



**New York State
Department of Civil Service**
Employee Benefits Division

**Request for Proposals
Dependent Eligibility Audit Services
IFB#DEAS-2015-1**

ORIGINAL #1

June 5, 2015

**Administrative
&
Technical
Proposal**



BUDCO
HEALTH SERVICE
S O L U T I O N S

June 10, 2015

David Boland
Director
NYS Department of Civil Service
Employee Benefits Division

RE: New York State Dependent Eligibility Verification Services

Dear David:

Budco is pleased to submit our proposal for dependent eligibility verification services to the New York State Department of Civil Service.

More than 15 years ago, Budco pioneered the dependent eligibility verification concept and has been providing eligibility verification services to the nation's largest public and private sector employers ever since. During that time, we have perfected a multi-phase process that fully accommodates the needs of both the organization commissioning the verification, and the employees who are required to participate. We have applied our expertise to conducting dependent eligibility verifications for some of the world's largest corporations and government agencies - including the two largest initiatives ever completed in this realm, **AT&T** and of course, **The State of New York** in 2008.

Throughout our history in this highly specialized practice, Budco has continually handled **ALL** aspects of a verification with the utmost thoroughness, sensitivity, and security. We are pleased to report that our work has consistently delivered substantial cost savings and return on investment - regardless of client size, physical location, or workforce demographics.

The present landscape in the dependent verification marketplace is riddled with uncertainty due to numerous mergers and acquisitions. Additionally, several auditing firms have continued to export vital contact center positions and critical administrative functions (i.e. auditing and data entry) offshore. You can rest assured when contracting with Budco, that our **100% USA based "in-house"** verification solution, coupled with project management support that cumulatively exceeds 100 years of relevant experience, will yield both outstanding results and "peace of mind" for the leadership team responsible for championing this critically important endeavor.

Thank you once again for the opportunity to propose and showcase Budco's unmatched experience for providing dependent eligibility verification services to the State of New York. We look forward to visiting with you, and would welcome the opportunity to go over our services in greater detail.

Sincerely,

David Chojnacki
Executive Vice President
Budco Health Service Solutions

Steve Niemczewski
Account Manager
Budco Health Service Solutions



**New York State
Department of Civil Service
Employee Benefits Division**

**Request for Proposals
Dependent Eligibility Audit
Services**

June 5, 2015

Contact

Dave Chojnacki



World Headquarters

**13700 Oakland Avenue
Highland Park, MI 48203
313-957-6105**

New York Office

**319 Enchanted Forest N
Lancaster, NY 14086
716-310-5203**

www.budcohealthservicesolutions.com

**Administrative
Proposal**





New York State Department of Civil Service

Employee Benefits Division

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Confidential Information

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Thank You



A. Formal Offer Letter

**A. Formal
Offer Letter**



13700 Oakland Avenue
Highland Park, MI 48203

May 28, 2015

Mr. George Powers
Procurement Manager
Employee Benefits Division – Room 1106
NYS Department of Civil Service
Albany, NY 12239

RE: Invitation for Bids # DEAS-2015-1 entitled: "Dependent Eligibility Audit Services," Firm Offer to the State of New York

Brian Unlimited Distribution Company (Budco) hereby submits this firm and binding offer to the State of New York in response to the Department's Invitation for Bids # DEAS-2015-1, entitled "**Dependent Eligibility Audit Services**," (IFB). The Proposal hereby submitted meets or exceeds all terms, conditions, and requirements set forth in the above-referenced IFB and in the manner set forth in this IFB.

Brian Unlimited Distribution Company (Budco) accepts the terms and conditions as set forth in IFB, Section VII and Appendices A, B, C, and D and agrees to satisfy the comprehensive programmatic duties and responsibilities outlined in this IFB in the manner set forth in this IFB.

Brian Unlimited Distribution Company (Budco) agrees to execute a contractual agreement composed substantially of the terms and conditions set forth in the draft contract included in the IFB, and accepts as non-negotiable the terms and conditions set forth in Appendices A, B, C and D to the draft contract.

Brian Unlimited Distribution Company (Budco) further agrees, if selected as a result of the IFB, to comply with 1) the provisions of Tax Law Section 5-a, Certification Regarding Sales and Compensating Use Tax; and 2) the Workers' Compensation Law as set forth in Section II.B.7 of the IFB.

