

## EXHIBIT A

### ANNUAL EXPERIENCE CALCULATION

The annual experience calculation shall be performed separately for the PRERETIREMENT INSURANCE, POSTRETIREMENT INSURANCE, and spouse and dependent insurance.

#### PRERETIREMENT INSURANCE

The annual experience calculation for the PRERETIREMENT INSURANCE shall begin with a determination of all charges to the plan. Pursuant to Exhibit B of this agreement (Claim Charges), claim charges shall include items A and B (life and AD&D pooled claim charges), items C and D (death and AD&D claims), item E (living benefit claims), item J (disability claim reserves), and item K (conversion charge), and the total of these charges shall be reduced by any catastrophic loss for the POLICY YEAR to produce the net claim charge for the POLICY YEAR. To the net claim charge shall be added the STATE internal administration expense, the payments to the STATE'S consulting actuary, the STATE premium taxes, the MINNESOTA LIFE expense charge, and the risk charge.

If the sum of all charges to the plan is greater than the sum of the EMPLOYEE premium and the interest credits, the premium deficiency shall be withdrawn from the premium deposit fund and cleared as premium. If the premium deficiency exceeds the balance in the premium deposit fund, the remainder shall be withdrawn from the contingent liability reserve and cleared as premium.

If the sum of these charges is less than the sum of the EMPLOYEE premium and the interest credits, the excess shall be declared as an experience credit and deposited in the contingent liability reserve.

#### POSTRETIREMENT INSURANCE

The annual experience calculation for the POSTRETIREMENT INSURANCE shall begin with a determination of all POSTRETIREMENT INSURANCE charges to the plan. Pursuant to Exhibit B of this agreement (Claim Charges), claim charges shall include item F (life pooled claim charge), items G and H (death claims), and item I (living benefit claims). To the claim charges shall be added the STATE premium taxes and the MINNESOTA LIFE expense charge. The sum of these charges shall be withdrawn from the contingent liability reserve and cleared as premium. If the sum of these charges exceeds the balance in the contingent liability reserve, the remainder shall be withdrawn from the premium deposit fund and cleared as premium.

The value of all postretirement life insurance converted to pay premiums for health insurance or long-term care insurance shall be withdrawn from the premium deposit fund.

## Spouse and Dependent Insurance

The annual experience calculation for the spouse and dependent insurance plan shall begin with a determination of all charges to the plan. Pursuant to Exhibit B of this agreement (Claim Charges), claim charges shall include items L and M (death claims), item N (living benefit claims) and item O (conversion charge), and the total of these charges shall be reduced by any catastrophic loss for the POLICY YEAR to produce the net claim charge for the POLICY YEAR. To the net claim charge shall be added the STATE internal administration expense, the STATE premium taxes, the MINNESOTA LIFE expense charge and the risk charge.

If the sum of all charges to the plan is less than the sum of the premium and the interest credits reduced by any prior deficits accumulated at interest, the excess shall be deposited in the stabilization reserve. If the sum of all charges is greater than the sum of the premium and the interest credits, the premium deficiency shall be withdrawn from the stabilization reserve. If the premium deficiency exceeds the balance in the stabilization reserve, the remainder shall be carried forward as a deficit charge against the stabilization reserve.

## EXHIBIT B

### CLAIM CHARGES

Except as provided under Section 4.5 and Exhibit F of this agreement (Stop-Loss Provision), claim charges attributable to a POLICY YEAR shall be equal to the sum of the following items:

- A. A pooled claim charge for all amounts of life insurance above the pooling level in the PRERETIREMENT INSURANCE plan. The pooling level for life insurance shall be \$500,000.
- B. A pooled claim charge for all amounts of AD&D insurance above the pooling level in the PRERETIREMENT INSURANCE plan. The pooling level for AD&D insurance shall be \$500,000.
- C. Up to the pooling level, all reported death and AD&D claims under the PRERETIREMENT INSURANCE plan which have a date of death during the POLICY YEAR, including any interest paid to beneficiaries on such claims.
- D. Up to the pooling level, all reported death and AD&D claims under the PRERETIREMENT INSURANCE plan which have a date of death in a prior POLICY YEAR and were reported after compilation of the previous policy year report, including any interest paid to beneficiaries on such claims.
- E. Up to the pooling level, all living benefit claims under the PRERETIREMENT INSURANCE plan which have a date of payment during the POLICY YEAR, including any interest paid on such claims.
- F. A pooled claim charge for all amounts of life insurance above the pooling level in the POSTRETIREMENT INSURANCE plan. The pooling level for life insurance shall be \$500,000.
- G. Up to the pooling level, all reported death claims under the POSTRETIREMENT INSURANCE plan which have a date of death during the POLICY YEAR, including any interest paid to beneficiaries on such claims.
- H. Up to the pooling level, all reported death claims under the POSTRETIREMENT INSURANCE plan which have a date of death in a prior POLICY YEAR and were reported after compilation of the previous POLICY YEAR report, including any interest paid to beneficiaries on such claims.
- I. Up to the pooling level, all living benefit claims under the POSTRETIREMENT INSURANCE plan which have a date of payment during the POLICY YEAR, including any interest paid on such claims.

- J. Up to the pooling level, the reserves on the last day of the POLICY YEAR less the reserves on the last day of the previous POLICY YEAR for reported disability claims, such reserves to be established in accordance with Section 4.6.D. and Exhibit I of this agreement (Disability Claim Reserves) for insured EMPLOYEES whose onset of disability occurred prior to the most recent policy anniversary.
- K. A conversion charge assessed by MINNESOTA LIFE to cover anticipated future excess mortality on terminating EMPLOYEES converting to individual insurance policies during the POLICY YEAR.
- L. All reported death claims under the spouse and dependent insurance plan which have a date of death during the POLICY YEAR, including any interest paid to beneficiaries on such claims.
- M. All reported death claims under the spouse and dependent insurance plan which have a date of death in a prior POLICY YEAR and were reported after compilation of the previous policy year report, including any interest paid to beneficiaries on such claims.
- N. All living benefit claims under the spouse and dependent insurance plan which have a date of payment during the POLICY YEAR, including any interest paid on such claims.
- O. A conversion charge assessed by MINNESOTA LIFE to cover anticipated future excess mortality on spouses and dependents converting to individual insurance policies during the POLICY YEAR.

Death, AD&D and living benefit claims include claims for EMPLOYEES whose coverage was being continued under the waiver of premium disability benefit at the time of death or of living benefit payment.

Death, AD&D and disability claims included in the annual experience calculation for a given POLICY YEAR shall include all claims reported to MINNESOTA LIFE prior to March 1 of the following POLICY YEAR. Living benefit claims included in the annual experience calculation for a given POLICY YEAR shall include all claims paid during the POLICY YEAR.

