that term as defined in the Services Agreement.

“**Services**” means that term as defined in the Services Agreement.

3. **Adaptors.** CGI Advantage360 integrates with other nonparty applications to enhance the functionality of CGI Advantage360 using CGI-certified adaptors (each an “Adaptor”). CGI shall provide the Participating Municipality with access to the Adaptors selected by the Participating

Municipality on Schedule 3 at the annual subscription rate provided in Schedule 3 unless modified on Schedule 2 to this Participation Agreement. The annual subscription rate for an Adaptor will not increase during the Initial Subscription Term. CGI shall update Schedule 3 periodically to reflect newly certified Adaptors and the annual subscription rate for those Adaptors.

4. **Points of Contact.** The Participating Municipality hereby designates the individuals named in Schedule 4 as the Participating Municipality's primary and secondary point-of-contact for purposes of this agreement and the Services Agreement.

5. **Termination.** This agreement may be terminated as provided in section 10 of the Services Agreement. If the Services Agreement is terminated, this agreement will remain in effect between CGI and the Participating Municipality, subject to the terms and conditions of this agreement and the Services Agreement as required by section 2.C of the Services Agreement.

6. **Notice.**

(a) For a notice or other communication under this agreement to be valid, it must be in writing and delivered (i) by a national transportation company (with all fees prepaid), (ii) by registered or certified mail (return receipt requested and postage prepaid), or (iii) by email.

(b) Subject to section 6(c), a valid notice or other communication under this agreement will be effective when received by the party to which it is addressed. It will be deemed to have been received as follows:

- i. if it is delivered by a national transportation company, with all fees prepaid, or delivered by registered or certified mail, return receipt requested and postage prepaid, upon receipt as indicated by the date on the signed receipt;
- ii. if it is delivered by email, when the party to which the email is addressed acknowledges receipt of the email by return email (provided that an automatic "read receipt" will not constitute acknowledgement for purposes of this section 6(b)(ii)) or by other acknowledgment notification in accordance with this section 6; and
- iii. if the party to which it is addressed rejects or otherwise refuses to accept it, or if it cannot be delivered because of a change in address for which no notice was given, then upon that rejection, refusal, or inability to deliver.

(c) For a notice or other communication to a party under this agreement to be valid, it must be addressed using the information specified below for that party or any other information specified by that party in a notice in accordance with this section 6.

To the MMSA: Michigan Municipal Services Authority  
200 Townsend St., Ste. 900  
Lansing, MI 48933-1529  
Attn: Chief Executive Officer  
Email: [fms@michiganmsa.org](mailto:fms@michiganmsa.org)

To CGI: CGI Technologies and Solutions Inc.  
300 S. Washington Square, Suite 405  
Lansing, MI 48933  
Attn: Jon Jasper  
Email: [jon.jasper@cgi.com](mailto:jon.jasper@cgi.com)

To the Participating Municipality:

\_\_\_\_\_  
[name of Participating Municipality]

\_\_\_\_\_  
[Participating Municipality address line 1]

\_\_\_\_\_  
[Participating Municipality address line 2]

\_\_\_\_\_  
[Participating City State ZIP Code]

7. **Modification; Waiver.** No amendment of this Agreement will be effective unless it is in writing and signed by the parties. No waiver of satisfaction of a condition or failure to comply with an obligation under this agreement will be effective unless in writing and signed by the party granting the waiver and will not constitute a waiver of satisfaction of any other condition or failure to comply with any other obligation.

8. **Governing Law.** The laws of the state of Michigan, without giving effect to its principles of conflicts of law, govern all adversarial proceedings arising out of this agreement.

9. **Counterparts.** If the parties sign this contract in several counterparts, each will be deemed an original but all counterparts together will constitute one instrument.

10. **Effectiveness; Date.** This agreement will become effective when all the parties have signed it. The date this agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature) will be deemed the date of this agreement. If a party signs but fails to date a signature, the date that the other party receives the signing party's signature will be deemed to be the date that the signing party signed this agreement, and the other party may inscribe that date as the date associated with the signing party's signature.

Each party is signing this agreement on the date stated opposite that party's signature.

*[continued on next page]*

MICHIGAN MUNICIPAL SERVICES AUTHORITY

Date: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_

Robert J. Bruner, Jr.  
Chief Executive Officer

\_\_\_\_\_  
[full legal name of Participating Municipality in ALL CAPS]

CGI TECHNOLOGIES AND SOLUTIONS INC.

Date: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_  
[printed name of authorized individual]

Title: \_\_\_\_\_

\_\_\_\_\_  
[printed title of authorized individual]

Date: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
[signature of authorized individual of Participating Municipality]

Name: \_\_\_\_\_

\_\_\_\_\_  
[printed name of authorized individual]

Title: \_\_\_\_\_

\_\_\_\_\_  
[title of authorized individual]

**SCHEDULE 1**  
**Term**

**Effective Date.** The effective date of this agreement is the date provided in section 10 of this agreement.

**Beginning of Term.** The Term of this agreement begins on the effective date.

**Project Start Date.** The Project Start Date is \_\_\_\_\_, 20\_\_\_\_\_.

**End of Term.** The Term of this agreement ends five years after the Project Start Date, and will automatically extend for an additional five years unless at least 90 days before the initial expiration of the Term the applicable Participating Municipality gives CGI notice of its intention not to extend the Term. The Participating Municipality may elect to extend the Term for an additional one year if the Participating Municipality gives CGI notice of its election to extend the Term for an additional one year. The Participating Municipality shall provide the MMSA with a copy of any notice provided to CGI under this paragraph.

## SCHEDULE 2 Costs

### SaaS Subscription Fees

The SaaS Subscription Fees for the Participating Municipality are determined by the Participating Municipality's Operating Budget for the fiscal year of the Participating Municipality in which this agreement takes effect. As specified by Section 2 of this Agreement and Section 4 of the Services Agreement, SaaS Subscription Fees shall be invoiced and payable beginning on the Project Start Date.

If an Operating Budget has not been adopted or otherwise been given legal effect for the fiscal year of the Participating Municipality in which this agreement takes effect, the SaaS Subscription Fees for the Participating Municipality will be determined by the Participating Municipality's Operating Budget that was most recently adopted or otherwise given legal effect.

If a Participating Municipality's total authorized consolidated operating expenditures for all functional and sub-functional cost categories and cost accounts for a fiscal year of the Participating Municipality cannot be determined from the Participating Municipality's General Appropriations Act for that fiscal year, SaaS Subscription Fees will be determined based on the Participating Municipality's total primary government expenses as reported in the most recent audited financial report of the Participating Municipality available at the time the Participation Agreement for the Participating Municipality takes effect. CGI may review an annual report of operating expenditures to verify the Operating Budget of the Participating Municipality for the following fiscal year. If the review indicates that the Operating Budget for that fiscal year materially deviates from the Operating Budget for the initial fiscal year of the Participating Municipality used in determining the Participating Municipality's SaaS Subscription Fees, CGI and the Participating Municipality shall update the SaaS Subscription Fees to conform the SaaS Subscription Fees with the Operating Budget for that following fiscal year for the next effective annual period and notify the MMSA of the update.

For purposes of this Schedule 2, the following definitions apply:

**"Operating Budget"** means a Participating Municipality's total authorized consolidated operating expenditures for all functional and sub-functional cost categories and cost accounts of the Participating Municipality for a fiscal year as authorized by Appropriations in the General Appropriations Act of the Participating Municipality for that fiscal year, and also includes the authorized consolidated operating expenditures for all functional and sub-functional cost categories and cost accounts of another municipality for which Participating Municipality performs services within the scope described in Schedule 1 of the Services Agreement. If a party believes that an Operating Budget does not accurately reflect the financial impact of a Participating Municipality's use of the CGI System, the party will notify the other parties, and the parties will negotiate in good faith to arrive at a SaaS Subscription Fee for the Participating Municipality that accurately reflects that Participating Municipality's use of the CGI System.

**"Appropriation"** means that term as defined in section 2a of the Uniform Budgeting and Accounting Act, 1968 PA 2, as amended, MCL 141.422a, as it exists as of March 31, 2015.

**"Budget"** means that term as defined in section 2a of the Uniform Budgeting and Accounting Act, 1968 PA 2, as amended, MCL 141.422a, as it exists as of March 31, 2015.



“General Appropriations Act” means that term as defined in section 2b of the Uniform Budgeting and Accounting Act, 1968 PA 2, as amended, MCL 141.422a, as it exists as of March 31, 2015.

“COLA” means the annual United States consumer price index for a year for all urban consumers as defined and reported by the United States Department of Labor, Bureau of Statistics. The Schedule of Fees applicable to SaaS Subscription Services is provided in Table 1:

**Table 1: SaaS Subscription Fees**

CGI Advantage360 Offering	Annual SaaS Subscription Fee <sup>1</sup> by Operating Budget				
	Low Tier < \$200 M	Mid-Low Tier > \$200 M < \$400 M	Mid-Tier > \$400 M < \$600 M	Mid-High Tier > \$600 M < \$800 M	High Tier > \$800 M < \$1 B <sup>2</sup>
CGI Advantage360 Full Suite (FIN, PB, HRM)	\$720,952	\$1,010,070	\$1,546,507	\$2,131,353	\$2,537,602
CGI Advantage360 Financial Management (FIN)	\$370,195	\$518,827	\$794,623	\$1,093,644	\$1,296,447
CGI Advantage360 Performance Budgeting (PB)	\$213,147	\$284,701	\$437,165	\$595,064	\$680,205
CGI Advantage360 Human Resource Management (HRM)	\$370,195	\$518,827	\$794,623	\$1,093,644	\$1,296,447

- 1 Annual SaaS Subscription Fees are based on an initial five year Term.
- 2 Entities with annual operational budgets greater than \$1.0 billion should contact CGI directly to determine the appropriate deployment model.

The annual SaaS Subscription Fees apply to the initial five year subscription period, which begins on the Project Start Date (the “Initial Subscription Period”). The SaaS Subscription Fees remain fixed during the Initial Subscription Period. After conclusion of the Initial Subscription Period, the subscription fees are subject to change by CGI, subject to the maximum subscription fee increase rate provided in Table 2 of this Schedule 2. The annual SaaS Subscription Fee payable by a Participating Municipality after the Initial Subscription Period may not increase more than the maximum SaaS Subscription Fee increase rate detailed in Table 2.

**Table 2: Renewal SaaS Subscription Rates**

Renewal Subscription Period	Maximum Renewal Subscription Period
	Increase
1 year	8%
5 year	Lesser of 7% or COLA*

\* The most recently available COLA information (e.g., December 31, 2014) as compared the COLA information five years later (e.g., December 31, 2019). For example, if the CPI as of December 2009 was 215.949, and then as of December 2014 was 234.812, then the applicable COLA rate would be calculated as follow:  $(234.812 - 215.949) / 215.949 = 8.735\%$ .

## Discounts Applicable to SaaS Subscription Fees

The discounts described in Table 3 apply to the annual SaaS Subscription Fee payable by the Participating Municipality and are based upon the total number of Participating Municipalities under the Services Agreement.

**Table 3: Discount Applicable to SaaS Subscription Fee**

Total Number of Participating Municipalities	Discount <sup>1</sup>
1	5%
2	10%
3	12%
4	15%
5	17%
6	20%
7	22%
8 or more	25%

- The discount described in Table 3 applies as follows:
  - the discount applies to all Operating Budget tiers in Table 1;
  - the discount only applies if the Participating Municipality is subscribing to the CGI Advantage360 full suite of functionality (FIN, PB, HRM) described in Table 1; and
  - if another Participating Municipality enters into a new Participation Agreement or if another Participating Municipality terminates its Participation Agreement, any change in the applicable discount under Table 3 applies to the Participating Municipality's SaaS Subscription Fees under this Participation Agreement beginning with its next invoice.