This formal offer will remain firm and non-revocable for a minimum period of 365 days from the Proposal Due Date as set forth in the IFB. In the event that a contract is not approved by the NYS Comptroller within the 365 day period, this offer shall remain firm and binding beyond the 365 day period and until a contract is approved by the NYS Comptroller, unless **Brian Unlimited Distribution Company (Budco)** delivers to the Department of Civil Service written notice of withdrawal of its Proposal.

Brian Unlimited Distribution Company (Budco)'s complete offer is set forth as follows:

Administrative and Technical Sections:

Total of eight (8) hard copy volumes [two (2) original and six (6) copies] and one (1) electronic copy on CD.

Cost Section:

Total of eight (8) hard copy volumes [two (2) original and six (6) copies] and one (1) electronic copy on CD.

The undersigned affirms and swears s/he has the legal authority and capacity to sign and make this offer on behalf of, **Brian Unlimited Distribution Company (Budco)** and possesses the legal authority and capacity to act on behalf of **Brian Unlimited Distribution Company (Budco)** to execute a contract with the State of New York.

Exhibit I.S - Formal Offer Letter

The undersigned affirms and swears as to the truth and veracity of all documents included in this offer.

Date: 5/28/15 _____ any (Budco)

By:

JAMES S GUILLAMIN
(name)

VP
(title)

(phone number)

(email address)

CORPORATE OR PARTNERSHIP ACKNOWLEDGMENT

MARGARET M. BECKER

Notary Public

State of Michigan

County of Oakland

My Commission Expires 6 / 4 / 2016

STATE OF

☐

: SS.:

☐

COUNTY OF

On the 28th day of MAY in the year 2015, before me personally appeared:

James Guillaumin, known to me to be
the person who executed the foregoing instrument, who, being duly sworn by me did depose and say that
he resides at

128 Meadow Lane, Town of

Grosse Pointe Farms,
County of Wayne, State of Michigan; and further that:

[Check One]

(☒ If a corporation): he is the Vice President of

_____, the corporation described in said
instrument; that, by authority of the Board of Directors of said corporation, he is authorized to
execute the foregoing instrument on behalf of the corporation for purposes set forth therein; and that,
pursuant to that authority, he executed the foregoing instrument in the name of and on behalf of said
corporation as the act and deed of said corporation.

(☐ If a partnership): he is the _____ of

_____, the partnership described in said
instrument; that, by the terms of said partnership, he is authorized to execute the foregoing
instrument on behalf of the partnership for the purposes set forth therein; and that, pursuant to that
authority, he executed the foregoing instrument in the name and on behalf of said partnership as
the act and deed of said partnership.

Notary Public



New York State Department of Civil Service
Employee Benefits Division

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B. Minimum Mandatory Requirements

**B. Minimum
Mandatory
Requirements**

Exhibit I.T - Offeror Attestations Form

An authorized representative of the Offeror who is legally authorized to certify the information requested in the name of and on behalf of the Offeror is required to complete and sign the Offeror Attestations and provide all requested information. Offeror's authorized representative must certify as to the truth of the representations made by signing where indicated, below.

CERTIFICATION:

The Offeror (1) recognizes that the following representations are submitted for the express purpose of assisting the State of New York in making a determination to award a contract; (2) acknowledges and agrees by submitting the Attestation, that the State may at its discretion, verify the truth and accuracy of all statements made herein; (3) certifies that the information submitted in this certification and any attached documentation is true, accurate and complete.