## EXHIBIT C

### STATE PREMIUM TAX CHARGE

The STATE premium tax charge to the plans shall be equal to the annual license fee paid by MINNESOTA LIFE to the State of Wisconsin on plan premiums for the POLICY YEAR. Section 76.65 of the Wisconsin Statutes sets the annual Wisconsin license fee for "foreign insurers" at two percent of gross premiums less experience credits paid out or applied to pay premiums within the year following the year they were apportioned.

The charge for a POLICY YEAR for PRERETIREMENT INSURANCE shall be equal to two percent (2%) of the following:

- A. EMPLOYEE premium contributions for the POLICY YEAR,
- B. Plus any withdrawals from the premium deposit fund and the contingent liability reserve cleared as premium for PRERETIREMENT INSURANCE,
- C. Less the dividend deposited in the contingent liability reserve, except that the credit for this deposit cannot exceed the amount of the withdrawal from the contingent liability reserve to pay premiums for POSTRETIREMENT INSURANCE for the POLICY YEAR.

The charge for the POLICY YEAR for POSTRETIREMENT INSURANCE shall be equal to two percent of the withdrawals from the contingent liability reserve and the premium deposit fund cleared as premium for POSTRETIREMENT INSURANCE.

The charge for the POLICY YEAR for the spouse and dependent insurance shall be equal to two percent of the POLICY YEAR PREMIUM for spouse and dependent insurance.

## EXHIBIT D

### MINNESOTA LIFE EXPENSE CHARGE

The MINNESOTA LIFE expense charge (including a charge for reinsurance expenses) for a POLICY YEAR shall be as follows:

- A. For PRERETIREMENT INSURANCE on the STATE EMPLOYEE PLAN, 3.60% of POLICY YEAR PREMIUM.
- B. For PRERETIREMENT INSURANCE on the LOCAL GOVERNMENT EMPLOYEE PLAN, 6.90% of POLICY YEAR PREMIUM.
- C. For POSTRETIREMENT INSURANCE on the STATE EMPLOYEE PLAN, \$.15 per \$1,000 of POSTRETIREMENT INSURANCE in force on December 31 of the POLICY YEAR plus 1.0% of POSTRETIREMENT INSURANCE claim charges for the POLICY YEAR.
- D. For POSTRETIREMENT INSURANCE on the LOCAL GOVERNMENT EMPLOYEE PLAN, \$.30 per \$1,000 of POSTRETIREMENT INSURANCE in force on December 31 of the POLICY YEAR plus 2.0% of POSTRETIREMENT INSURANCE claim charges for the POLICY YEAR.
- E. For the STATE SPOUSE AND DEPENDENT PLAN, 2.30% of POLICY YEAR PREMIUM.
- F. For the LOCAL GOVERNMENT SPOUSE AND DEPENDENT PLAN, 4.65% of POLICY YEAR PREMIUM.
- G. For reinsurance expenses of MINNESOTA LIFE related to EMPLOYEE insurance, 0.01% of all POLICY YEAR PREMIUM for PRERETIREMENT INSURANCE.
- H. For reinsurance expenses of the reinsurers, 0.25% of the reinsured portion of POLICY YEAR PREMIUM for PRERETIREMENT INSURANCE.
- I. The actual amounts of any special or unusual costs incurred by MINNESOTA LIFE under the direction and authorization of the STATE. This charge shall be excluded from the MINNESOTA LIFE expense charge only for the purposes of the stop-loss provision described in Section 4.5 and Exhibit F of this agreement.

## EXHIBIT D

### MINNESOTA LIFE EXPENSE CHARGE

- J. The actual amounts of any costs, disbursements or fees paid by MINNESOTA LIFE as a result of and in defense of legal actions resulting from payment to the Department of sums certified and requested under Wis. Stats. §40.08(4). This charge shall include amounts paid to the STATE as reimbursement of its costs. This charge shall be excluded from the MINNESOTA LIFE expense charge only for the purposes of the stop-loss provision described in Section 4.5 and Exhibit F of this agreement.
- K. A charge or credit which makes the POLICY YEAR financial results after federal income tax for MINNESOTA LIFE and the reinsurers equal to what the results would be in the absence of Section 848 of the Internal Revenue Code of 1986 as amended (as in effect on September 4, 1991). This section, titled "Capitalization of Certain Policy Acquisition Expenses," sets forth what is commonly referred to as the DAC tax for life insurers. The amount of the POLICY YEAR charge or credit shall be calculated based on the amount by which IRC Section 848 decreases or increases POLICY YEAR deductible expenses for federal income tax purposes.

The charge set forth in this exhibit is based on the administrative responsibilities performed by MINNESOTA LIFE on the effective date of this agreement. Assumption of additional responsibilities by MINNESOTA LIFE shall be subject to adjustments to the charge as agreed to by the STATE and MINNESOTA LIFE.

The charge set forth in this exhibit is based on the EMPLOYEE and EMPLOYER premium contribution rates which become effective on March 1, 2004 on the STATE EMPLOYEE PLAN and the STATE SPOUSE AND DEPENDENT PLAN, the rates which become effective July 1, 2004 on the LOCAL GOVERNMENT EMPLOYEE PLAN, and the rates in effect on January 1, 2004 on the LOCAL GOVERNMENT SPOUSE AND DEPENDENT PLAN (the base rates). For any period during which premium rates other than the base rates are in effect, the MINNESOTA LIFE expense charge shall be adjusted in order to maintain a fixed relationship between the MINNESOTA LIFE expense charge and the POLICY YEAR PREMIUM calculated using the base rates.

Except as described in the preceding paragraphs or as otherwise authorized by the STATE, no change shall be made in the MINNESOTA LIFE expense charge prior to January 1, 2009. After the expiration of that guarantee period, no change shall be made in the MINNESOTA LIFE expense charge unless notice is given to the STATE at least 90 days prior to the beginning of the POLICY YEAR in which the change shall apply.

## EXHIBIT E

### RISK CHARGE

The annual risk charge for the EMPLOYEE insurance plans shall be equal to the sum of the following items:

#### For the STATE EMPLOYEE PLAN

- A. No more than .675% and no less than 0.0% of the total POLICY YEAR PREMIUM in each POLICY YEAR to accumulate the risk reserve as described below.
- B. 1.35% of the reinsured POLICY YEAR PREMIUM for each reinsurer whose accumulated risk reserve is less than its proportionate share (equal to its reinsurance percentage) of the accumulated risk reserve.

#### For the LOCAL GOVERNMENT EMPLOYEE PLAN

- A. No more than .7125% and no less than 0.0% of the total POLICY YEAR PREMIUM in each POLICY YEAR to accumulate the risk reserve as described below.
- B. 1.425% of the reinsured POLICY YEAR PREMIUM for each reinsurer whose accumulated risk reserve is less than its proportionate share (equal to its reinsurance percentage) of the accumulated risk reserve.