## Discount Examples

For purposes of illustration only, Schedules 4 to 6 provide examples of the applicability of the discount under Table 3 to annual SaaS Subscription Fees when all Participating Municipalities are subscribing to the full CGI Advantage360 suite of functionality described in Table 1. The examples do not include any additional fees for Adaptors used by a Participating Municipality or administrative fees applicable under this agreement.

**Table 4: Example A—Three Participating Municipalities**

Number of Participating Municipalities	Operating Budget	Tier	Annual SaaS Subscription Fee	Discount %	Discount \$	Discounted SaaS Subscription Fee
1	\$312,828,439	Mid-Low	\$1,010,070	12%	\$121,208	\$888,862
2	\$288,475,169	Mid-Low	\$1,010,070	12%	\$121,208	\$888,862
3	\$244,028,601	Mid-Low	\$1,010,070	12%	\$121,208	\$888,862

**Table 5: Example B—Five Participating Municipalities**

Number of Participating Municipalities	Operating Budget	Tier	Annual Subscription Fee	Discount %	Discount \$	Discounted SaaS Subscription Fee
1	\$312,828,439	Mid-Low	\$1,010,070	17%	\$171,712	\$838,358
2	\$288,475,169	Mid-Low	\$1,010,070	17%	\$171,712	\$838,358
3	\$244,028,601	Mid-Low	\$1,010,070	17%	\$171,712	\$838,358
4	\$202,668,269	Mid-Low	\$1,010,070	17%	\$171,712	\$838,358
5	\$133,303,312	Low	\$720,952	17%	\$122,561	\$598,391

**Table 5: Example C—Nine Participating Municipalities**

Number of Participating Municipalities	Operating Budget	Tier	Annual SaaS Subscription Fee	Discount %	Discount \$	Discounted SaaS Subscription Fee
1	\$312,828,439	Mid-Low	\$1,010,070	25%	\$252,518	\$757,553
2	\$288,475,169	Mid-Low	\$1,010,070	25%	\$252,518	\$757,553
3	\$244,028,601	Mid-Low	\$1,010,070	25%	\$252,518	\$757,553
4	\$202,668,269	Mid-Low	\$1,010,070	25%	\$252,518	\$757,553
5	\$133,303,312	Low	\$720,952	25%	\$180,238	\$540,714
6	\$727,934,642	Mid-High	\$2,131,353	25%	\$532,838	\$1,598,515
7	\$581,817,952	Mid	\$1,546,507	25%	\$386,627	\$1,159,880
8	\$200,950,280	Mid-Low	\$1,010,070	25%	\$252,518	\$757,553
9	\$312,828,439	Mid-Low	\$1,010,070	25%	\$252,518	\$757,553

**Fees for CGI Advantage360 Adaptors**

CGI offers the Adaptors described in Schedule 3 at the annual subscription rate for each Adaptor provided in Schedule 3.

**Fees Applicable to Participating Municipality**

The Participating Municipality selects the following CGI Advantage360 offering or offerings from Table 1 for implementation under this agreement:

CGI Advantage360 Offering	Selected by Participating Municipality?
CGI Advantage360 Full Suite (FIN, PB, HRM)	<input type="checkbox"/> Yes [check box]
CGI Advantage360 Financial Management (FIN)	<input type="checkbox"/> Yes [check box]
CGI Advantage360 Performance Budgeting (PB)	<input type="checkbox"/> Yes [check box]
CGI Advantage360 Human Resource Management (HRM)	<input type="checkbox"/> Yes [check box]

The Operating Budget of the Participating Municipality is \$ \_\_\_\_\_ for the  
[Operating Budget amount]

Participating Municipality's fiscal year ending \_\_\_\_\_, 20\_\_\_\_. The Participating  
[End date of applicable fiscal year]

Municipality is therefore within the following tier under Table 1:

\_\_\_\_\_  
[Low Tier, Mid-Low Tier, Mid-Tier, Mid-High Tier, High Tier]

As a result, the annual SaaS Subscription Fee for the Participating Municipality during the Initial

Subscription Period, before application of any applicable discount and other fees is

\$ \_\_\_\_\_.  
[applicable SaaS Subscription Fee from Table 1]

As of the effective date of this agreement, there are a total of \_\_\_\_\_ Participating Municipalities with a

Participation Agreement effective under the Services Agreement, including the Participating

Municipality. As a result, the annual SaaS Subscription Fee for the Participating Municipality is subject to

a discount rate of \_\_\_\_\_% under Table 3.  
[applicable Discount Rate from Table 3]

As a result, the initial annual discounted SaaS Subscription Fee for the Participating Municipality,

excluding other fees, is \$ \_\_\_\_\_. The discounted SaaS  
[applicable discounted SaaS Subscription Fee]

Subscription Fee is subject to change on the annual invoice date as provided in this agreement.

The total annual subscription rates for Adaptors selected by the Participating Municipality under Table 3

is \$ \_\_\_\_\_. Combined with the initial annual discounted SaaS Subscription  
[annual amount for all selected Adaptors]

Fee for the Participating Municipality, the total initial annual fee payable by the Participating Municipality, excluding administration fees, is \$ \_\_\_\_\_.

[discount annual SaaS subscription fee plus annual Adaptor fees]

The Participating Municipality will pay to the MMSA an annual administration fee equal to 7% of the applicable discounted SaaS Subscription Fee as consideration for the MMSA's administrative services.

With the MMSA's 7% administration fee, the total initial annual fee payable by the Participating

Municipality beginning with the first invoice is \$ \_\_\_\_\_.

[(annual discounted SaaS Subscription Fee + Adapter fees) \* 1.07]

**SCHEDULE 3**  
**Adaptors**

CGI shall provide the following Adaptors selected by the Participating Municipality in Table 1 of this Schedule 3 at the annual subscription rate provided in Table 1 during the Term of this agreement, subject to any adjustments in the annual subscription rate after the Initial Subscription Term. Discounts under Schedule 2 do not apply to the annual subscription rate for Adaptors. The annual subscription rates included in Table 1 assume a five-year Initial Subscription and do not include implementation effort needed for configuration, which should be addressed in any Implementation and Support Services Agreement between the Participating Municipality and CGI.

**Table 1: Adaptors and Annual Subscription Rate**

CGI Advantage360 Adaptor	Description	Annual Adaptor Subscription Rate	Adaptor Selected by Participating Municipality?
<b>Kronos Adaptor</b>	Advantage Business Integration (ABI) provides a standard integration that allows CGI Advantage360 ERP and Kronos Timekeeper applications to cooperate in recording time and leave. CGI Advantage360 ERP's standard integration with Kronos Timekeeper consists of three parts: (1) services flowing from Advantage Financial; (2) services flowing from Advantage HRM; and (3) services flowing from Kronos.	\$29,000	<input type="checkbox"/> Yes [check box]
<b>NEOGOV Adaptor</b>	Advantage Business Integration (ABI) provides a standard integration that allows Advantage HRM applications and NEOGOV Insight applications to cooperate in the areas of position control, recruitment, and employee on-boarding. Advantage HRM's standard integration with NEOGOV Insight consists of three parts: (1) base data synchronization; and (2) position Integration; and (3) new hire/onboarding Integration	\$19,000	<input type="checkbox"/> Yes [check box]
<b>OnBase Adaptor</b>	Advantage Business Integration (ABI) provides a standard integration that allows Advantage ERP applications to store, fetch, maintain metadata and search for attachments using any of the supported ECM products. The OnBase Integration includes the following functions: (1) storing an attachment; (2) fetching an attachment; (3) updating metadata; (4) searching for an attachment; and (5) processing scanned/OCR invoices.	\$29,000	<input type="checkbox"/> Yes [check box]

CGI will periodically update this Table to include newly-certified Adaptors available as a standard integration and prices for those Adaptors.

[updated as of April 1, 2015]

**SCHEDULE 4**  
**Principal and Secondary Point of Contact**

For purposes of this agreement and the Services Agreement, the Participating Municipality designates the following individuals as the principal and secondary point of contact for the Participating Municipality using the following contact information:

**Principal Point of Contact**

Name: \_\_\_\_\_

Email address: \_\_\_\_\_

Office Address Line 1: \_\_\_\_\_

Office Address Line 2: \_\_\_\_\_

Office City, ST ZIP: \_\_\_\_\_

Office Phone: \_\_\_\_\_

Mobile Phone: \_\_\_\_\_

**Secondary Point of Contact**

Name: \_\_\_\_\_

Email address: \_\_\_\_\_

Office Address Line 1: \_\_\_\_\_

Office Address Line 2: \_\_\_\_\_

Office City, ST ZIP: \_\_\_\_\_

Office Phone: \_\_\_\_\_

Mobile Phone: \_\_\_\_\_



**ATTACHMENT A**  
**Principal and Secondary Point of Contact**

*[insert signed services agreement between MMSA and CGI, including schedules, attachments, and any amendments]*

## EXHIBIT B

### First Amended and Restated Implementation and Support Services Agreement Form

This implementation and support services agreement is between CGI TECHNOLOGIES AND SOLUTIONS

INC., a Delaware Corporation (“CGI”), and the \_\_\_\_\_, a Michigan

*[full legal name of participating municipality--ALL CAPS]*

\_\_\_\_\_ (the “Participating Municipality”).

*[type of governmental entity such as “municipal corporation” or*

The parties and the Michigan Municipal Services Authority (the “MMSA”) have entered into a participation agreement (the “Participation Agreement”) under which the Participating Municipality is participating in the MMSA’s cloud-based financial management (“FMS”) program (“FMS Program”) and procuring Software as a Service (“SaaS”) subscription services from CGI for CGI’s proprietary CGI Advantage360 Solution under a services agreement between the MMSA and CGI dated March 31, 2015, which was subsequently amended (the “Services Agreement”).

So that CGI Advantage360 is properly configured and implemented before full use by the Participating Municipality, and supported after use begins, the Participating Municipality wants to obtain implementation and support services from CGI.

The parties therefore agree as follows:

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#### **1. Effective Date and Term**

This agreement will become effective when both parties have signed it. The date this agreement is signed by the last party to sign it (as indicated by the date associated with that party’s signature) will be deemed the date of this agreement. If a party signs but fails to date a signature, the date that the other party receives the signing party’s signature will be deemed to be the date that the signing party signed this agreement, and the other party may inscribe that date as the date associated with the signing party’s signature. The term of this agreement will begin on the effective date of this agreement and will continue until \_\_\_\_\_, 20 \_\_, unless terminated earlier.

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#### **2. Definitions:**

- A. “Application Share” means a desktop software tool used to present a remote PC desktop to local users.
- B. “Backlog” means the aggregation of tasks and activities to be accomplished.
- C. “CGI Advantage360” means that term as defined in the Services Agreement and includes the overall CGI Advantage360 solution including functionality and major components for Financial, Performance Budgeting and Human Resources Management.
- D. “CGI Advantage360 Business Forms Platform” means the business forms development platform solution incorporated into a Managed Application.
- E. “CGI Advantage360 Business Intelligence Platform” means the business intelligence or reporting solution incorporated into a Managed Application.