Name of Business Entity Submitting Bid:	Brian Unlimited Distribution Company (Budco)	
Entity's Legal Form:	<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other	
No.	IFB Ref.	IFB Requirement:
1.	Section III.B.1	At time of Proposal Due Date, Offeror represents and warrants that it: <input checked="" type="checkbox"/> possesses does not possess the legal capacity to enter into a contract with the Department.
2.	Section III.B.2	At time of Proposal Due Date, Offeror represents and warrants that it: <input checked="" type="checkbox"/> attests does not attest that it understands and agrees to comply with all specific duties and responsibilities set forth in Section IV of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services."
3.	Section III.B.3	At time of Proposal Due Date, Offeror represents and warrants that it: <input checked="" type="checkbox"/> attests does not attest it has provided dependent eligibility verification services for a minimum of five (5) years.
4.	Section III.B.4	Amended May 29, 2015 At time of Proposal Due Date, Offeror represents and warrants that it: <input checked="" type="checkbox"/> attests does not attest That it has provided dependent eligibility verification services comparable to the services outlined in this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services" for at least one (1) client in the past three (3) years with a size of at least one hundred fifty thousand Dependent lives subject to audit verification services,
5.	Section III.B.5	At time of Proposal Due Date, Offeror represents and warrants that it: <input checked="" type="checkbox"/> attests does not attest it can complete the Implementation Period within 60 Days from the date the Department notifies the Contractor that the Agreement has been approved by OSC, complete the Amnesty Period and Eligibility Verification Period within twelve(12) months and complete the entire DEA Project, including the Appeal and Reinstatement Period(s) within fifteen (15) months.

Exhibit I.T - Offeror Attestations Form

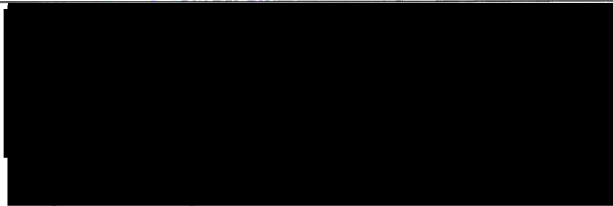
6.	Section III.B.6	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that its entire DEA Project is fully HIPAA compliant.
7.	Section III.B.7	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that it guarantees a return on investment (ROI), as defined in Section IV of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services," of at least three to one (3:1) for the Project including administration of the Amnesty Period; the Eligibility Verification Period and the Appeal and Reinstatement Period(s).
8.	Section III.B.8	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that it will maintain a complete and accurate set of records as may be required by the State to be produced for review by the State pursuant to Appendix A of the draft Agreement, contained in Section VII of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services," including any and all financial records as deemed necessary by the State to discharge its fiduciary responsibilities to NYSHIP participants and to ensure that public dollars are spent appropriately.
9.	Section III.B.9	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that it acknowledges and agrees that all enrollment data provided by the Department is being provided to the Offeror (Contractor) solely for the purposes of allowing the Contractor to fulfill its duties and responsibilities under the Agreement; said materials are sole property of the State; and it will not share, sell, release, or make the data available to third parties in any manner without the written consent of the Department, except as directed by a court of competent jurisdiction, or as necessary to comply with applicable New York State federal law.
10.	Section III. B.10	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that it will agree to provide minimum service levels for performance guarantees and credits, as defined in Section IV of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services."
11.	Section III. B.11	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that it will provide a customizable secure online web portal (online reporting access) for DEA services, as defined in Section IV of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services," that, at a minimum, a. allows Enrollees to upload scanned documents; b. allows Enrollees to view the status of their current compliance with the current audit; c. allows Enrollees to view all documents sent to the Enrollee by the Contractor; d. Allows the Department to compile periodic management reports documenting the progress and outcomes of the Project.

Exhibit I.T - Offeror Attestations Form

12.	Section III. B.12	<p>At time of Proposal Due Date, Offeror represents and warrants that it:</p> <p><input checked="" type="checkbox"/> attests</p> <p><input type="checkbox"/> does not attest</p> <p>that it will provide a Call Center as defined in Section IV of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services," that at a minimum</p> <ul style="list-style-type: none">a. is located in the United States;b. is fully staffed with trained Call Center representatives and supervisors from 8 am to 8 pm ET from the start of the 60-Day Amnesty Period through the end of the Appeal and Reinstatement Period(s), except for Business Holiday(s) observed by the State and have management reporting capability to provide information on the quality and effectiveness of the Call Center;c. is staffed appropriately based on anticipated peak call times (i.e., after Enrollee mailings); and,d. uses an integrated system to log and track all Enrollee calls. The system must create a record of the Enrollee contacting the call center, the call type, and all customer service actions and resolutions.