The annual risk charge for the EMPLOYEE insurance plans shall be accumulated as a risk reserve until the risk reserve has accumulated to a maximum. In determining the maximum for each of the plans, the following definitions shall be used:

- "Largest POLICY YEAR PREMIUM" means the largest POLICY YEAR PREMIUM for any single POLICY YEAR during the plan's existence.
- "Largest historical premium" means the largest POLICY YEAR PREMIUM for a single POLICY YEAR prior to the effective date of this agreement.
- "Maximum historical risk reserve" means the maximum risk reserve calculated prior to the effective date of this agreement.

The maximum accumulated risk reserve for the STATE EMPLOYEE PLAN shall equal the maximum historical risk reserve plus 3.375% of the largest POLICY YEAR PREMIUM in excess of the largest historical premium.

The maximum accumulated risk reserve for the LOCAL GOVERNMENT EMPLOYEE PLAN shall equal the maximum historical risk reserve plus 3.5625% of the largest POLICY YEAR PREMIUM in excess of the largest historical premium.

The risk reserve shall be diminished by a catastrophic loss as described in Section 4.5 and Exhibit F of this agreement (Stop-Loss Provision). However, in no event shall a catastrophic loss reduce the risk reserve below zero. If the catastrophic loss exceeds the risk reserve, the excess amount of the catastrophic loss shall be absorbed by MINNESOTA LIFE and the reinsurers. If a catastrophic loss shall diminish the risk reserve, MINNESOTA LIFE shall restore the risk reserve to its former level through additional risk charges. However, the risk charge in any one year shall not exceed the amount described above. In the event of termination of the policy, all risk reserves shall be retained by MINNESOTA LIFE and the reinsurers.

On the spouse and dependent insurance plan, the annual risk charge shall be 0.2% of POLICY YEAR PREMIUM.

No change shall be made in the risk charge unless notice is given to the STATE at least 90 days prior to the beginning of a POLICY YEAR in which the change shall apply.

EXHIBIT F

STOP-LOSS PROVISION

EMPLOYEE Insurance

For the EMPLOYEE insurance plans, MINNESOTA LIFE shall compute a monthly stop-loss limit by applying the schedule of monthly rates shown below to the amounts of preretirement and postretirement life insurance in force under the policy.

SCHEDULE OF MONTHLY STOP-LOSS RATES PER \$1,000 OF INSURANCE

(Rates for Insurance of a Greater or Lesser Amount will be Proportionate)

STATE EMPLOYEE PLAN

<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>
17	\$.07	45	\$.20	73	\$ 2.57
18	.07	46	.23	74	2.87
19	.07	47	.26	75	3.09
20	.07	48	.27	76	3.34
21	.07	49	.28	77	3.66
22	.07	50	.29	78	3.94
23	.07	51	.30	79	4.26
24	.07	52	.32	80	4.66
25	.07	53	.32	81	5.20
26	.07	54	.32	82	5.91
27	.07	55	.34	83	6.94
28	.07	56	.35	84	7.77
29	.07	57	.36	85	8.45
30	.07	58	.38	86	9.16
31	.07	59	.39	87	9.99
32	.08	60	.42	88	10.50
33	.09	61	.45	89	11.23
34	.09	62	.49	90	12.01
35	.09	63	.56	91	12.79
36	.10	64	.64	92	13.57
37	.11	65	.75	93	14.35
38	.11	66	.87	94	15.14
39	.12	67	1.05	95	15.97
40	.12	68	1.26	96	17.55
41	.13	69	1.54	97	19.32
42	.14	70	1.79	98	45.70
43	.16	71	2.04	99	72.85
44	.18	72	2.29	100	83.33

EXHIBIT F

STOP-LOSS PROVISION (cont'd)

SCHEDULE OF MONTHLY STOP-LOSS RATES PER \$1,000 OF INSURANCE

(Rates for Insurance of a Greater or Lesser Amount will be Proportionate)

LOCAL GOVERNMENT EMPLOYEE PLAN

<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>
17	\$.06	45	\$ .14	73	\$ 2.62
18	.06	46	.15	74	3.06
19	.06	47	.17	75	3.44
20	.06	48	.20	76	3.89
21	.06	49	.23	77	4.35
22	.06	50	.27	78	4.86
23	.06	51	.30	79	5.39
24	.06	52	.33	80	5.94
25	.06	53	.36	81	6.52
26	.06	54	.40	82	7.06
27	.06	55	.44	83	7.66
28	.06	56	.47	84	8.33
29	.06	57	.50	85	9.08
30	.06	58	.53	86	9.91
31	.06	59	.56	87	10.75
32	.07	60	.60	88	11.65
33	.07	61	.64	89	12.70
34	.08	62	.70	90	13.82
35	.08	63	.75	91	15.02
36	.09	64	.81	92	16.25
37	.10	65	.91	93	17.50
38	.10	66	1.09	94	18.80
39	.11	67	1.26	95	20.15
40	.11	68	1.42	96	21.55
41	.12	69	1.50	97	23.00
42	.13	70	1.70	98	45.70
43	.13	71	1.89	99	72.85
44	.14	72	2.24	100	83.33

## EXHIBIT F

### STOP-LOSS PROVISION (cont'd)

The schedule of monthly premium rates shown in the Addendum, "Premium Rates," of the policy shall be applied to the PRERETIREMENT INSURANCE in force to produce the estimated monthly POLICY YEAR PREMIUM. Monthly, the POLICY YEAR PREMIUM paid for that month shall be divided by the estimated monthly premium. The resulting proportion shall be multiplied by the estimated monthly stop-loss limit for PRERETIREMENT INSURANCE. The product shall be accumulated for all twelve months in the POLICY YEAR and shall be defined as the "POLICY YEAR stop-loss limit for PRERETIREMENT INSURANCE."

Monthly, the POSTRETIREMENT INSURANCE in force shall be divided by the POSTRETIREMENT INSURANCE in force used in determining the estimated monthly stop-loss limit for POSTRETIREMENT INSURANCE. The resulting proportion shall be multiplied by the estimated monthly stop-loss limit for POSTRETIREMENT INSURANCE. The product shall be accumulated for all twelve months in the POLICY YEAR and shall be referred to as the POLICY YEAR stop-loss limit for POSTRETIREMENT INSURANCE.

The POLICY YEAR stop-loss limit for the EMPLOYEE insurance plans shall be equal to the sum of the monthly stop-loss limits. The POLICY YEAR stop-loss limit for EMPLOYEE insurance is approximately 125% of POLICY YEAR expected claims.