- F. "CGI Project Advisors" means executive leadership and other resources from CGI responsible for providing engagement guidance and oversight for the Project.
- G. "CGI Training Instructor" means any CGI employee who delivers training to the Participating Municipality on the use of a Managed Application.
- H. "CGI Project Team" means the primary Project resources from CGI.
- I. "CGI System" means that term as defined in the Services Agreement.
- J. "Contract Document" means that term as defined in the Services Agreement.
- K. "Participating Municipality Project Team" means the primary Project resources identified by the Participating Municipality for purposes of this agreement.
- L. "Cut-Over" means the transition from the Participating Municipality's legacy software system to the CGI System.
- M. "Day-One Database" means the pre-configured CGI Advantage360 database (including reference tables) that is used as the starting point for all configuration activity supported by the CGI Advantage360 Delivery Methodology.
- N. "Deliverable" means a completed Work Package and work document that has been delivered to the Participating Municipality under this agreement.
- O. "Executive Steering Committee" means the Participating Municipality executive resources overseeing the strategic vision of the Project. The membership and makeup of the Executive Steering Committee is determined by Participating Municipality, but should include CGI and the Participating Municipality executives and may also include MMSA staff or vendors.
- P. "Extended Team" means the additional Participating Municipality resources involved in or engaging with the Project, which may include MMSA staff or vendors.
- Q. "FRIC-W" is an abbreviation representing Forms, Reports, Interfaces, Conversions and Workflow.
- R. "Functional" indicates subject matter content which is business natured and non-technical.
- S. "Go-Live" means the activity of starting use of the CGI System in a production environment.
- T. "Instructor-Led Training" means any training led by a CGI Training Instructor
- U. "Integrated Project Team" means the combined project team, including both assigned Participating Municipality Project Team and the CGI Project Team.
- V. "Integrated System Test (IST)" means the testing that CGI is responsible for to ensure the system is ready for the Participating Municipality to test.
- W. "Managed Application" means a CGI Advantage® ERP components selected by the Participating Municipality in the Participation Agreement and any "Adaptors" (as defined in the Participation Agreement) selected by the Participating Municipality that will be provided as a part of the SaaS Subscription Services for the Participating Municipality under the Participation Agreement.
- X. "Payment Milestone" means a specific point in the project lifecycle where the completion of activities necessitates a progress payment.

- Y. "Phase" or "Project Phase" means one of the four functional segments of the Project defined in Section 3.
- Z. "Production Environment" means a Managed Application instance used for the Participating Municipality's production purposes.
- AA. "Project" means the effort to implement the full Managed Application.
- BB. "Project Issue" means any issue, delay, concern, or impediment to progress arising from project activities.
- CC. "Project Manager" means the Participating Municipality or CGI resource assigned to lead and manage all Project activities for their respective organization.
- DD. "Project Milestone" means a specific point in the project lifecycle recognizing the completion of specific tasks or activities.
- EE. "Project Work Plan" or "PWP" means the agreed to activities, tasks, start and end dates of tasks, dependencies, and resources associated with the ISSA.
- FF. "Project Start Date" means [Insert date].
- GG. "Reference Tables" means the Managed Application database tables used to store Day-One data configuration and the Participating Municipality specific content and configuration.
- HH. "Stage" means a segment or grouping of similar project activities that make up a Phase.
- II. "Technical" means technical subject matter related to forms, reports, interfaces, conversions and enhancements.
- JJ. "Teleconference" means using conference bridges to communicate with multiple individuals across various locations.
- KK. "Tier 1 Support" means initial end-user support organization at Participating Municipality's location.
- LL. "Unit Testing" means the individual testing of specific functionality or features of the Managed Application, independent of any integration or interactions with other components of the CGI System or other external systems.
- MM. "User Acceptance Testing (UAT)" means the testing that will be performed by the Participating Municipality.
- NN. "VSS" means the Vendor Self-Service application within CGI Advantage360 Financial Management
- OO. "Webinar" means a virtual meeting or session using teleconference and application share technologies.
- PP. "Work Package" means the grouping of Work Products related to the Project. These are typically 2 weeks in duration and are comprised of a defined set of objectives, or work products.
- QQ. "Work Products" means any defined set of objectives, output of activities, or tasks from a Work Package. These can be Technical or Functional in nature or a defined combination of both Technical and Functional.

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### **3. Services to be Performed and Schedule of Performance**

This agreement specifies the implementation and support Services that CGI will provide in collaboration with the Participating Municipality to support the Participating Municipality in the implementation of the Managed Application (the "Project"). Each application will be implemented through a Project Work Plan using the CGI Advantage360 Implementation Methodology. The parties agree to develop a mutually agreeable Project Work Plan within 30 days of the effective date of this agreement, including the division of responsibility between Participating Municipality staff and CGI staff. The phased delivery approach included in the Project Work Plan will use the delivery process described in Section 7. The Project is segmented into four Phases:

Phase 1: Project Initiation

Phase 2: CGI Advantage360 Financial Management

Phase 3: CGI Advantage360 Human Resource Management

Phase 4: CGI Advantage360 Performance Budgeting

Once a Project Work Plan that identifies specific timeframes and live targeted dates for this Project has been developed and agreed to by the parties, it will be incorporated as part of this agreement and identified as Appendix B.

CGI shall make its software, technical staff, trainers, and consultants available in a manner detailed in the Project Work Plan and any other implementation plans as necessary to meet the Project Milestones, including any live production dates.

Any change in the Project Work Plan, including date changes, must be mutually agreed upon by the parties' Project Managers and any revised Project Work Plan will be incorporated as part of this agreement as a revised Appendix B.

The Phases of the Project are indicated in the table included at Appendix C.

#### **3.1. Phase 1: Project Initiation**

- The Project Initiation Phase establishes Project governance, definition of the parties' activities and tasks as well as resource assignment and allocation through a detailed Project Work Plan, and Managed Application environment provisioning.

#### **3.2. Phase 2: Financial Management (FM)**

- The CGI Advantage360 Financial Management System implementation will include the following subsystems: Financial Management System which includes: General Ledger, General Accounting, Budget Control, Accounts Payable, Accounts Receivable, Treasury Accounting, Asset Management, Projects & Grants, Travel & Expense, Procurement Professional and Procurement Vendor ("VSS"). Procurement Vendor includes Vendor Registration, Online Solicitation and 1099 generation, and any related Adaptors.

#### **3.3. Phase 3: Human Resource Management (HRM)**

- The CGI Advantage360 Human Resource Management implementation will include the following subsystems: Human Resource Management, Position Control, Benefits Administration, Time & Leave Management, Employee Self Service ("ESS") Benefits Enrollment, Payroll Management and W2 generation, and any related Adaptors.

### **3.4. Phase 4: Performance Budgeting (PB)**

The CGI Advantage360 Performance Budgeting implementation will include the following subsystems: Budget Formulation, and Performance Budgeting, and Salary and Benefits Forecasting, and any related Adaptors.

### **3.5. Business Intelligence**

During the implementation of the Managed Application including FM, PB, HRM, the following components will be included to the extent that they are required to support the implementation of the Managed Application: CGI Advantage360 Business Intelligence Platform and CGI Advantage360 Business Forms Platform.

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## **4. Compensation**

Except as otherwise expressly specified in this Section 4 the terms and conditions of Section 4 of the Services Agreement apply to this agreement.

### **4.1. Method of Payment**

All fees and expenses due under this agreement will be invoiced using the applicable pricing detailed in Appendix D and shall be paid to CGI in United States Dollars, by electronic funds transfer to an account designated by CGI or by check sent to CGI Technologies and Solutions Inc. c/o Bank of America, 12907 Collections Center Drive, Chicago, IL 60693. The Participating Municipality should direct any questions regarding wire transfer transactions to CGI Treasury Operations at 703-267-5400.

### **4.2. Payment Terms**

Correct invoices are due and payable in full within 45 days after receipt, if the Participating Municipality determines that the invoice was properly rendered. If the Participating Municipality fails to pay an invoiced amount that is not the subject of a good faith dispute when due, CGI may charge interest on the overdue invoiced amount at a rate of 1.5% per month, or the maximum rate allowed by law if less. Interest will begin to accrue on the first day after the payment due date and will accumulate on the outstanding balance on a daily basis until paid in full.

The payments will include 10% retainage that will be released for each Phase upon Acceptance of the final milestone for Phase.

The parties shall resolve any disputes relating to payment terms using the informal dispute resolution process detailed in Section 13.C of the Services Agreement.

### **4.3. Payment Schedule for Implementation Services**

The CGI Advantage360 implementation Work Packages and Project Milestones establish benchmarks to support completion of key Project activities within the forecasted time allotments, supporting a successful delivery of each Phase. Work Packages within a Stage must be completed before the successful completion of the associated Project Milestone. Each Managed Application component (FM, PB, and HRM) has independent Work Packages that individually trace to their own related Project Milestones. Progress within a Phase only impacts the Work Packages and Project Milestones within that Phase. For instance, FM Work Packages do not impact the Project or Payment Milestones for Performance Budgeting. A Project Milestone is considered complete when the specific Phase related Work Packages are complete

and Accepted. The Project Management Plan will include acceptance/exit criteria for each Work Package associated to all Project Milestones.

The following table represents the milestones payments for each Phase of the Project.

<b>Project Milestone</b>	<b>Milestone Amount</b>	<b>Retainage</b>
<b>Phase 1: Project Initiation</b>		
Milestone - Completion of Project Initiation		
Subtotal		
<b>Phase 2: Financial Management (FM)</b>		
Milestone - Formal Project Team Training Complete		
Milestone - BPD Inventory		
Milestone - System Configuration Complete		
Milestone - Mock Load of the Participating Municipality data, verification Complete		
Milestone - System Interfaces Complete		
Milestone - Reports Complete		
Milestone - Integrated Systems Test Complete		
Milestone - Solution in Production		
Milestone - Post-implementation Support Complete		
Subtotal		
<b>Phase 3: Human Resource Management (HRM)</b>		
Milestone - Formal Project Team Training Complete		
Milestone - BPD Inventory		
Milestone - System Configuration Complete		



Milestone - Mock Load of the Participating Municipality data, verification Complete		
Milestone - System Interfaces Complete		
Milestone - Reports Complete		
Milestone - Integrated Systems Test Complete		
Milestone - Solution in Production		
Milestone - Post-implementation Support Complete		
Subtotal		
<b>Phase 4: Performance Budgeting (PB)</b>		
Milestone - Formal Project Team Training Complete		
Milestone - BPD Inventory		
Milestone - System Configuration Complete		
Milestone - Mock Load of the Participating Municipality data, verification Complete		
Milestone - System Interfaces Complete		
Milestone - Reports Complete		
Milestone - Integrated Systems Test Complete		
Milestone - Solution in Production		
Milestone - Post-implementation Support Complete		
Subtotal		
Total	\$	\$

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**5. Managers and Service Standards**

**5.1. Project Managers**

The Participating Municipality has designated a Project Manager to represent the interests of the Participating Municipality under this agreement. CGI shall not perform any services, including software configurations, training, or technical support, without the express written authorization of the Participating Municipality’s Project Manager. If CGI has designated a Project Manager, the Participating Municipality shall direct all communications regarding the Project to CGI’s Project Manager. The Project Managers for this agreement are as follows:

<b>Participating Municipality</b>	<b>CGI</b>

**5.2. Training Effectiveness**

If the Participating Municipality asserts in good faith that any CGI training consultant lacks the skill or capacity to adequately train the Participating Municipality’s staff, CGI shall replace such training consultant as soon as reasonably possible.

**5.3. Approval of Training**

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**6. CGI Advantage360 Training Methodology**

CGI shall submit to the Participating Municipality before a training session an agenda to be covered and the key materials to be provided during the training session. CGI also shall provide to the Participating Municipality details associated with the layout of the training facility, computer requirements, as well as all associated media necessary for CGI to effectively deliver the training session. The Participating Municipality will conduct a rating of the session after its completion and communicate the results of this rating to CGI for future class improvements. If the participants in a training session rate the training as ineffective, CGI shall repeat that training session at no cost to the Participating Municipality.