Exhibit I.T - Offeror Attestations Form

Date: 6/5/2015



James Guillaumin
Vice President
Brian Unlimited Distribution Company

CORPORATE OR PARTNERSHIP ACKNOWLEDGMENT

MARGARET M. BECKER
Notary Public
State of Michigan
County of Oakland
My Commission Expires 6 / 4 / 2016

STATE OF _____ }

: SS.:

COUNTY OF _____ }

On the 5 day of JUNE in the year 2015, before me personally appeared:
JAMES GUILLAUMIN, known to me to be the person who executed the
foregoing instrument, who, being duly sworn by me did depose and say that he resides at
128 Meadow Lane, Town of
GROSSE POINTE FARMS, County of Wayne, State of
Michigan; and further that:

[Check One]

(☒ If a corporation): he is the Vice President of
FINANCE, the corporation described in said instrument;
that, by authority of the Board of Directors of said corporation, he is authorized to execute
the foregoing instrument on behalf of the corporation for purposes set forth therein; and that,
pursuant to that authority, he executed the foregoing instrument in the name of and on behalf
of said corporation as the act and deed of said corporation.

(☐ If a partnership): he is the _____ of
_____, the partnership described in said instrument;
that, by the terms of said partnership, he is authorized to execute the foregoing instrument
on behalf of the partnership for the purposes set forth therein; and that, pursuant to that
authority, he executed the foregoing instrument in the name and on behalf of said partnership
as the act and deed of said partnership.

Notary Public

MARGARET M. BECKER
Notary Public
State of Michigan
County of Oakland
My Commission Expires 6 / 4 / 2016



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Thank You





Exhibit I.A Proposal Submission Requirement Checklist

Exhibit I.A - Proposal Submission Requirement Checklist

Please indicate by checkmark that your Proposal meets **each** of the following submission requirements:

- ☒ **1. TIMELY SUBMISSION:** Proposal submitted to assure receipt by the Department no later than 3:00 p.m. ET on the Proposal Due Date as indicated in IFB Section II.A.1.
- ☒ **2. FORMATTING REQUIREMENTS:** The Offeror's Proposal must be organized in three parts: Administrative Section; Technical Section and Cost Section and each part must each comply with the formatting requirements stated in Section II.A.7.a and II.A.7.b of this IFB.
- ☒ a. Eight (8) separately bound hardcopies – **two (2) Originals each of the Administrative Section, Technical Section and Cost Section** containing original documents (i.e., original signatures, no photocopies) and marked and numbered (i.e., "ORIGINAL #1" and "ORIGINAL #2."), **Six (6) copies of each Administrative Section, Technical Section and Cost Section** marked and numbered (i.e., "COPY #1," "COPY #2," etc.) and a separate CD for the Administrative, Technical and Cost Sections.
- ☒ b. Proposals must be prepared in Adobe Acrobat, with the exception of certain cost and provider network exhibits that have specific formatting instructions.
- ☒ c. The Administrative, Technical Section must be bound together and clearly labeled. The Cost Section must be separately bound from the Administrative and Technical Sections or submitted in a separate sealed envelope clearly labeled with "Dependent Eligibility Audit Services #DEAS-2015-1" and Offeror's name(s).
- ☒ d. Table of Contents
- ☒ e. Index Tabs
- ☒ f. Pagination
- ☒ g. Updates/Corrections
- ☒ h. Required Content of Proposals - The Proposal shall consist of three parts: the Administrative Section must contain the documentation required in Section III of this IFB. The Technical Section must be responsive to the programmatic duties and responsibilities set forth in Section IV of this IFB. The Cost Section must demonstrate a commitment to perform all programmatic duties and responsibilities in accordance with Section V of this IFB.
- ☒ **3. REQUIRED CONTENT OF THE ADMINISTRATIVE SECTION:** The Administrative Section must contain the following information, in the order enumerated below:
- ☒ A. **Formal Offeror Letter:** The Offeror must submit a formal offer in the form of the "Formal Offer Letter" as set forth in IFB, Exhibit I.S in accordance with the requirements set forth in IFB, Section III.A
- ☒ B. **Minimum Mandatory Requirements:** The Offeror must submit a completed Exhibit I.T "Offeror Attestations Form" containing the representations and warranties set forth therein.
- ☒ C. **Exhibits:** The Offeror must complete and submit the Exhibits specified in Section III.C as follows:
- ☒ Exhibit I.A Proposal Submission Requirement Checklist
 - ☒ Exhibit I.D MacBride Statement and Non-Collusive Bidding Certification
 - ☒ Exhibit I.G EEO Staffing Plan (form EEO-100)
 - ☒ Exhibit I.K Offeror's Affirmation of Understanding & Agreement
 - ☒ Exhibit I.M Compliance with Public Officers Law Requirements
 - ☒ Exhibit I.N Compliance with Americans with Disabilities Act
 - ☒ Exhibit I.O MWBE Utilization Plan (form MWBE-100)