For the purpose of this section and pursuant to Exhibit B of this agreement (Claim Charges), claim charges for the EMPLOYEE insurance plans shall include items A, B, and F (life and AD&D pooled claim charges), items C and G (death and AD&D claims), items E and I (living benefit claims), item J (disability claim reserves), and item K (conversion charge). In subsequent annual experience reports, items C and G of these claim charges shall be adjusted to reflect claims which have a date of death or dismemberment in the POLICY YEAR and were reported after compilation of the POLICY YEAR report. If these claim charges in a given POLICY YEAR exceed the POLICY YEAR stop-loss limit less STATE premium taxes, the risk charge, and the MINNESOTA LIFE expense charge, such excess shall be defined as a "catastrophic loss". A catastrophic loss shall not be charged against the POLICY YEAR PREMIUM. If the policy is discontinued, all disability claim reserves used in calculating item G of the claim charges shall for the purpose of this section continue to be calculated in accordance with Exhibit I of this agreement.

#### Spouse and Dependent Insurance

The POLICY YEAR stop-loss limit for the STATE SPOUSE AND DEPENDENT insurance plan shall be equal to 130% of POLICY YEAR PREMIUM. The POLICY YEAR stop-loss limit for the LOCAL GOVERNMENT SPOUSE AND DEPENDENT insurance plan shall be equal to 145% of POLICY YEAR PREMIUM.

For the purpose of this section and pursuant to Exhibit B of this agreement (Claim Charges), claim charges for the spouse and dependent insurance plans shall include item L (death claims), item N (living benefit claims), and item O (conversion charge). In subsequent annual experience reports, item L of these claim charges shall be adjusted to reflect claims which have a date of death in the POLICY YEAR and were reported after compilation of the POLICY YEAR report. If these claim charges in a given POLICY YEAR exceed the POLICY YEAR stop-loss limit less STATE premium taxes, the risk charge, and the MINNESOTA LIFE expense charge, such excess shall be defined as a "catastrophic loss". A catastrophic loss shall not be charged against the POLICY YEAR PREMIUM.

## EXHIBIT G

### INVESTMENT YEAR INTEREST CREDITING METHOD FOR RESERVES

At the end of each calendar year MINNESOTA LIFE shall establish the interest rate, after investment expense, earned on the net increase in its general account invested ASSETS in that year. Such rate shall be re-established at the end of each subsequent calendar year to reflect any reinvestment of such ASSETS. Interest rates shall be established for the net increase in the invested ASSETS in each of the ten most recent calendar years. A single interest rate shall be established for all ASSETS originating ten years or more before the most recent calendar year.

For the purpose of calculating interest credits and charges on reserves, the average date of payment means the date which represents the arithmetic mean of all the payment dates of the specified item, weighted by the size of each payment. A payment date is the date on which a payment is received by or disbursed by MINNESOTA LIFE.

#### Contingent Liability Reserve

Deposits to the contingent liability reserve for the EMPLOYEE insurance plans occur annually on the last day of the POLICY YEAR. The contingent liability reserve established by this agreement shall be subdivided into net increments (deposits plus interest credits less withdrawals less interest charges) occurring in each POLICY YEAR in the most recent ten policy years. Any reserve accrued before the ten most recent policy years shall be treated as a single increment.

On each policy anniversary, the interest rates in order of recency shall be applied to the annual increments to the contingent liability reserve in order of recency. The total interest credits and charges on the contingent liability reserve at the end of each POLICY YEAR shall be on the following basis:

- A. Interest credits on each increment to the contingent liability reserve for prior policy years.
- B. Interest charges on postretirement death and living benefit claims and interest on such claims paid during the POLICY YEAR at the current POLICY YEAR interest rate, calculated from the average date of claim payment for POSTRETIREMENT INSURANCE during the POLICY YEAR until the last day of the POLICY YEAR.
- C. Interest charges on the MINNESOTA LIFE expense charge, the STATE premium taxes, and the pooled claim charge for POSTRETIREMENT INSURANCE during the POLICY YEAR at the current POLICY YEAR interest rate, calculated from July 1 of the POLICY YEAR until the last day of the POLICY YEAR on the assumption that, on the average, these charges are incurred on July 1 of the POLICY YEAR.

## EXHIBIT G

### INVESTMENT YEAR INTEREST CREDITING METHOD FOR RESERVES (cont'd)

- D. Interest charges on the withdrawals from the contingent liability reserve for PRERETIREMENT INSURANCE at the current POLICY YEAR interest rate, calculated from the average date of payment of death, AD&D and living benefit claims for PRERETIREMENT INSURANCE during the POLICY YEAR as specified in Exhibit A of this agreement (Annual Experience Calculation) until the last day of the POLICY YEAR.

#### Premium Deposit Fund

Deposits to the premium deposit fund shall occur as premium contributions are received by MINNESOTA LIFE, as described in Article IV, Section 4.3, "Responsibilities of MINNESOTA LIFE and the STATE." Withdrawals from the premium deposit fund of the converted values of postretirement life insurance shall be made on the first premium payment date for the health insurance or long-term care insurance to which the withdrawn value is applied for each insured electing this option. The premium deposit fund established by this agreement shall be subdivided into net increments (deposits plus interest credits less withdrawals less interest charges) occurring in each POLICY YEAR in the most recent ten policy years. Any funds accrued before the ten most recent policy years shall be treated as a single increment.

On each policy anniversary, the interest rates in order of recency shall be applied to the annual increments to the premium deposit fund in order of recency. The total interest credits and charges on the premium deposit fund at the end of each POLICY YEAR shall be on the following basis:

- A. Interest credits on each increment to the premium deposit fund for prior policy years.
- B. Interest credits on premium deposit fund deposits during the current POLICY YEAR at the current POLICY YEAR interest rate calculated from the average date of deposit during the POLICY YEAR until the last day of the POLICY YEAR.
- C. Interest charges on the withdrawals from the premium deposit fund of the converted values of postretirement life insurance at the current POLICY YEAR interest rate, calculated from the average date of withdrawal during the POLICY YEAR until the last day of the POLICY YEAR.
- D. Interest charges on the withdrawals from the premium deposit fund for PRERETIREMENT INSURANCE at the current POLICY YEAR interest rate, calculated from the average date of payment of death, AD&D and living benefit claims for PRERETIREMENT INSURANCE during the POLICY YEAR as specified in Exhibit A of this agreement (Annual Experience Calculation) until the last day of the POLICY YEAR.

## EXHIBIT G

### INVESTMENT YEAR INTEREST CREDITING METHOD FOR RESERVES (cont'd)

- E. Interest charges on the withdrawals from the premium deposit fund for POSTRETIREMENT INSURANCE at the current POLICY YEAR interest rate, calculated from the average date of payment of death and living benefit claims for POSTRETIREMENT INSURANCE during the POLICY YEAR until the last day of the POLICY YEAR.