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**7. CGI Advantage360 Delivery Methodology**

To provide the efficiencies of schedule and productivity that a Managed Application implementation and implementation of the Managed Application requires, CGI has incorporated a disciplined, progressive methodology that requires diligent adherence to project work plans, project deliverable due dates, and staffing levels and competencies.

The CGI Advantage360 Delivery Methodology includes the following Stages:

1. Project Contract Documents
2. Project Governance
3. Non-Production Environment Configuration
4. Track Initiation

5. Participating Municipality Project Team Training
6. Business Process Design (BPD) Review and Confirmation
7. Solution Configuration
8. Participating Municipality Data Upload and Mock Load
9. Production Environment Configuration
10. Interfaces
11. Reports and Forms
12. Testing (Integrated System Testing (IST) and User Acceptance Testing (UAT))
13. End User Training
14. Production Cut-over
15. Post-implementation Support

As part of the development of the project work breakdown structure, CGI and the Participating Municipality will determine the list of Work Products that will be the objective for a particular Work Package within each Stage. This approach is contingent upon a project model where CGI and the Participating Municipality commit resources to be available to support the Work Package activity within a time allotment agreed to by CGI and the Participating Municipality. The Advantage360 Delivery Methodology includes standardized documentation, templates, forms, Day-One Database, layouts, schemas, and other pre-defined artifacts which are provided by CGI to the Participating Municipality to facilitate the execution and completion of each Work Package. Section 4, Compensation, of this agreement outlines the specific allocation of responsibilities to CGI and the Participating Municipality resources for each Work Package. At the end of a Work Package (or Work Package time allotment), any objectives or activities not completed and not the responsibility of CGI will become the sole responsibility of the Participating Municipality. Uncompleted items that are the responsibility of CGI will be addressed through the Change Control process. The Participating Municipality is not obligated to pay for any uncompleted objectives or activities of a Work Package that is the responsibility of CGI until fully addressed through the Change Control process.

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## **8. Implementation Plan**

During the implementation, CGI will adhere to its Client Partnership Management Framework (“CPMF”). CGI’s detailed methodology includes an approach for general Project-related change control, system testing, user testing, user acceptance, key Deliverables, and milestones for the complete proposed Managed Application, including nonparty components. For additional detail on the CPMF, see Appendix A.

“Ensemble,” CGI’s content management and document repository solution, built on Microsoft SharePoint technology, will be used as a repository for all Project artifacts, documentation, Deliverables, and working documents. The Ensemble site is a dedicated instance of Microsoft SharePoint, for the specific purpose of the Project. The Ensemble site is secured to limit access to only Project staff from CGI and the Participating Municipality, and is administered by a Project resource. MMSA staff or vendors may be provided access at the request of the Participating Municipality. All Project artifacts are stored and shared using the Ensemble site. Alternative

product repositories will not be used for the purposes of storing and maintaining any Project artifacts. Upon conclusion of the project, this repository will remain accessible to the Participating Municipality.

The CGI Advantage360 Implementation Methodology follows an iterative approach for planning and delivering the Managed Application to the Participating Municipality. The Project implementation activities are segmented into four Phases: one Project Initiation Phase, and three functional implementation Phases:

- Phase 1: Project Initiation
- Phase 2: CGI Advantage360 Financial Management
- Phase 3: CGI Advantage360 Human Resource Management
- Phase 4: CGI Advantage360 Performance Budgeting

Within the Project Initiation Phase (Phase 1) activities are grouped into three Stages for initiating the project:

- Project Contract Documents
- Project Governance
- Non-Production Environment Configuration

Within each functional implementation Phase (Phases 2-4) of the implementation, activities are grouped into twelve Stages.

- Track Initiation
- Participating Municipality Project Team Training
- BPD Review and Confirm
- Solution Configuration
- Participating Municipality Data Upload and Mock Load
- Production Environment Configuration
- Interfaces
- Reports and Forms
- Testing (Integrated System Testing (IST) and User Acceptance Testing (UAT))
- End User Training
- Production Cut-over
- Post-implementation Support

Within each Stage of the implementation, CGI and the Participating Municipality resources will collaborate in pursuit of each Project Milestone. This includes the designation of “Lead”, “Support” and “Participate” roles for each Stage. The definition of each role within the Stage is outlined in the table below.

Lead	Support	Joint	Participate
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Responsible for the execution and completion of all Stage activities and Deliverables	Provides support to lead resources in an advisory capacity for all activities and Deliverables	Share responsibility of execution and completion of all Stage activities and Deliverables	Attend and engage in required project activities (such as meetings, training, knowledge sharing, etc.)
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The specific responsibilities for CGI and the Participating Municipality are outlined for each Stage with set level of effort (“LOE”) constraints for each party. While both parties will collaborate and contribute toward the successful completion of each Stage, the lead role will be responsible for the successful completion of the Stage outputs. It will be the responsibility of the Lead role within each stage to identify risks toward completion of a Stage as they occur so that mitigation approaches can be developed, inclusive but not limited to initiating a change under the Change Control Process.

Finally, each Stage consists of detailed implementation tasks, activities and/or Deliverables to be accomplished within each Phase. More specifically, each Work Package is an inventory of prioritized activities necessary to reach specified Project Milestones. As each Work Package is addressed, a Backlog is built and prioritized. Throughout the execution of the Work Package, items are removed from the Backlog as they are completed. The Backlog is reviewed throughout the implementation and is re-prioritized to meet the critical path needs of the Project. This approach allows for focused engagement on Project tasks by assigned CGI and the Participating Municipality resources, and to keep the Project on schedule.

**8.1. Phase 1: Project Initiation**

Before the execution of any Functional Implementation activities, CGI and the Participating Municipality will engage in a detailed Project planning activity, including development of a Project Work Plan. This planning activity will include review of the Services Agreement, the Participation Agreement, the High Level Project Work Plan, and this agreement (the “Project Contract Documents”); followed by the establishment of Project Work Plan, Project Management Plan, and Project Charter (“Project Governance Documents”).

**8.1.1. Project Contract Documents Stage (Stage 1)**

Before the initiation of the functional implementation of the Managed Application, the Participating Municipality and CGI shall review and execute all necessary Project Contract Documents. This includes the following Project Contract Documents:

**8.1.1.1. Project Contract Documents**

8.1.1.1.1. *Participation Agreement*

8.1.1.1.2. *Implementation and Support Services Agreement*

**8.1.1.2. Responsibility**

CGI	Participating Municipality
Lead	Support

**8.1.2. Project Governance Stage (Stage 2)**

After executing the Project Contract Documents, CGI and the Participating Municipality will perform a detailed review of and accept (in accordance with Section 10, Acceptance) the Project Governance Documents which will be used to govern the Project. The CGI Advantage360 Delivery Methodology provides Project Governance Document templates, which CGI and the Participating Municipality, Project Managers and the Executive Advisory Committee members will adjust to develop a Project-specific final draft which will be used throughout the duration of the Project Functional Implementation.

Specifically the project management plan will include the following control procedures that will be used on all subsequent Phases.

- Project Charter
- Project Organization
  - Project Work Plan
- Project Control Procedures
  - Change Control
  - Task Management
  - Deliverable Management
  - Staffing Management
  - Issue Management
  - Risk Management
  - Configuration Management
  - Software Incident and Defect Reporting and Tracking
  - Quality Management
- Communication Strategy
- Acceptance Test Process
- End User Training

**8.1.2.1. Project Governance Documents**

- *Project Work Plan*
- *Detailed Project Work Plan Review and Acceptance*
- *Project Management Plan Review and Acceptance*
- *Project Charter Review and Acceptance*

**8.1.2.2. Responsibility**

CGI	Participating Municipality
Joint	Joint

**8.1.3. Non-Production Environment Provisioning Stage (Stage 3)**

A Managed Application environment for FM, PB and HRM and any Adaptors will be provisioned within the CGI Hosting Facilities for use during non-production activities of the Project. This environment will be provisioned with the Day-One Database, and will not initially include any Participating Municipality-specific data or configuration.

**8.1.3.1. Responsibility**

CGI	Participating Municipality
Lead	N/A

**8.2. Phase 2, 3, 4: Functional Implementation**

Each of the three functional area Phases (FM, PB, and HRM) comprises the following twelve Project Stages (Stages 4 – 15). Detailed Work Package tasks and activities will vary by functional area Phase; however the broad categories for the Work Packages and Stages will remain consistent.

**8.2.1. Track Initiation Stage (Stage 4)**

During the Track Initiation Stage, the Integrated Project Team will perform a detailed review of the PWP for the functional area to be implemented (FM, PB, and HRM). The review will include development and or refinement of the Work Package Backlog for each Stage of the Project, ultimately resulting in an accepted Project Work Plan and schedule. Concurrent to the activity to review and accept the detailed Project Work Plan, the Non-Production environment will be configured for use by the Integrated Project team for the process prototyping activities.

**8.2.1.1. Track Initiation Stage Work Packages**

*8.2.1.1.1. Review and accept detailed Project Work Plan*

Project management will be provided over the course of the Project under guidance of the Executive Advisory Committee, with the support of CGI Project Advisors. CGI’s Project Manager will work closely with the Participating Municipality’s Project Manager to review, update, validate, and accept (by both CGI and the Participating Municipality) the proposed PWP and Project Work Plan (in accordance with Section 10, Acceptance).

**8.2.1.1.1.1. Responsibility**

CGI	Participating Municipality
Joint	Joint

*8.2.1.1.2. Setup Non-production Environment*



As part of the Track Initiation Stage, CGI will configure the Managed Application non-production environment within the CGI Hosting Facilities for the corresponding Phases (FM, PB, and HRM) for use during training, business process prototyping, configuration, development and testing. The non-production environment will be re-purposed throughout the Project based on specific Project activities. The sequence below outlines the principal use of non-production environment throughout the Project.

Non-Production Environment Sequence of Use:

- Training
- Prototyping
- Configuration
- Participating Municipality Data upload development
- Interface development
- Forms development
- Reports development
- Testing (Integrated System Testing and User Acceptance Testing)
- End-user training
- Post implementation sandbox/training

8.2.1.1.2.1. Responsibility

CGI	Participating Municipality
Lead	N/A

**8.2.2. Participating Municipality Project Team Training Stage (Stage 5)**

Participating Municipality Project Team and Extended Team training will be provided through a combination of documentation, self-study courses (prerequisites to CGI Instructor-Led Training classes), and CGI Instructor-Led training classes. The following training courses will be provided:

Course Name
Financial Management
Navigation
Budget Control
General Accounting

<b>Course Name</b>
<b>Procurement</b>
<b>Vendor Self Service</b>
<b>Accounts Payable</b>
<b>Accounts Receivable</b>
<b>Asset Management</b>
<b>Cost Accounting</b>
<b>Cost Allocation</b>
<b>Grant Lifecycle Management</b>
<b>Performance Budgeting</b>
<b>Performance Budget Overview</b>
<b>Performance Budget Chart of Accounts</b>
<b>Salary and Benefits Forecasting</b>
<b>Budget Forms</b>
<b>Budgeting for Performance</b>
<b>Human Resource Management</b>
<b>Navigation</b>
<b>Benefits Administration</b>
<b>Deduction Management</b>
<b>Payroll Management</b>
<b>COBRA</b>
<b>Employee Relations</b>
<b>Employee Self Service</b>
<b>Manager Self Service</b>

<b>Course Name</b>
<b>Position Management</b>
<b>Time and Leave Management</b>
<b>Workers Compensation</b>
<b>Employee Profile Management</b>
<b>Learning and Career Development Document</b>
<b>Additional Features</b>
<b>Security/Workflow</b>
<b>Other Technical Features</b>
<b>Technical</b>
<b>Data Upload</b>
<b>Interface Development including Adaptors</b>
<b>Reporting</b>
<b>Forms</b>

PatternStream training will also be provided during the Project implementation. This training will be delivered by the CGI Project Team rather than by CGI Training Services.