Exhibit I.A - Proposal Submission Requirement Checklist

- ☒ Exhibit I.P Offeror's Certification of Compliance Pursuant to State Finance Law §139-k
- ☒ Exhibit I.Q Certification of Good Faith Efforts (form MWBE-104)
- ☒ Exhibit I.U.2 NYS Supplier & Subcontractor Exhibit
- ☒ Exhibit I.W Compliance with NYS Workers' Compensation Law
- ☒ Exhibit I.X Extraneous Terms

☒ D. **Key Subcontractors:** The Offeror must provide a statement identifying all Key Subcontractors, if any, that the Offeror will be contracting with to provide program services and must, for each such Key Subcontractor identified, complete and submit **Exhibit I.U.1 "Key Subcontractors"**:

1. provide a brief description of the services to be provided by the Key Subcontractor; and
2. provide a description of any current relationships with such Key Subcontractor and the clients/projects that the Offeror and Key Subcontractor are currently servicing under a formal legal agreement or arrangement, the date when such services began and the status of the project.

The Offeror must indicate whether or not, as of the date of the Offeror's Proposal, a subcontract has been executed between the Offeror and the Key Subcontractor for services to be provided by the Key Subcontractor relating to this IFB. If the Offeror will not be subcontracting with any Key Subcontractor(s) to provide program services, the Offeror must provide a statement to that effect.

☒ E. **Reference Checks:** The Offeror must list two (2) references of current clients and one (1) reference of a former client for a total of three (3) references for which the Offeror has supplied DEA Project Services similar to those required in this IFB. At least one (1) of the referenced clients must be an entity with at least one hundred fifty thousand or more Dependent lives subject to audit. If the Offeror has no former clients to include as references, the Offeror must include a statement attesting to that fact. Otherwise, the Offeror must include, at minimum, one (1) former client as a reference for which the Offeror has supplied services similar in nature to those required in this IFB. If the Offeror is proposing any Key Subcontractors or Affiliates, the references should be with clients for whom the Offeror and Key Subcontractor or Affiliate have jointly supplied services similar to those described in this IFB. For each Reference provided the Offeror must complete and submit **Exhibit I.V**, entitled "Program References." The Offeror shall be solely responsible for providing contact names and phone numbers that are readily available to be contacted by the State. The Offeror must also indicate what participation, if any, the project manager and each key staff person proposed for this Project had in the referenced services.

☒ F. **Financial Statements:** The Offeror must provide a copy of the Offeror's last issued GAAP annual audited financial statement. A complete set of statements, not just excerpts, must be provided. Additionally, for each Key Subcontractor or Affiliate, if any, that provides any of the Program Services; provide the most recent GAAP annual audited statement. If the Offeror, or a Key Subcontractor or Affiliate, is a privately held business and is unwilling to provide copies of their GAAP annual audited financial statements as part of their Proposal, the Offeror/Key Subcontractor/Affiliate must make arrangements for the procurement evaluation team to review the financial statements. **Note:** If financial statements have not been prepared and/or audited, the Offeror/Key Subcontractor/Affiliate must provide the following as part of its Administrative Section a letter from a bank reference attesting to the Offeror/Key Subcontractor/Affiliate's financial viability and creditworthiness. (Note: for purposes of this reference, the Offeror may not

Exhibit I.A - Proposal Submission Requirement Checklist

give as a reference, a parent or subsidiary company, a partner or an affiliate organization.) The letter must include the bank's name, address, contact person name and telephone number and it must address, at a minimum, the following items:

1. a brief description of the business relationship between the parties (i.e., the Offeror/Key Subcontractor/Affiliate and the bank), including the duration of the relationship and the Offeror's current standing with the bank. For example: "*The (Offeror/Key Subcontractor/Affiliate's name) is currently and has been for "x" number of years a client in good standing.*";
2. a description of any ownership/partner relationship that may exist between the parties, if any. (Note: One party cannot be the parent, partner or subsidiary of the other, nor can one party be an affiliate of the other.); and,
3. any other facts or conclusions the bank may deem relevant to the State in regard to the bank's assessment of the Offeror/Key Subcontractor/Affiliate's financial viability and creditworthiness concerning the nature and scope of the Program Services, which are the subject matter of this IFB, and the parties (i.e., DCS and the Offeror or the Offeror and Key Subcontractor of Affiliate) contractual obligations should the Offeror be awarded the resultant contract.