#### Disability Claim Reserve

Increments in the reserves for reported disability claims, as described in Exhibit B of this agreement (Claim Charges), shall occur annually on the last day of the POLICY YEAR. The total disability claim reserves established by this agreement shall be subdivided into increments occurring in each POLICY YEAR in the ten most recent policy years. All annual increments before the ten most recent policy years shall be treated as a single increment.

On each policy anniversary, the interest rates in order of recency shall be applied to the disability claim reserve increments in order of recency. The total interest credits on the disability claim reserve at the end of each POLICY YEAR shall equal the sum of the interest credits on increments for prior policy years.

#### Stabilization Reserve

Deposits to the stabilization reserve for the spouse and dependent insurance plan occur annually on the last day of the POLICY YEAR. The stabilization reserve established by this agreement shall be subdivided into net increments (deposits plus interest credits less withdrawals less interest charges) occurring in each POLICY YEAR in the most recent ten policy years. Any reserve or deficit accrued before the ten most recent policy years shall be treated as a single increment.

On each policy anniversary, the interest rates in order of recency shall be applied to the annual increments to the stabilization reserve in order of recency. The total interest credits and charges on the stabilization reserve at the end of each POLICY YEAR shall be on the following basis:

- A. Interest credits on each increment to the stabilization reserve for prior policy years.
- B. Interest charges on the withdrawals from the stabilization reserve at the current POLICY YEAR interest rate calculated from the average date of payment of death and living benefit claims under the spouse and dependent insurance plan during the POLICY YEAR as specified in Exhibit A of this agreement (Annual Experience Calculation) until the last day of the POLICY YEAR.

## EXHIBIT H

### INTEREST CREDITS AND CHARGES ON CASH FLOW

This exhibit describes the method for determining interest credits and charges on cash flow, including all receipts and disbursements by MINNESOTA LIFE. For the purpose of calculating interest credits and charges on cash flow, the average date of payment means the date which represents the arithmetic mean of all the payment dates of the specified item, weighted by the size of each payment. A payment date is the date on which a payment is received by or disbursed by MINNESOTA LIFE.

#### PRERETIREMENT INSURANCE

On each policy anniversary, interest credits and charges for PRERETIREMENT INSURANCE shall be calculated at the interest rates declared by MINNESOTA LIFE on the following basis:

- A. Interest credits on EMPLOYEE premiums calculated from their average date of payment to MINNESOTA LIFE during the POLICY YEAR until the last day of the POLICY YEAR.
- B. Interest charges on preretirement death, AD&D and living benefit claims and interest on such claims paid during the POLICY YEAR, calculated from their average date of payment during the POLICY YEAR until the last day of the POLICY YEAR.
- C. Interest charges on the MINNESOTA LIFE expense charge, the STATE internal administration expense charge, the actuarial service charge, the STATE premium taxes, the risk charge, the pooled claim charge, and the conversion charge during the POLICY YEAR, calculated from July 1 of the POLICY YEAR until the last day of the POLICY YEAR on the assumption that, on the average, these charges are incurred on July 1 of the POLICY YEAR.
- D. Interest credits on the withdrawals from the contingent liability reserve and the premium deposit fund for preretirement insurance as specified in Exhibit A of this agreement (Annual Experience Calculation), calculated from the average date of payment calculated in "B" above until the last day of the policy year.

#### Spouse and Dependent Insurance

On each policy anniversary, interest credits and charges on the spouse and dependent insurance plan shall be calculated at the interest rates declared by MINNESOTA LIFE on the following basis:

- A. Interest credits on premiums calculated from their average date of payment to MINNESOTA LIFE during the POLICY YEAR until the last day of the POLICY YEAR.

- B. Interest charges on spouse and dependent death and living benefit claims and interest on such claims paid during the POLICY YEAR, calculated from their average date of payment during the POLICY YEAR until the last day of the POLICY YEAR.
- C. Interest charges on the MINNESOTA LIFE expense charge, the STATE internal administration expense charge, the actuarial service charge, the STATE premium taxes, the risk charge, and the conversion charge during the POLICY YEAR, calculated from July 1 of the POLICY YEAR until the last day of the POLICY YEAR on the assumption that, on the average, these charges are incurred on July 1 of the POLICY YEAR.
- D. Interest credits on the withdrawals from the stabilization reserve as specified in Exhibit A of this agreement (Annual Experience Calculation), calculated from the average date of payment calculated in "B" above until the last day of the POLICY YEAR.

## EXHIBIT I

### DISABLED LIFE RESERVE FOR \$1,000 OF INSURANCE

**54% of the 1970 Intercompany Group Life Disability Valuation Table  
Interest at 7.0% Per Annum**

#### Duration Less than Ten Years

Duration (Years)	Central Age at Disablement									
	17	22	27	32	37	42	47	52	57	62
0	71	105	145	181	210	234	254	261	243	132
0.75	74	111	153	191	220	247	268	275	255	139
1	72	105	142	177	205	232	254	262	243	122
1.25	71	102	136	170	198	224	246	253	233	105
1.5	72	102	134	166	193	219	241	247	225	90
1.75	73	104	134	166	192	217	238	243	218	75
2	75	105	134	166	192	215	235	239	211	59
3	86	113	139	169	192	213	228	226	186	0
4	99	123	146	173	195	211	222	214	161	0
5	109	130	151	176	195	208	215	201	130	0
6	116	134	153	177	195	205	208	185	93	0
7	122	138	156	179	196	203	200	168	51	0
8	125	140	159	183	197	203	193	149	0	0
9	129	143	162	186	198	201	186	129	0	0

#### Duration 10 Years and Longer

Attained Age	Reserve		Attained Age	Reserve		Attained Age	Reserve
27	132		40	181		53	198
28	134		41	185		54	195
29	137		42	189		55	191
30	139		43	192		56	186
31	143		44	195		57	179
32	146		45	197		58	170
33	150		46	199		59	158
34	153		47	200		60	144
35	157		48	201		61	127
36	162		49	202		62	105
37	167		50	202		63	78
38	172		51	201		64	43
39	177		52	200			