8.2.2.1. Responsibility

<b>CGI</b>	<b>Participating Municipality</b>
Lead	Participate

8.2.2.2. Participating Municipality Project Team Training Stage Work Packages

8.2.2.2.1. Phase Kick-off Meeting

A kick-off meeting will be presented jointly by CGI and the Participating Municipality Project Managers, at which Project Team attendance is expected. The meeting is intended to align all resources on the scope and approach to the Project.

8.2.2.2.1.1. Responsibility

CGI	Participating Municipality
Joint	Joint

8.2.2.2.2. *Functional Training*

Detailed functional training will be delivered onsite by CGI Training Instructors. Functional training focuses on general Managed Application navigation and use, along with a review of the CGI Advantage360 Business Process Designs (“BPD”) for the Project Phase (FM, PB, and HRM).

8.2.2.2.2.1. Responsibility

CGI	Participating Municipality
Lead	Participate

8.2.2.2.3. *Technical Approach Training*

Technical training includes Instructor-Led lessons delivered onsite and knowledge transfer sessions on the Managed Application technical architecture and technical development approach. The training includes an overview of the tools used for data upload, interfaces, business intelligence/reporting, forms and operations.

8.2.2.2.3.1. Responsibility

CGI	Participating Municipality
Lead	Participate

**8.2.3. Review and Confirm Stage (Stage 6)**

The Integrated Project Team, led by Participating Municipality and CGI Project Managers, will review the PWP, develop inventories of all Work Products to be produced as an output of each Work Package, and produce the initial Backlog and sequencing of all activities for the Project Work Products Stage of the Project. The output of the Review and Confirm Stage will set the initial Project Backlog, which will undergo review and revisions throughout the duration of the Project. There are two planned iterations of the Build Work Backlog Work Package. Any incomplete or unaddressed work products after two Work Package iterations will be the responsibility of the Participating Municipality or addressed through the Change Control process.

**8.2.3.1. Review and Confirm Stage Work Packages**

8.2.3.1.1. *Build Work Backlog- Iteration 1*

Building the Work Product Backlog will include defining and accepting (in accordance with Section 10, Acceptance) an inventory of each unique Work

Product, both Technical and Functional. Once defined, each Work Product will be individually prioritized and sequenced within the Backlog to account for critical path dependencies and resource availability. The following activities will occur during build work backlog – Iteration 1:

- Work Package Planning
- Business Processes Design Inventory
- Participating Municipality Data Upload Inventory
- System Interface Inventory
- Report and Online Inquiry Inventory
- Forms Inventory

8.2.3.1.1.1. Responsibility

CGI	Participating Municipality
Lead	Participate

8.2.3.1.2. *Build Work Backlog- Iteration 2*

Iteration 2 of building the Work Product Backlog is a continuation of the incomplete or unaddressed tasks from iteration 1. At completion of this Work Package, a debrief meeting will occur to review all results of the updated Backlog as an output of both iterations.

- Business Processes Design Inventory Update

8.2.3.1.2.1. Responsibility

CGI	Participating Municipality
Lead	Participate

**8.2.4. Project Work Products Stage (Stages 7 – 15)**

The Project Work Products Stage is the largest group of Project Work Packages, and the Stage which will result in the design, technical development, conversion, configuration, and functional business process design related to delivering the Managed Application for the specific Phase (FM, PB, and HRM). Within this Project Stage the Integrated Project team will prototype legacy business processes and adapt the business process provided by leveraging the best practices templates and pre-configurations within the CGI Advantage360 Implementation Methodology. Each Technical Work Product of the Managed Application will also be developed jointly with CGI and the Participating Municipality resource, and unit tested as an individual Project Work Package within this Stage.

Upon completion of all Work Package Deliverables or artifacts, testing activities will commence with Integrated System Testing (“IST”) and User Acceptance Testing (“UAT”). Throughout the Project Work Products Stage, each completed and accepted artifact and deliverable will be migrated to the Participating Municipality’s Managed Application Production Environment database schema (“Gold Schema”) which will be used in the Cut-Over at Go-Live.

The specific Work Packages within the Project Work Products Stage will vary depending on the Project Phase (FM, PB, and HRM), resulting in Backlogs of Work Products. As such, each individual Work Package activity may be replicated multiple times (likely two to three) to accommodate the Backlog volume for each area of focus.

**8.2.5. Solution Configuration (Stage 7)**

Business Process Design (“BPD”) Inventory developed in the Review and Confirm Stage is the basis for configuration of the Managed Application. Each best practice BPD will be reviewed in the context of the requirements and anticipated business processes. From this starting point, the Integrated Project team will identify BPD matches to existing Participating Municipality business processes, and prototype gaps in business processes to determine best alternative to achieving the business requirement. Upon completion of this Work Package the accepted Day-One Database configuration will be loaded to the Gold Schema for use during IST and UAT.

The table below lists the expected BPDs by Project Phase and business area.

<b>Business Process Document By Business Area</b>
<b>Phase 2: Financial Management (FM)</b>
Budgeting
Cost Allocation
Accounts Payable
Accounts Receivable
Cost Accounting
Fixed Assets
General Accounting
Procurement
Grants Lifecycle Management

<b>Phase 3: Human Resource Management (HRM)</b>
Position Management
Recruiting and Staffing
Personnel Management
Time and Leave Management
Learning and Career Development
Employee Relations
Employee Self-Service (ESS)
Manager Self-Service (MSS)
Deduction Management
Benefits Administration
Payroll Accounting Management
Payroll Management
<b>Phase 4: Performance Budgeting (PB)</b>
Budget Forms
Capital Budget Form
Performance Management
SPFS
Budget Rollover
Users and Security
Reference Data

8.2.5.1. Responsibility

CGI	Participating Municipality
Lead	Support

**8.2.6. Participating Municipality Data Upload (Stage 8)**

The Participating Municipality will evaluate legacy data to determine if any potential Participating Municipality data cleansing activities are necessary, and the Participating Municipality will attempt to correct data issues before extracting for Participating Municipality data upload to the Managed Application. Once the data is cleansed and compiled in the legacy system, the Participating Municipality will extract the data and load to pre-defined file formats provided by CGI.

CGI will load the Participating Municipality data from the pre-defined file formats into the Managed Application. Participating Municipality will validate the results of the Participating Municipality data upload through online and reporting tools, provide acceptance (in accordance with to Section 10, Acceptance).

**8.2.6.1. Mock Participating Municipality Data Upload**

Two executions of mock data upload are included for each Phase of the Project. A possible third mock execution can be executed, if necessary. A mock data upload is a full volume test of the Participating Municipality data upload into the Managed Application.

8.2.6.2. Responsibility

CGI	Participating Municipality
Lead	Support

**8.2.7. Production Configuration (Stage 9)**

Based upon the accepted BPD designs and the decisions from the prototype activity, the Integrated Project Team will proceed with Production Configuration Work Package activities, the Integrated Project Team will configure the Managed Application Reference Tables with business rules, processing requirements and constraints (as defined in the updated and accepted BPDs). This is the provisioning and configuration of the Managed Application Production Environment with the Gold Schema.

8.2.7.1. Responsibility

CGI	Participating Municipality
Lead	N/A

**8.2.8. Interfaces (Stage 10)**



The Integrated Project Team will develop interfaces as a joint effort between CGI and the Participating Municipality during the appropriate Work Package activity. The System Interface Inventory developed in the Review and Confirm Stage of the Project will be developed, unit tested and accepted using the CGI Advantage360 Business Integration framework.

CGI will be responsible for the integration tasks, such as:

- Integration for baseline CGI Advantage360 Performance Budgeting with baseline CGI Advantage360 Financial Management
- Integration for baseline CGI Advantage360 Performance Budgeting with baseline CGI Advantage360 Human Resource Management
- Temporary interface of core legacy systems with baseline CGI Advantage360 Performance Budgeting, Financial Management and Human Resource Management during the Phase implementation

This will include any operations and run sheets associated with the integration activities.

Participating Municipality will receive inbound data and format into the pre-defined file formats provided by CGI. CGI will take the pre-defined file with data and transform the data for loading into the Managed Application. Participating Municipality will validate that the results are successful and accurate, and provide acceptance (in accordance with Section 10, Acceptance).

CGI will extract outbound interface data and format into pre-defined file formats and provide to the Participating Municipality. Participating Municipality will validate that the results are successful and accurate, and provide acceptance (in accordance with Section 10, Acceptance). Participating Municipality will be responsible for any transformation efforts necessary to submit data to third parties.

The following Participating Municipality interfaces have been identified to be covered under this agreement.

Phase	Interface Name
<b>Phase 2: Financial Management</b>	
<b>Phase 3: Human Resource Management</b>	

8.2.8.1. Responsibility

CGI	Participating Municipality
Lead	Support

**8.2.9. Reports and Forms (Stage 11)**

**8.2.9.1. Reports**

The Integrated Project Team will develop reports as a joint effort between CGI and the Participating Municipality during the appropriate Work Package effort using the CGI Advantage360 Business Intelligence Platform. The Report Inventory developed in the Review and Confirm Stage of the Project will drive the priority and sequence of development activities for reports. All reports will go through development, unit testing, and provide acceptance (in accordance with Section 10, Acceptance).

CGI will train and support the Participating Municipality in the development of the reports that are agreed upon. CGI will develop the following reports:

	Low Complexity	Moderate Complexity	High Complexity
Reports To Be Developed			

The remaining reports will be developed by the Participating Municipality with support from CGI.

Complex reports, such as those requiring multiple data sources, or complex logic for calculations may need to be developed through a development tool available to a select number of the Participating Municipality resources on a CGI Hosted Virtual Machine where access is provided to the Participating Municipality through a VPN connection. Once a report is developed, Participating Municipality will execute the report to obtain data as required without CGI involvement.

A Report Design template will be provided to the Integrated Project Team for each report and will contain the report requirements necessary to develop through the CGI Advantage360 Business Intelligence Platform. Reports will be designed, developed, unit tested and accepted during this Work Package.

The following Participating Municipality reports have been identified. This table identifies which reports are considered to be covered through an online inquiry, an existing baseline report and which reports will need to be developed during the project. This Report Inventory will be reviewed, prioritized and agreed to as part of the Work Package planning for reports. Any report requirements beyond the mutually agreed upon Report Inventory will be a change under the Change Control Process, or will be the responsibility of the Participating Municipality.

Phase	Report Name	Type of Report

**8.2.9.2. Responsibility**

CGI	Participating Municipality

Support	Lead
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**8.2.9.3. Forms Branding**

The Integrated Project Team will deploy forms branding updates using the CGI Advantage360 Business Forms Platform. The Forms branding Work Package includes application of the Participating Municipality’s logo and branding information to the standard Managed Application forms inventory items identified in the Review and Confirm Stage. This Work Package includes design work limited to application of branding content and information, unit testing and forms approval for the following forms:

CGI Advantage360 Financials

- Accounts Payable Payment Warrant/Check
- Purchase Order
- Accounts Receivable Invoice
- Statement

CGI Advantage360 Human Resources

- Payroll Warrant/Check
- Payroll Direct Deposit Advice
- Earnings Statement

CGI Advantage360 Performance budgeting

- None

Any forms requirements beyond the above are the responsibility of the Participating Municipality or will be addressed through the Change Control process.

8.2.9.4. Responsibility

CGI	Participating Municipality
Lead	Support

**8.2.10. Testing (Stage 12)**

**8.2.10.1. Integrated System Testing (“IST”)**

The IST Work Package focuses on building and executing an integrated system test of the Managed Application. The Integrated System Test verifies that the various system sub-components from each Work Package are communicating properly within the integrated system; including inbound and outbound interfaces, data conversion and load, report generation and forms output in preparation for UAT.