X G. Vendor Responsibility Questionnaire: The Offeror must complete and execute a NYS Vendor Responsibility Questionnaire for itself and all Key Subcontractors.

1. If the Offeror or Key Subcontractor, if any, is incorporated outside the State of New York, a recent certificate of Good Standing must be submitted for each.
2. If the Offeror or Key Subcontractor, if any, has any employees in NYS, a confirmation of NYC's Worker's Compensation and NYS Disability coverage must be submitted for each.

4. **REQUIRED CONTENT OF THE TECHNICAL SECTION:** The Technical Section shall be responsive to the duties and responsibilities and submission requirements set forth in Section IV of this IFB and it shall contain the following information, in accordance with the submissions associated requirements, and in the order enumerated below:

Technical Section Submission Requirements

X A. Contractor Responsibilities

- X 1. Project Team
- X 2. Project Implementation
- X 3. Electronic Transfer of Data
- X 4. Call Center Services
- X 5. Secure Online Web Portal
- X 6. Amnesty Period, Eligibility Verification Period and Appeal and Reinstatement Period(s)
- X 7. Communication Material
- X 8. Outgoing and Returned Mail Process
- X 9. Reporting
- X 10. Project Return on Investment (ROI)
- X 11. Performance Guarantees

Exhibit I.A - Proposal Submission Requirement Checklist

Amended May, 29, 2015

X B Technical Section Submission Requirements

- X 1. Executive Summary
- X 2. Project Team
- X 3. Project Implementation
- X 4. Electronic Transfer of Data
- X 5. Call Center
- X 6. Secure Online Web Portal
- X 7. Amnesty Period, Eligibility Verification Period, and Appeal and Reinstatement Period
- X 8. Communication Material
- X 9. Reporting

5. **REQUIRED CONTENT OF THE COST SECTION:** The Offeror's Cost Section shall demonstrate that it will execute the duties and responsibilities set forth in Section V of this IFB and it shall contain the following information, in accordance with the submissions associated requirements below:

X A. Offeror shall submit a completed Exhibit V – DEA Project Services Fees, as required.

6. **REQUESTED REDACTIONS CD and HARD COPY:** The FOIL-related materials described herein which the Offeror is requested to provide per IFB, Section II.B.8 will not be considered part of the Offeror's Proposal and will not be reviewed as a part of the Procurement's evaluation process. Notwithstanding this they have been identified in this Checklist as a reminder to Offerors of the need to provide the requested items.

At the time of Proposal submission the Offeror is requested to submit:

- X A. Exhibit I.C Freedom of Information Law – Request for Redaction Chart
- X B. Separately bound hardcopy of the Administrative Section, Technical Section, and Cost Section with each specific item requested to be protected from FOIL disclosure by highlighting in yellow.
- X C. Electronic copy (on CD in Adobe Acrobat Professional software, version 8 or higher) of the complete Proposal noting each the specific item requested to be protected from FOIL which contains no more than three PDF files; one for each part of the Proposal (Administrative Section, Technical Section, and Cost Section).



Exhibit I.D
**MacBride Statement and Non-Collusive
Bidding Certification**

Exhibit I.D MacBride Statement and
Non-Collusive Bidding Certification

Exhibit I.D – MacBride and Non-Collusive Bidding Certification

NON-DISCRIMINATION IN EMPLOYMENT IN NORTHERN IRELAND
MACBRIDE FAIR EMPLOYMENT PRINCIPLES

In accordance with Chapter 807 of the Laws of 1992 the Offeror, by submission of this bid, certifies that it or any individual or legal entity in which the Offeror holds a 10% or greater ownership interest, or any individual or legal entity that holds a 10% or greater ownership interest in the Offeror, either (answer "yes" or "no" to one or both of the following, as applicable):