EXHIBIT J

PERFORMANCE STANDARDS AND PENALTIES

QUANTITATIVE STANDARDS

PERFORMANCE MEASURE	PENALTY	
	For each whole percentage point below the performance standard	Maximum
Pay 95% of all death and dismemberment claims within 14 calendar days after receipt of all necessary proof	\$4,000	\$20,000
Mail 99% of all initial requests for death certificates, verification of beneficiary forms, medical evidence of dismemberment or loss of use forms, and any other required documentation within 14 calendar days of receipt of Notice of Death (ET-6301) and other documentation from the Department	\$3,000	\$15,000
Approve or reject 99% of all applications for open enrollment (other than deferred applications) within 14 calendar days after the receipt of the completed application	\$3,000	\$15,000
Approve or request additional information deemed necessary for making an underwriting decision on 98% of all applications requiring evidence of insurability within 14 calendar days after receipt of the completed application	\$3,000	\$15,000
Make a final disposition of 95% of all evidence of insurability applications (with notification mailed to the applicant) within 10 calendar days after receipt of all necessary information	\$4,000	\$20,000
For new waiver of premium disability claims which are received by the Department more than 90 days after the last day for which earnings were paid, approve or request additional information for 99% of such claims within 14 calendar days after receipt of claim	\$3,000	\$15,000
Make final disposition of 75% of new waiver of premium disability claims other than those included above within 30 calendar days after receipt of all necessary information	\$4,000	\$20,000
Make final disposition of 85% of continuing waiver of premium disability claims within 30 calendar days after receipt of all necessary information	\$3,000	\$15,000
Include 95% of all Life to Health applications, amendments and cancellations received by the fifth day of a month in the remittance due on the twentieth day of the same month	\$3,000	\$15,000

EXHIBIT J

PERFORMANCE STANDARD AND PENALTIES

QUALITATIVE STANDARDS

<b>SATISFACTION MEASURE</b>	<b>PENALTY</b>	
	<b>For each whole percentage point below the performance standard</b>	<b>Maximum</b>
<b>90% satisfaction with overall service</b>	<b>\$4,000</b>	<b>\$20,000</b>
<b>90% satisfaction with processing of enrollments and evidence of insurability</b>	<b>\$2,000</b>	<b>\$10,000</b>
<b>90% satisfaction with processing of claims</b>	<b>\$2,000</b>	<b>\$10,000</b>
<b>90% satisfaction with support and training</b>	<b>\$2,000</b>	<b>\$10,000</b>

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## EXHIBIT K

### A. STANDARD TERMS AND CONDITIONS (REQUEST FOR BIDS/PROPOSALS)

- 1.0 SPECIFICATIONS:** The specifications in this request are the minimum acceptable. When specific manufacturer and model numbers are used, they are to establish a design, type of construction, quality, functional capability and/or performance level desired. When alternates are bid/proposed, they must be identified by manufacturer, stock number, and such other information necessary to establish equivalency. The State of Wisconsin shall be the sole judge of equivalency. Bidders/proposers are cautioned to avoid bidding alternates to the specifications which may result in rejection of their bid/proposal.
- 2.0 DEVIATIONS AND EXCEPTIONS:** Deviations and exceptions from original text, terms, conditions, or specifications shall be described fully, on the bidder's/proposer's letterhead, signed, and attached to the request. In the absence of such statement, the bid/proposal shall be accepted as in strict compliance with all terms, conditions, and specifications and the bidders/proposers shall be held liable.
- 3.0 QUALITY:** Unless otherwise indicated in the request, all material shall be first quality. Items which are used, demonstrators, obsolete, seconds, or which have been discontinued are unacceptable without prior written approval by the State of Wisconsin.
- 4.0 QUANTITIES:** The quantities shown on this request are based on estimated needs. The state reserves the right to increase or decrease quantities to meet actual needs.
- 5.0 DELIVERY:** Deliveries shall be F.O.B. destination freight prepaid and included unless otherwise specified.
- 6.0 PRICING AND DISCOUNT:** The State of Wisconsin qualifies for governmental discounts and its educational institutions also qualify for educational discounts. Unit prices shall reflect these discounts.
  - 6.1** Unit prices shown on the bid/proposal or contract shall be the price per unit of sale (e.g., gal., cs., doz., ea.) as stated on the request or contract. For any given item, the quantity multiplied by the unit price shall establish the extended price, the unit price shall govern in the bid/proposal evaluation and contract administration.
  - 6.2** Prices established in continuing agreements and term contracts may be lowered due to general market conditions, but prices shall not be subject to increase for ninety (90) calendar days from the date of award. Any increase proposed shall be submitted to the contracting agency thirty (30) calendar days before the proposed effective date of the price increase, and shall be limited to fully documented cost increases to the contractor

which are demonstrated to be industrywide. The conditions under which price increases may be granted shall be expressed in bid/proposal documents and contracts or agreements.

**6.3** In determination of award, discounts for early payment will only be considered when all other conditions are equal and when payment terms allow at least fifteen (15) days, providing the discount terms are deemed favorable. All payment terms must allow the option of net thirty (30).

**7.0 UNFAIR SALES ACT:** Prices quoted to the State of Wisconsin are not governed by the Unfair Sales Act.

**8.0 ACCEPTANCE-REJECTION:** The State of Wisconsin reserves the right to accept or reject any or all bids/proposals, to waive any technicality in any bid/proposal submitted, and to accept any part of a bid/proposal as deemed to be in the best interests of the State of Wisconsin.

Bids/proposals MUST be date and time stamped by the soliciting purchasing office on or before the date and time that the bid/proposal is due. Bids/proposals date and time stamped in another office will be rejected. Receipt of a bid/proposal by the mail system does not constitute receipt of a bid/proposal by the purchasing office.

**9.0 METHOD OF AWARD:** Award shall be made to the lowest responsible, responsive bidder unless otherwise specified.

**10.0 ORDERING:** Purchase orders or releases via purchasing cards shall be placed directly to the contractor by an authorized agency. No other purchase orders are authorized.

**11.0 PAYMENT TERMS AND INVOICING:** The State of Wisconsin normally will pay properly submitted vendor invoices within thirty (30) days of receipt providing goods and/or services have been delivered, installed (if required), and accepted as specified.

Invoices presented for payment must be submitted in accordance with instructions contained on the purchase order including reference to purchase order number and submittal to the correct address for processing.

A good faith dispute creates an exception to prompt payment.

**12.0 TAXES:** The State of Wisconsin and its agencies are exempt from payment of all federal tax and Wisconsin state and local taxes on its purchases except Wisconsin excise taxes as described below.

The State of Wisconsin, including all its agencies, is required to pay the Wisconsin excise or occupation tax on its purchase of beer, liquor, wine, cigarettes, tobacco products, motor vehicle fuel and general aviation fuel. However, it is exempt from payment of Wisconsin sales or use tax on its purchases. The State of Wisconsin may be subject to other states' taxes on its purchases in that state depending on the laws of that state. Contractors performing construction activities are required to pay state use tax on the cost of materials.

**13.0 GUARANTEED DELIVERY:** Failure of the contractor to adhere to delivery schedules as specified or to promptly replace rejected materials shall render the contractor liable for all costs in excess of the contract price when alternate procurement is necessary. Excess costs shall include the administrative costs.