8.2.10.2. Responsibility

CGI	Participating Municipality
Lead	Support

### 8.2.10.3. User Acceptance Testing (“UAT”)

The final series of tests for the Managed Application is UAT. This task area is the responsibility of the Participating Municipality, including test script development and execution. CGI will be responsible for staging the UAT instance (including running the mock data conversions to populate the environment with the Participating Municipality data) and assist with logging issues as result of script execution. A UAT test plan is developed in this Work Package, along with the acceptance sign-off criteria. Inclusive in the test planning effort is a definition of a test data approach for acquiring and validating test data to be used as input for the UAT testing effort; as well as testing schedules and allocation of testing resources from Participating Municipality. Participating Municipality testing resources will develop testing scenarios during this Work Package which mimic the expected business process for each functional domain (using the BPDs from the Solution Configuration Work Package as input). Upon completion of the test scripts and the acceptance criteria are met, the Participating Municipality will provide formal acceptance of the completion of UAT (in accordance with Section 10, Acceptance).

#### 8.2.10.4. Responsibility

CGI	Participating Municipality
Support	Lead

### 8.2.11. End-User Training (Stage 13)

#### 8.2.11.1. Material Development

An inventory of the Participating Municipality’s training requirements will be developed and training materials developed by Participating Municipality using the Participating Municipality Project Team training materials and input from the BPDs developed during the Managed Application Configuration Work Package.

##### 8.2.11.1.1. Responsibility

CGI	Participating Municipality
Support	Lead

#### 8.2.11.2. Train-the-Trainer

In preparation for production Cut-Over, CGI will provide train-the-trainer training. This training activity will include tools and techniques on how to deliver the CGI Advantage360 training. Services to be provided over two full days include:

Three hour adult learning theory class

One full day delivery of end user training (from Participating Municipality's custom materials) so Participating Municipality trainers have an opportunity to observe an experienced trainer

One 45 minute mock delivery for each trainer with a 15 minute feedback session for up to four (4) trainers

8.2.11.2.1. Responsibility

CGI	Participating Municipality
Lead	Participate

**8.2.11.3. End-User Training**

In preparation for production Cut-Over, Participating Municipality will provide end-user training. This training activity will include instructor led classroom training led by Participating Municipality's training resources.

8.2.11.3.1. Responsibility

CGI	Participating Municipality
Support	Lead

**8.2.12. Production Cut-Over Stage (Stage 14)**

At the completion of the Project Work Products Stage, the Managed Application is ready for production Go-Live Cut-Over. This Stage involves the joint (CGI and the Participating Municipality) planning activities necessary to identify assess readiness for production, Cut-Over schedules and resource allocations, help desk setup and operational logistics, and ultimately making the production system available for business use.

**8.2.12.1. Production Cut-Over Stage Work Packages**

8.2.12.1.1. *Readiness Assessment*

CGI will provide a series of readiness checklists that the Integrated Project Team will complete to determine current status and action items that need to be addressed to successfully go into production.

This process is the basis for the go/no-go decision process.

8.2.12.1.1.1. Responsibility

CGI	Participating Municipality
Joint	Joint

8.2.12.1.2. *Transition Planning*

During transition planning, the Integrated Project Team will define the schedule of events for Cut-Over and required tasks on the critical path to Cut-Over.

8.2.12.1.2.1. Responsibility

CGI	Participating Municipality
Joint	Joint

8.2.12.1.3. Project Help Desk

Before production Cut-Over, the Integrated Project Team will establish a help desk for addressing issues that arise during the Cut-Over time as well during the steady-state production operations. This Work Package includes the logistics, staffing, and procedures around establishing the Participating Municipality helpdesk.

The scope of the Participating Municipality’s help desk will be to provide Tier 1 level support to the end-user community; such as password reset, network support, etc. The Participating Municipality Project Team will provide business process issue resolution to end-users.

CGI will provide Issue support to the Participating Municipality Project Team as defined in the Services Agreement. Post implementation help desk support is defined in Section 8.2.13.

8.2.12.1.3.1. Responsibility

CGI	Participating Municipality
Lead	Support

8.2.12.1.4. Cut-Over

At the completion of all prior Work Packages, a “go/no-go” decision will be made by the Integrated Project Team. If all readiness assessment concerns are addressed, and a “go” decision is provided; the Cut-Over checklist will be executed as defined in the Transition Planning Work Package.

8.2.12.1.4.1. Responsibility

CGI	Participating Municipality
Lead	Support

**8.2.13. Post-Implementation Support Stage (Stage 15)**

Post-implementation is a two-month period of time following the month of production cut-over where project resources close down the project and finalize transition of the solution to managed services steady-state operations. CGI resources will be available to continue to

answer questions and troubleshoot operational and solution issues. However, the efforts will transition from CGI project resources to the Participating Municipality staff and CGI Advantage360 Subscription Services.

Resource	First Month following production cut-over	Second Month following production cut-over
<b>CGI Project Manager</b>		
<b>Financial Methodology Expert</b>		
<b>Performance Budgeting Methodology Expert</b>		
<b>Human Resources/Payroll Methodology Expert</b>		

Post implementation, the Participating Municipality will support the FMS Go-Live by providing Tier 1 Help Desk and client network support, while escalating issues with the Managed Application to the Advantage Support Center as provided under the Services Agreement.

CGI will schedule a meeting to turn the Managed Application over to CGI Advantage360 Subscription Services.

**8.2.14. Responsibility**

CGI	Participating Municipality
Support	Lead

**9. Assumptions**

**9.1. General Assumptions**

- 9.1.1.** CGI will provide the functionality as defined in the BPDs and CGI’s response to the functional matrices.
- 9.1.2.** CGI System customizations are not included in scope, and generally not allowed under the Services Agreement.
- 9.1.3.** The live production Cut-Over date for HRM will not cross a payroll period. Because conversion routines supported by CGI for HRM are not constrained by quarter or year-end, the live production cut-over will occur according to the Project Work Plan and not necessarily at a quarter or year-end.
- 9.1.4.** The Participating Municipality and CGI staff will use the nonparty tools that are integrated within the CGI System to leverage the efficiencies inherent in the standard CGI Advantage360 implementation services

- 9.1.5.** The post-implementation support provided by CGI resources may be both onsite and offsite.
- 9.1.6.** No configuration changes will be made to functional areas once prototyping is complete within the Work Products – Solution Configuration Stage.
- 9.1.7.** The Participating Municipality will be primarily responsible for planning and executing UAT activity within the Work Products – Testing Stage.
- 9.1.8.** The Participating Municipality will be responsible for data verification, correction and Acceptance (according to Section 10) during conversion testing and once the data conversion process is completed in the Work Products – Participating Municipality Data Upload and Mock Load Stage.
- 9.1.9.** The Participating Municipality Project Manager will review Project Issues in a timely manner (within five business days or as otherwise mutually agreed by the parties) so as not to affect the Project Work Plan. If resolution cannot be made within five business days or as otherwise mutually agreed, the Participating Municipality Project Manager will verify that the issue is raised to the appropriate level (such as the Executive Advisory Committee).
- 9.1.10.** A dedicated Participating Municipality Project Manager and the Participating Municipality Project Team will be established to work on the Project to provide for timely completion of the Participating Municipality’s Project responsibilities.
- 9.1.11.** The Participating Municipality will establish an Executive Steering Committee (“ESC”) that will have decision making responsibility and authority over the Participating Municipality Project Team and engagement. Members of the ESC should be from the Director level of the Participating Municipality and should include the CGI Executive and the Project Managers from both the Participating Municipality and CGI. The ESC should meet periodically or at mutually agreed upon intervals.
- 9.1.12.** The Participating Municipality will provide additional resources to support the core Project Team and complete Participating Municipality tasks. These resources may include, but are not limited to: Project sponsors and executives (Executive Advisory Committee), technical experts, trainers, end-users, managers, information technology staff, and the operations staff that will maintain the new system upon implementation. These resources need not be dedicated full-time to the Project, but must be available to complete their assigned tasks per the mutually agreed upon detailed Project plan.
- 9.1.13.** The Participating Municipality Project Manager will assign functional and technical experts of the current systems being replaced to the Integrated Project Team to work with CGI in designing the interfaces and assist in identifying and resolving Project Issues that arise related to the Functional and Technical features of the Managed Application.
- 9.1.14.** CGI will coordinate its Project activities through the Participating Municipality Project Manager regarding Project-related management items such as issues, changes under the Change Control process, invoicing, status reports, etc. within ten business days of the agreed upon start date of the Project.



- 9.1.15.** Unless otherwise specified, Project Team Training materials, Business Process Documents, reports, interfaces, tools, methods and other products, outcomes or results developed by the Integrated Project Team produced as a result of the implementation effort can be shared by the Participating Municipality with other MMSA CGI Advantage clients, without restriction. Similarly, unless specifically excluded in other agreements, the Participating Municipality is not precluded from obtaining and re-purposing Participating Municipality Deliverables from CGI's other MMSA Advantage clients.
- 9.1.16.** The following work environment will be available for CGI's Project Team members:
- 9.1.16.1. Workspace for approximately [ ] CGI staff (including at least one private office) and normal office equipment, including desks, phones, fax facilities, white board, adequate filing space and access to conference rooms for Project-related meetings.
  - 9.1.16.2. Wireless connection for approximately [ ] CGI staff.
  - 9.1.16.3. User-Ids/Passwords for approximately [ ] CGI staff for LAN access to files servers for document storage of up to 100 gigs, and increased throughout the Project as needed.
  - 9.1.16.4. Access to network Laser printers (dedicated Project printer preferable).
  - 9.1.16.5. Access to the Internet.
  - 9.1.16.6. Ability to utilize CGI's VPN for continuous access to CGI's databases at CGI's home office.
  - 9.1.16.7. Security badges for site access outside of normal business hours of the Participating Municipality consistent with the Services Agreement.
  - 9.1.16.8. Any additional facilities and equipment not enumerated above shall be supplied at the discretion of the Participating Municipality.
  - 9.1.16.9. The Participating Municipality will provide CGI VPN access to Project data as necessary for CGI scheduled remote access and work.
- 9.1.17.** In addition to the background checks required pursuant to Section 7.4 of the Services Agreement, the Participating Municipality will fingerprint all CGI resources assigned to perform services under the ISSA on Participating Municipality premises and will be responsible for associated state and Federal Bureau of Investigation searches.

## **9.2. Reporting Assumptions**

- 9.2.1.** All Reports are built based upon Design Templates and must be written and then accepted by the Participating Municipality before the development of any individual report may begin.
- 9.2.2.** Changes or deviations to the Report Design template after acceptance will follow the Change Control process (as defined within the Project Management Plan) and may delay delivery of the report.
- 9.2.3.** The Participating Municipality is responsible for the design, development, and unit testing of all reports, except those that CGI is explicitly responsible for developing.

- 9.2.4. The Participating Municipality will utilize CGI Advantage360 Business Intelligence's baseline reporting data sources or shared data sources where applicable.
- 9.2.5. The Participating Municipality will utilize baseline reports and inquiries where applicable. New data sources or changes to existing data sources will be handled through the Project Change Control Process. Changes developed by the Participating Municipality to baseline data sources, or custom data sources developed by the Participating Municipality are not covered by CGI's provided warranty or maintenance.
- 9.2.6. The Participating Municipality and CGI will leverage shared reports (reports developed across the CGI Advantage360 user community or by other Participating Municipalities under the Services) where possible and as a basis to create Participating Municipality-specific reports. Maintenance of shared reports and data sources are the responsibility of the CGI Advantage360 user community, but also may be shared by the MMSA. Adoption of shared reports or data sources is at the discretion of CGI and the CGI Advantage Software Change Control Board (SCCB), which is led by Participating Municipality representatives of the CGI Advantage user community, but may not unreasonably be denied.
- 9.2.7. The Participating Municipality is responsible for acceptance testing of all reports.

### 9.3. Interface Assumptions

- 9.3.1. An important component of the Project is interfaces. The timely completion of these tasks is important for successful training, testing and live production cutover. It is critical that the Integrated Project Team have access to both functional and technical resources knowledgeable in the Participating Municipality's systems to facilitate, test, reconcile and verify the interface processes.
- 9.3.2. CGI will develop interface designs based upon updated documentation and specifications obtained by Participating Municipality.
- 9.3.3. All interfaces will be batch. True real time interfaces can significantly increase costs and may not be necessary in all cases.
- 9.3.4. Because the Managed Application supports XML, the industry standard for message formatting, the solution supports numerous industry standards for supporting A2A interfaces including programmatic methods (such as EJB, JMS, API support, etc.) as well as leveraging the J2EE framework (Java Mail (SMTP), JNDI (LDAP), etc.). Data residing within the Managed Application (transaction or table) can be exported into an XML format and data formatted in XML can be imported into the Managed Application.
- 9.3.5. CGI's proposed approach, plan, and estimates are based on the fact that interfaces can be supported using CGI's integrated toolset. This toolset provides the integration infrastructure and run-time environment for data visualization, transformation, conversion, and integration. The approach to interface development is to configure CGI's integrated ETL tool to meet the specifications in the interface designs.
- 9.3.6. The Participating Municipality is responsible for acceptance testing of the interfaces.

- 9.3.7. CGI will make technical documentation of the pre-defined file formats for interfaces available to the Participating Municipality upon request following approval of this agreement.

#### **9.4. Conversion and Data Upload Assumptions**

- 9.4.1. Data conversion approach will utilize the baseline CGI conversion methodology.
- 9.4.2. The Participating Municipality is primarily responsible for data verification and correction once the data conversion process is complete. Subsequent conversion runs will not be started until the Participating Municipality has accepted the previously converted, dependent data.
- 9.4.3. Financial Data Conversion will include balances and open purchase orders, active grants, contracts and current business items. For mid-fiscal year cut-over for CGI Advantage Financial Management, the year-to-date data necessary to conduct business and to generate accurate year-end documents (such as 1099s) will be converted. No other history will be converted.
- 9.4.4. Human Resource and Payroll Data Conversion will include an employee record of the date of hire, and a second record to establish the employee's attributes at the time of production cut-over. No other historical data will be converted.
- 9.4.5. Performance Budgeting does not provide for data conversion. Instead, starting employee salary and benefits data, and prior budget will be loaded as a budget process starting point. No other historical data will be converted.
- 9.4.6. The Participating Municipality will provide source files and data during the conversion development process in the exact format that will be used to load budget balances, beginning balances, and fixed assets.
- 9.4.7. The Participating Municipality is responsible for providing key resources to be actively involved in the preparation and approval of the live production Cut-Over plan.

#### **9.5. Forms Assumptions**

- 9.5.1. The scope of forms work is limited to branding of baseline CGI Advantage360 forms. The Participating Municipality will be trained in the use of BIRT forms and can create additional forms on an ongoing basis, as needed.

#### **9.6. Training Assumptions**

- 9.6.1. Project Team Training must be delivered by CGI.
- 9.6.2. Training will be provided based on Train-the-Trainer approach. Additional training assistance would go through the Change Control Process. Participating Municipality can leverage Project Team training materials and BPDs for creation of end user training materials.
- 9.6.3. End-user training will be developed and delivered by Participating Municipality.
- 9.6.4. Participating Municipality trainers are responsible for delivery of training to the Participating Municipality end-users, including logistics, and preparation of training environment.

## **9.7. Post-Implementation Assumptions**

- 9.7.1.** Post-Implementation support will be provided for PB, FM and HRM Phases of the project. These services can be provided either through on-site support or off site support.

## **9.8. Hand-off to CGI for Advantage360 Subscription Services**

- 9.8.1.** During the post implementation period, a turnover meeting will be conducted with the Participating Municipality and will include a review of any outstanding software incidents and the related disposition of these incidents will be agreed to.

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## **10. Acceptance**

### **10.1. Acceptance Procedures**

- In general, acceptance of Deliverables and the Managed Application will be conducted in accordance with the following procedures. All time periods specified in the following procedures are defaults that may be overridden by the applicable provisions of this agreement or the Project Work Plan. Any delay in receiving approvals within the timeframes specified in this Section 10 will have an effect on the delivery schedule and cost and will entitle CGI to a change under the Change Control Process equitably adjusting schedule and compensation.

#### **10.1.1. Written Deliverables**

- “Written Deliverables” include but are not limited to Business Process Designs, test scripts/cases, training documentation, design specifications and design templates. CGI may submit interim drafts of a Written Deliverable to the Participating Municipality for review. The Participating Municipality agrees to review and provide comments to CGI on each interim draft within five business days after receiving it from CGI. Participating Municipality will have the opportunity to review the Written Deliverable for an acceptance period of [ ] business days after delivery of the final version of the Written Deliverable (the “Acceptance Period”). The Participating Municipality agrees to notify CGI in writing by the end of the Acceptance Period either stating that the Written Deliverable is accepted in the form delivered by CGI or describing in reasonable detail any substantive deviations from the description of the Written Deliverable contained in this agreement or a Project Work Plan that must be corrected before acceptance of the Written Deliverable. If CGI does not receive any such deficiency notice from Participating Municipality by the end of the Acceptance Period, CGI will follow up with the Participating Municipality in writing to acknowledge the lack of acceptance. As such, the Participating Municipality will have an additional 24 hours to respond to the request for acceptance, and at such time should the Participating Municipality still have failed to provide a response, the Written Deliverable will be deemed to be accepted by Participating Municipality. If the Participating Municipality delivers to CGI a timely notice of deficiencies and the items specified in the notice are deficiencies, CGI will correct the described deficiencies within a reasonable period of time. CGI’s correction efforts will be made at no additional charge if the Written Deliverable is being developed under a fixed-price ISSA. If the Written Deliverable is being developed on a time and materials basis, CGI’s correction efforts will be made on a time and materials basis. Upon receipt of a corrected Written Deliverable from CGI, Participating Municipality will have a reasonable additional period of time, not to exceed [ ] business days, to review the corrected Written Deliverable to confirm that the

identified and agreed-upon deficiencies have been corrected. Participating Municipality will not unreasonably withhold, delay or condition its approval of a final Written Deliverable.

#### 10.1.2. CGI System

- Written Deliverables will be used as the basis for verifying CGI System Acceptance. Testing the CGI System is an iterative process designed to determine whether the CGI System performs the functions described in the defined and accepted configuration and to discover and remove Nonconformities through repeated testing cycles. As used in this agreement, “Nonconformity” means a reproducible condition that prevents the CGI System from performing the functions described in the accepted configurations documents (Written Deliverables) such that the CGI System does not operate or cannot be used in a production environment.
- CGI will deliver configuration documents used to establish the delivered solution including Integrated System Test scripts as a component of the CGI Advantage360 Delivery Methodology. The Participating Municipality will modify both Test Scripts and Training Documents to reflect configuration decisions made during Prototyping as part of Managed Application Configuration. At least 15 days before the date on which CGI is scheduled to deliver the CGI System to the Participating Municipality, Participating Municipality will review the CGI provided testing documentation (including but not limited to test scripts, and the defect logging and/or tracking mechanism) and provide Acceptance in accordance with Section 10.1.1 Written Deliverables. At least 15 days before the date on which CGI is scheduled to deliver the CGI System to the Participating Municipality, the parties will agree upon the testing procedures (including but not limited to assignment of testing resources, testing schedule, test data sets, expected test results) for the CGI System (the “User Acceptance Testing”).

10.1.2.1. The “User Acceptance Test Period” for each component of the CGI System will be defined through the Project Work Plan. The User Acceptance Test Period for each component of the CGI System will begin when CGI has completed all configurations and CGI owned testing activities as defined in the accepted Written Deliverables and releases a component of the CGI System to the Participating Municipality as “Ready for User Acceptance Testing.”

10.1.2.2. The Participating Municipality will start to perform User Acceptance Testing on a component of the CGI System promptly after receiving CGI’s notice that the component of the CGI System is ready for User Acceptance. The Participating Municipality’s User Acceptance Testing will consist of the client adapting the completed Business Process Designs (BPDs) to meet User Acceptance Test requirements and executing UAT scripts during the UAT Period. If the Participating Municipality determines during UAT that the component of the CGI System contains a Nonconformity, Participating Municipality will promptly send CGI a written notice reporting the alleged Nonconformity and that specific User Acceptance Test Script will be suspended until the Nonconformity is corrected by CGI, all other User Acceptance testing will continue. A Nonconformity will be considered “Reported” only if it is described to CGI in sufficient detail through the accepted project Nonconformity reporting process to allow CGI to recreate it. The Nonconformity will be logged, investigated and tracked by CGI through the

accepted project tracking mechanisms and/or repositories and CGI will proactively seek additional information, as necessary, to re-create the Nonconformity in accordance with the Severity Level definitions and other applicable requirements of the Service Level Agreement in Schedule 2 of the Services Agreement.

10.1.2.2.1. Actions to Remedy Nonconformities

10.1.2.2.1.1. Configuration Issue: If the CGI System configuration and/or setup does not conform to Accepted Written Deliverables, CGI will modify the System Configuration to remove the Reported Nonconformity and will provide the modified CGI System to the Participating Municipality for re-testing, and the Participating Municipality will then re-test the modified portions promptly.

10.1.2.2.1.2. Defect: If the CGI System code base does not conform to the Accepted Written Deliverables, CGI will resolve the code base defect to remove the Reported Nonconformity, or CGI will provide a reasonable workaround; and will provide the modified CGI System to the Participating Municipality for re-testing. The Participating Municipality will re-test the modified portions promptly.

10.1.2.2.1.3. Missed Requirement: If the CGI System configuration and the code base conforms to the Accepted Written Deliverables but the expected results are not desired by the Participating Municipality, the deviation will be addressed via the Change Control process.

10.1.2.3. By the end of the UAT Period, the Participating Municipality will provide CGI with a final written list reporting any outstanding Non-conformities (the "Punch List") with their assigned Issue Severity Definitions as defined in the Schedule 2 of the Services Agreement. CGI will address the reported Punch List items to remove the Nonconformities and will provide the modifications/updates to the CGI System to the Participating Municipality. The Participating Municipality will have [ ] days after receipt of the modifications/updates to re-test the CGI System to confirm that the Nonconformities that are reported on the Punch List have been removed. If any Nonconformities that were reported on the Punch List have not been removed, the Participating Municipality will provide CGI with written notice by the end of the re-testing period reporting any such Nonconformities. In such event, the procedures set forth in this Section 10.1.2.3 will be repeated for the remaining Nonconformities on the Punch List.

10.1.2.4. The parties shall work diligently to achieve Acceptance of the CGI System by the date identified in the Project Work Plan, and the Participating Municipality will work diligently to put the CGI System in live production operations. Acceptance of the CGI System will take place when any of the following events occurs: (i) the Participating Municipality gives CGI written notice of Acceptance; (ii) the UAT Period expires without the Participating Municipality having given CGI the Punch List; or (iii) the UAT re-testing period expires without the Participating Municipality having Reported any remaining Nonconformities on the Punch List.