**14.0 ENTIRE AGREEMENT:** These Standard Terms and Conditions shall apply to any contract or order awarded as a result of this request except where special requirements are stated elsewhere in the request; in such cases, the special requirements shall apply. Further, the written contract and/or order with referenced parts and attachments shall constitute the entire agreement and no other terms and conditions in any document, acceptance, or acknowledgment shall be effective or binding unless expressly agreed to in writing by the contracting authority.

**15.0 APPLICABLE LAW:** This contract shall be governed under the laws of the State of Wisconsin. The contractor shall at all times comply with and observe all federal and state laws, local laws, ordinances, and regulations which are in effect during the period of this contract and which in any manner affect the work or its conduct. The State of Wisconsin reserves the right to cancel any contract with a federally debarred contractor or a contractor which is presently identified on the list of parties excluded from federal procurement and non-procurement contracts.

**16.0 ANTITRUST ASSIGNMENT:** The contractor and the State of Wisconsin recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the State of Wisconsin (purchaser). Therefore, the contractor hereby assigns to the State of Wisconsin any and all claims for such overcharges as to goods, materials or services purchased in connection with this contract.

**17.0 ASSIGNMENT:** No right or duty in whole or in part of the contractor under this contract may be assigned or delegated without the prior written consent of the State of Wisconsin.

**18.0 WORK CENTER CRITERIA:** A work center must be certified under s. 16.752, Wis. Stats., and must ensure that when engaged in the production of materials, supplies or equipment or the performance of contractual services, not less than seventy-five percent (75%) of the total hours of direct labor are performed by severely handicapped individuals.

**19.0 NONDISCRIMINATION / AFFIRMATIVE ACTION:** In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in s. 51.01(5), Wis. Stats., sexual orientation as defined in s. 111.32(13m), Wis. Stats., or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Except with respect to sexual orientation, the contractor further agrees to take affirmative action to ensure equal employment opportunities.

**19.1** Contracts estimated to be over twenty-five thousand dollars (\$25,000) require the submission of a written affirmative action plan by the contractor. An exemption occurs from this requirement if the contractor has a workforce of less than twenty-five (25) employees. Within fifteen (15) working days after the contract is awarded, the contractor must submit the plan to the contracting state agency for approval. Instructions on preparing the plan and technical assistance regarding this clause are available from the contracting state agency.

**19.2** The contractor agrees to post in conspicuous places, available for employees and applicants for employment, a notice to be provided by the contracting state agency that sets forth the provisions of the State of Wisconsin's nondiscrimination law.

**19.3** Failure to comply with the conditions of this clause may result in the contractor's becoming declared an "ineligible" contractor, termination of the contract, or withholding of payment.

**20.0 PATENT INFRINGEMENT:** The contractor selling to the State of Wisconsin the articles described herein guarantees the articles were manufactured or produced in accordance with applicable federal labor laws. Further, that the sale or use of the articles described herein will not infringe any United States patent. The contractor covenants that it will at its own expense defend every suit which shall be brought against the State of Wisconsin (provided that such contractor is promptly notified of such suit, and all papers therein are delivered to it) for any alleged infringement of any patent by reason of the sale or use of such articles, and agrees that it will pay all costs, damages, and profits recoverable in any such suit.

**21.0 SAFETY REQUIREMENTS:** All materials, equipment, and supplies provided to the State of Wisconsin must comply fully with all safety requirements as set forth by the Wisconsin Administrative Code, the Rules of the Industrial Commission on Safety, and all applicable OSHA Standards.

**22.0 WARRANTY:** Unless otherwise specifically stated by the bidder/proposer, equipment purchased as a result of this request shall be warranted against defects by the bidder/proposer for one (1) year from date of receipt. The equipment manufacturer's standard warranty shall apply as a minimum and must be honored by the contractor.

**23.0 INSURANCE RESPONSIBILITY:** The contractor performing services for the State of Wisconsin shall:

**23.1** Maintain worker's compensation insurance as required by Wisconsin Statutes, for all employees engaged in the work.

**23.2** Maintain commercial liability, bodily injury and property damage insurance against any claim(s) which might occur in carrying out this agreement/contract. Minimum coverage shall be one million dollars (\$1,000,000) liability for bodily injury and property damage including products liability and completed operations. Provide motor vehicle insurance for all owned, non-owned and hired vehicles that are used in carrying out this contract. Minimum coverage shall be one million dollars (\$1,000,000) per occurrence combined single limit for automobile liability and property damage.

**23.3** The state reserves the right to require higher or lower limits where warranted.

**24.0 CANCELLATION:** The State of Wisconsin reserves the right to cancel any contract in whole or in part without penalty due to nonappropriation of funds or for failure of the contractor to comply with terms, conditions, and specifications of this contract.

**25.0 VENDOR TAX DELINQUENCY:** Vendors who have a delinquent Wisconsin tax liability may have their payments offset by the State of Wisconsin.

**26.0 PUBLIC RECORDS ACCESS:** It is the intention of the state to maintain an open and public process in the solicitation, submission, review, and approval of procurement activities.

Bid/proposal openings are public unless otherwise specified. Records may not be available for public inspection prior to issuance of the notice of intent to award or the award of the contract.

**27.0 PROPRIETARY INFORMATION:** Any restrictions on the use of data contained within a request, must be clearly stated in the bid/proposal itself. Proprietary information submitted in response to a request will be handled in accordance with applicable State of Wisconsin procurement regulations and the Wisconsin public records law. Proprietary restrictions normally are not accepted. However, when accepted, it is the vendor's responsibility to defend the determination in the event of an appeal or litigation.

**27.1** Data contained in a bid/proposal, all documentation provided therein, and innovations developed as a result of the contracted commodities or services cannot be copyrighted or patented. All data, documentation, and innovations become the property of the State of Wisconsin.

**27.2** Any material submitted by the vendor in response to this request that the vendor considers confidential and proprietary information and which qualifies as a trade secret, as provided in s. 19.36(5), Wis. Stats., or material which can be kept confidential under the Wisconsin public records law, must be identified on a Designation of Confidential and Proprietary Information form (DOA-3027). Bidders/proposers may request the form if it is not part of the Request for Bid/Request for Proposal package. Bid/proposal prices cannot be held confidential.

**28.0 DISCLOSURE:** If a state public official (s. 19.42, Wis. Stats.), a member of a state public official's immediate family, or any organization in which a state public official or a member of the official's immediate family owns or controls a ten percent (10%) interest, is a party to this agreement, and if this agreement involves payment of more than three thousand dollars (\$3,000) within a twelve (12) month period, this contract is voidable by the state unless appropriate disclosure is made according to s. 19.45(6), Wis. Stats., before signing the contract. Disclosure must be made to the State of Wisconsin Ethics Board, 44 East Mifflin Street, Suite 601, Madison, Wisconsin 53703 (Telephone 608-266-8123).