10.1.2.5. Unless otherwise expressly prohibited under the Contract Documents, Project Team Training materials, Business Process Documents, reports, interfaces, tools,

methods and other products, outcomes or results developed by the Integrated Project Team produced as a result of the implementation effort may be shared without restriction by the Participating Municipality with the MMSA and other participating municipalities under the Services Agreement. Similarly, unless expressly prohibited under the Contract Documents, the Participating Municipality may obtain and re-purpose Deliverables from implementation and support services between CGI and other participating municipalities under the Services Agreement.

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## **11. Change Control**

- 11.1.** Either party may propose changes to the scope or time schedule of the Services under this agreement. Requests for changes will be submitted to the other party in writing for consideration of feasibility and the likely effect on the cost and schedule for performance of the Services. The parties will mutually agree upon any proposed changes, including resulting equitable adjustments to costs and schedules for the performance of the Services. The agreed changes will be documented in one or more changes under the Change Control Process.
- 11.2.** If action or inaction by Participating Municipality, or its suppliers' failure to perform their responsibilities in a timely manner, prevents CGI from or delays CGI in performing the Services, CGI will be entitled to an equitable adjustment in the schedule for performance and the compensation otherwise payable to it under this agreement. In such event, the parties will mutually agree upon a change under the Change Control Process documenting the adjustments.
- 11.3.** Amounts payable pursuant to a change under the Change Control Process will be in addition to any fixed prices or funding limitations on time and materials charges or Reimbursable Expenses.

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Each party is signing this agreement on the date stated opposite that party's signature.

CGI TECHNOLOGIES AND SOLUTIONS INC.

Date: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_

Name:

\_\_\_\_\_  
[printed name of authorized individual]

Title: \_\_\_\_\_

[printed title of authorized individual]

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[full legal name of the Participating Municipality in ALL CAPS]

Date: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_

[signature of authorized individual of the  
Participating Municipality]

Name: \_\_\_\_\_

[printed name of authorized individual]

Title: \_\_\_\_\_

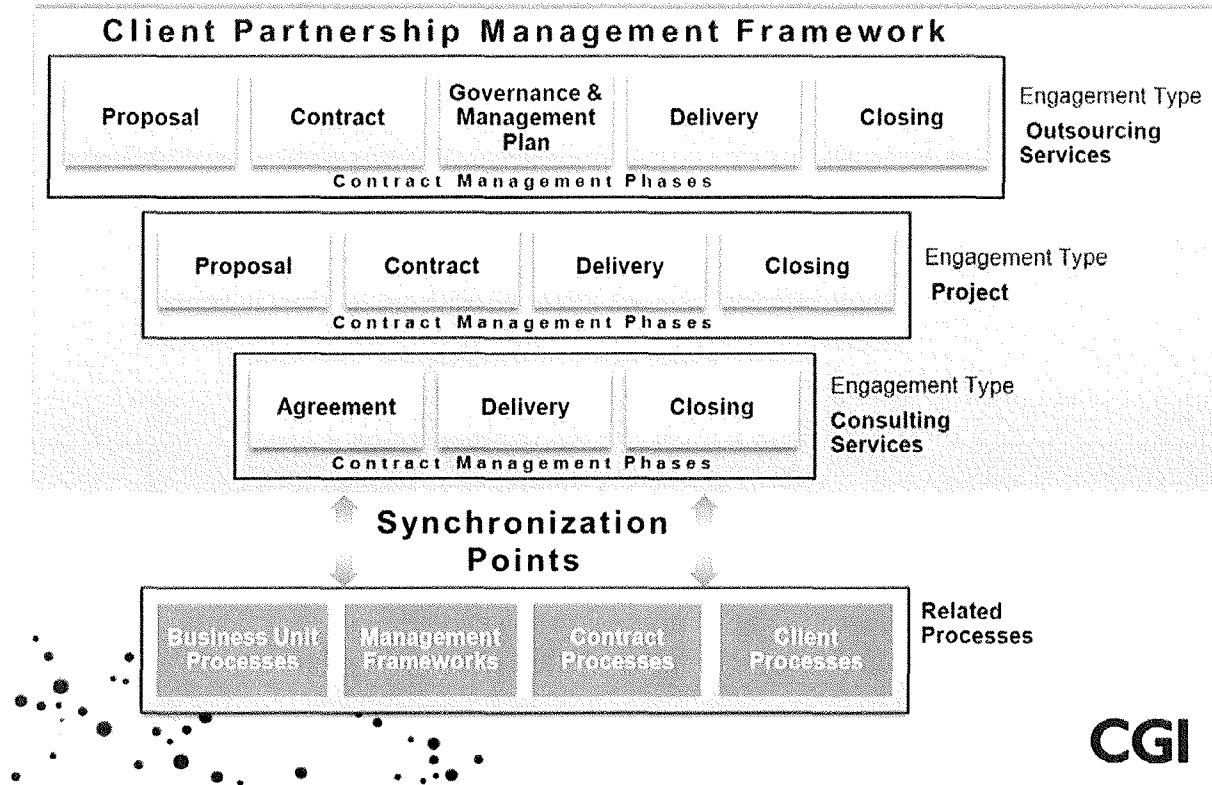
[title of authorized individual]



## APPENDIX A

### Client Partnership Management Framework (CPMF)

The CPMF is a comprehensive, practice-based methodology that incorporates project management standards, tools, and techniques that have been cultivated and refined on hundreds of CGI projects, including Advantage ERP implementations and other public sector-related projects. The graphic below presents a high-level picture of the CPMF for systems and consulting projects.



CGI has developed this methodology and the associated standards as the foundation for achieving high-quality project results and promoting exceptional productivity within and across teams. It has evolved over years with the successful management of large, mission critical information technology projects. It incorporates CGI best practices and the reflections of CGI’s most senior SMEs from across the CGI product and service spectrum. It has also been inspired by and is aligned with some of the industry’s best practices concepts and standards (PMI-PMBOK, ISO-12207, ISO-9001, IEEE-1074, and SEI-CMMI) and is structured to best support CGI’s approaches to service offerings and delivery.

The CPMF is a carefully managed blend of rigor and flexibility that accomplishes the following:

- Effectively guide CGI management and members through the efficient delivery of CGI services to CGI’s clients
- Facilitate cooperation and effective communication among all the contractual stakeholders (CGI management, members, clients and suppliers/subcontractors) by giving them a common frame of reference.

- Provide CGI management teams with a practical, efficient and immediately workable set of processes to support all engagements, from proposal preparation to contractual completion
- Clearly identify the Deliverables and the activities needed to produce them to foster productivity
- Facilitate quality control by making certain that all the relevant aspects are taken into consideration, improving quality of services and by being cognizant of related compliance requirements
- Support the effective synchronization of delivery, management, quality assurance and other related processes
- Assist management's decision-making by formulating the right questions at the right time and by providing pertinent information through an accurate framework of check points
- Provide for improved long-term contract and client satisfaction management
- Describe key differentiators of the approach as it relates to implementing a solution on time, within budget and with the ability to meet the needs of a diverse client like the Participating Municipality.

**APPENDIX B**

**Project Work Plan for Participating Municipality**

*[insert Project Work Plan]*

**APPENDIX C**

*[Insert appropriate table depicting Phase scheduling for Participating Municipality]*

**APPENDIX D**

CGI's professional services hourly rates specified in United States dollars the following table are effective and applicable to all provision of professional services provided by CGI (including any of its subcontractors) under this agreement through September 30, 2021.

<b>Professional Service Category</b>	<b>Hourly Rate</b>
Project Manager	\$260
Deputy Project Manager	\$235
Subject Matter Expert	\$245
Security Lead	\$300
Security Specialist	\$220
Technical Architect	\$245
Technical Lead	\$195
Team Lead	\$195
Senior BA	\$175
BA	\$135
Senior PA	\$175
PA	\$135
Change Management/Communications	\$175
Tester	\$120
Trainer	\$135
System Administrator	\$135
Operations Support	\$135
Technical Writer	\$95
Project Assistant	\$70



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**EXECUTIVE COMMITTEE  
RESOLUTION 2019-05**

Third Amendment to Independent Contractor Agreement with The Segal Company  
(Midwest), Inc.

The Michigan Municipal Services Authority (the “**Authority**”) adopted Resolution 2013-21 on August 8, 2013 to retain Moroni Fantin, LLC (“**MF**”) to provide professional services relating to the development, establishment, and implementation of the Virtual Health and Wellness Marketplace Initiative.

MF merged with The Segal Company (Midwest), Inc. (“**Segal**”) and the Authority adopted Resolution 2014-21 on May 22, 2014 to retain Segal to continue to provide services relating to the establishment and maintenance of the Virtual Health and Wellness Marketplace.

The Authority adopted Resolution 2016-21 on March 10, 2016 to amend the agreement related to Compensation; Contractor Responsibilities; and Commission Share.

Segal now seeks another amendment to extend the term of the agreement until either party terminates it.

The executive committee of the Michigan Municipal Services Authority (the “**Authority**”) resolves that the following agreement amending the independent contractor agreement with The Segal Company (Midwest), Inc. and that the chief executive officer of the Authority is authorized to sign the agreement on behalf of the Authority:

**THIRD AMENDMENT TO THE INDEPENDENT CONTRACTOR AGREEMENT FOR  
PROVISION OF SERVICES RELATING TO THE ESTABLISHMENT AND  
MAINTENANCE OF VIRTUAL HEALTH AND WELLNESS MARKETPLACE**

This agreement is between the MICHIGAN MUNICIPAL SERVICES AUTHORITY, a Michigan public body corporate (the “**Authority**”) and THE SEGAL COMPANY (MIDWEST), INC., an Illinois corporation (the “**Contractor**”).

The parties want to amend the Independent Contractor Agreement for Provision of Services Relating to the Establishment and Maintenance of Virtual Health and Wellness Marketplace between the parties originally effective on August 10, 2013, and first amended on January 2, 2014 and second amended on March 16, 2016 (the “**Agreement**”).

The parties therefore agree as follows:

1. Amendment to Section 2. Section 2 of the Second Amendment is hereby amended and restated in its entirety to read as follows:

“2. **Compensation.**

(a) The Authority shall pay the Contractor the following amounts for the following services:

(1) \$200.00 per hour for program development and on-going administration of any programs developed and implemented, up to a capped amount for each project as agreed between the Authority and Contractor in a written project budget.

(2) Any commissions received on behalf of the Authority for administration of its health care program will offset any monthly charges.

(b) The Contractor shall invoice the Authority not more than monthly for services provided by the Contractor under the Agreement.”

2. Amendment to Section 4. Section 4 of the Agreement is hereby amended and restated in its entirety to read as follows:

“4. **Term.** This Agreement is effective when signed by the Authority and Contractor and continues until either party terminates it per Section 5. Termination without Cause or Section 6. Termination for Cause.”

3. Section 29 of the Agreement regarding notice to the Contractor is amended so that notice shall be provided to:

Kimberly Wixson  
Vice President  
The Segal Group  
3001 W. Big Beaver Road, Suite 320  
Troy, MI 48309

With a copy to:

General Counsel  
The Segal Group  
333 West 34<sup>th</sup> Street  
New York, NY 10001

3. **Effectiveness; Date.** This amendment will become effective when all of the parties have signed it. The date of this amendment will be the date this amendment is signed by the last party to sign it (as indicated by the date associated with that party’s signature).

Each party is signing this agreement on the date stated opposite that party's signature.

MICHIGAN MUNICIPAL SERVICES AUTHORITY

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Robert Bruner, Chief Executive Officer

Date: \_\_\_\_\_

THE SEGAL COMPANY (MIDWEST), INC.

By: \_\_\_\_\_  
Kimberly Wixson, Vice President

***Secretary's Certification:***

I certify that this resolution was adopted by the executive committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on February 14, 2019.

By: \_\_\_\_\_  
James Cambridge  
Authority Secretary