State classified and former employees and certain University of Wisconsin faculty/staff are subject to separate disclosure requirements, s. 16.417, Wis. Stats.

- 29.0 RECYCLED MATERIALS:** The State of Wisconsin is required to purchase products incorporating recycled materials whenever technically and economically feasible. Bidders are encouraged to bid products with recycled content which meet specifications.
- 30.0 MATERIAL SAFETY DATA SHEET:** If any item(s) on an order(s) resulting from this award(s) is a hazardous chemical, as defined under 29CFR 1910.1200, provide one (1) copy of a Material Safety Data Sheet for each item with the shipped container(s) and one (1) copy with the invoice(s).
- 31.0 PROMOTIONAL ADVERTISING / NEWS RELEASES:** Reference to or use of the State of Wisconsin, any of its departments, agencies or other subunits, or any state official or employee for commercial promotion is prohibited. News releases pertaining to this procurement shall not be made without prior approval of the State of Wisconsin. Release of broadcast e-mails pertaining to this procurement shall not be made without prior written authorization of the contracting agency.
- 32.0 HOLD HARMLESS:** The contractor will indemnify and save harmless the State of Wisconsin and all of its officers, agents and employees from all suits, actions, or claims of any character brought for or on account of any injuries or damages received by any persons or property resulting from the operations of the contractor, or of any of its contractors, in prosecuting work under this agreement.
- 33.0 FOREIGN CORPORATION:** A foreign corporation (any corporation other than a Wisconsin corporation) which becomes a party to this Agreement is required to conform to all the requirements of Chapter 180, Wis. Stats., relating to a foreign corporation and must possess a certificate of authority from the Wisconsin Department of Financial Institutions, unless the corporation is transacting business in interstate commerce or is otherwise exempt from the requirement of obtaining a certificate of authority. Any foreign corporation which desires to apply for a certificate of authority should contact the Department of Financial Institutions, Division of Corporation, P. O. Box 7846, Madison, WI 53707-7846; telephone (608) 266-3590.

## EXHIBIT K

### **B. SUPPLEMENTAL STANDARD TERMS AND CONDITIONS FOR PROCUREMENTS FOR SERVICES**

**1.0 ACCEPTANCE OF BID/PROPOSAL CONTENT:** The contents of the bid/proposal of the successful contractor will become contractual obligations if procurement action ensues.

**2.0 CERTIFICATION OF INDEPENDENT PRICE DETERMINATION:** By signing this bid/proposal, the bidder/proposer certifies, and in the case of a joint bid/proposal, each party thereto certifies as to its own organization, that in connection with this procurement:

**2.1** The prices in this bid/proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other bidder/proposer or with any competitor;

**2.2** Unless otherwise required by law, the prices which have been quoted in this bid/proposal have not been knowingly disclosed by the bidder/proposer and will not knowingly be disclosed by the bidder/proposer prior to opening in the case of an advertised procurement or prior to award in the case of a negotiated procurement, directly or indirectly to any other bidder/proposer or to any competitor; and

**2.3** No attempt has been made or will be made by the bidder/proposer to induce any other person or firm to submit or not to submit a bid/proposal for the purpose of restricting competition.

**2.4** Each person signing this bid/proposal certifies that: He/she is the person in the bidder's/proposer's organization responsible within that organization for the decision as to the prices being offered herein and that he/she has not participated, and will not participate, in any action contrary to 2.1 through 2.3 above; (or)

He/she is not the person in the bidder's/proposer's organization responsible within that organization for the decision as to the prices being offered herein, but that he/she has been authorized in writing to act as agent for the persons responsible for such decisions in certifying that such persons have not participated, and will not participate in any action contrary to 2.1 through 2.3 above, and as their agent does hereby so certify; and he/she has not participated, and will not participate, in any action contrary to 2.1 through 2.3 above.

### **3.0 DISCLOSURE OF INDEPENDENCE AND RELATIONSHIP:**

**3.1** Prior to award of any contract, a potential contractor shall certify in writing to the procuring agency that no relationship exists between the potential contractor and the procuring or contracting agency that interferes with fair competition or is a conflict of interest, and no relationship exists between the contractor and another person or organization that constitutes a conflict of interest with respect to a state contract. The Department of Administration may waive this provision, in writing, if those activities of the potential contractor will not be adverse to the interests of the state.

**3.2** Contractors shall agree as part of the contract for services that during performance of the contract, the contractor will neither provide contractual services nor enter into any agreement to provide services to a person or organization that is regulated or funded by the contracting agency or has interests that are adverse to the contracting agency. The Department of Administration may waive this provision, in writing, if those activities of the contractor will not be adverse to the interests of the state.

**4.0 DUAL EMPLOYMENT:** Section 16.417, Wis. Stats., prohibits an individual who is a State of Wisconsin employee or who is retained as a contractor full-time by a State of Wisconsin agency from being retained as a contractor by the same or another State of Wisconsin agency where the individual receives more than \$12,000 as compensation for the individual's services during the same year. This prohibition does not apply to individuals who have full-time appointments for less than twelve (12) months during any period of time that is not included in the appointment. It does not include corporations or partnerships.

**5.0 EMPLOYMENT:** The contractor will not engage the services of any person or persons now employed by the State of Wisconsin, including any department, commission or board thereof, to provide services relating to this agreement without the written consent of the employing agency of such person or persons and of the contracting agency.

**6.0 CONFLICT OF INTEREST:** Private and non-profit corporations are bound by ss. 180.0831, 180.1911(1), and 181.0831 Wis. Stats., regarding conflicts of interests by directors in the conduct of state contracts.

**7.0 RECORDKEEPING AND RECORD RETENTION:** The contractor shall establish and maintain adequate records of all expenditures incurred under the contract. All records must be kept in accordance with generally accepted accounting procedures. All procedures must be in accordance with federal, state and local ordinances.

The contracting agency shall have the right to audit, review, examine, copy, and transcribe any pertinent records or documents relating to any contract resulting from this bid/proposal held by the contractor. The contractor will retain all documents applicable to the contract for a period of not less than three (3) years after final payment is made.

**8.0 INDEPENDENT CAPACITY OF CONTRACTOR:** The parties hereto agree that the contractor, its officers, agents, and employees, in the performance of this agreement shall act in the capacity of an independent contractor and not as an officer, employee, or agent of the state. The contractor agrees to take such steps as may be necessary to ensure that each subcontractor of the contractor will be deemed to be an independent contractor and will not be considered or permitted to be an agent, servant, joint venturer, or partner of the state.