Have business operations in Northern Ireland. Yes _____ or No X

If yes:

Shall take lawful steps in good faith to conduct any business operations they have in Northern Ireland in accordance with the MacBride Fair Employment Principles relating to nondiscrimination in employment and freedom of workplace opportunity regarding such operations in Northern Ireland, and shall permit independent monitoring of their compliance with such Principles. Yes _____ or No _____

NON-COLLUSIVE BIDDING CERTIFICATION

By submission of this bid, each Offeror and each person signing on behalf of any Offeror certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of his knowledge and belief:

1. The prices in this bid have been arrived at independently without collusion, consultation, communication or agreement for the purpose of restricting competition, as to any matter relating to such prices with any other Offeror or with any competitor;
2. Unless otherwise required by law, the prices which have been quoted in this bid have not been knowingly disclosed by the Offeror and will not knowingly be disclosed by the Offeror prior to opening, directly or indirectly, to any other Offeror or to any competitor; and
3. No attempt has been made or will be made by the Offeror to induce any other person, partnership or corporation to submit or not to submit a bid for the purpose of restricting competition.

Exhibit I.D – MacBride and Non-Collusive Bidding Certification

Date: 5/28/15

PRINT:

SIGNATORY'S NAME JAMES GUILLAMAN TITLE VP

INDIVIDUAL, CORPORATE OR PARTNERSHIP ACKNOWLEDGMENT

MARGARET M. BECKER

Notary Public

State of Michigan

County of Oakland

My Commission Expires 6/4/2016

STATE OF _____ }
COUNTY OF _____ }

SS.:

On the 28th day of MAY in the year 2015 before me personally appeared:

JAMES GUILLAMAN, known to me to be the person who executed the foregoing

instrument, who, being duly sworn by me did depose and say that he resides at 128 MEADOW LANE, Town of

GROSSE POINTE FARMS, County of WAYNE, State of MICHIGAN; and further that, if applicable:

[Check One, If Applicable]

(☒ If a corporation): he is the Vice President of

_____, the corporation described in said instrument; that, by authority of the Board of Directors of said corporation, he is authorized to execute the foregoing instrument on behalf of the corporation for purposes set forth therein; and that, pursuant to that authority, he executed the foregoing instrument in the name of and on behalf of said corporation as the act and deed of said corporation.

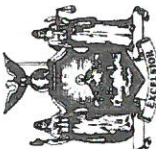
(☐ If a partnership): he is the _____ of

_____, the partnership described in said instrument; that, by the terms of said partnership, he is authorized to execute the foregoing instrument on behalf of the partnership for the purposes set forth therein; and that, pursuant to that authority, he executed the foregoing instrument in the name and on behalf of said partnership as the act and deed of said partnership.

Notary Public



Exhibit I.G EEO Staffing Plan (Form EEO-100)

 State of New York Department of Civil Service Albany, NY 12239	EQUAL EMPLOYMENT OPPORTUNITY STAFFING PLAN OFFICE OF FINANCIAL ADMINISTRATION EEO-100 (9/2011)
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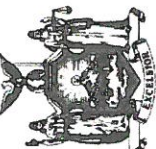
Page 1 of 2

Solicitation No.: 1FB# DEAS-2015-1	Reporting Entity: <input checked="" type="checkbox"/> Contractor <input type="checkbox"/> Subcontractor
Report includes: <input checked="" type="checkbox"/> Contractor's work force to be utilized on this contract <input type="checkbox"/> Contractor's total work force <input type="checkbox"/> Subcontractor's work force to be utilized on this contract <input type="checkbox"/> Subcontractor's total work force	
Contractor/Subcontractor's Name: Brian Unlimited Distribution Co Contractor/Subcontractor's Address: 13700 Oakland Ave. Highland Park, MI 48203 FEIN: 38-1622051	

Enter the total number of employees in each classification in each of the EEO-Job Categories identified.

EEO Job Categories	Work force by Gender		Work force by Race/Ethnic Identification								Disabled Individual (F) (M)		Veteran (M) (F)	
	Total Male (M)	Total Female (F)	White (M) (F)	Black (M) (F)	Hispanic (M) (F)	Asian (M) (F)	American Indian or Alaskan Native (M) (F)							
Executive/Senior level Officials & Managers	10	2	10	2	0	0	0	0	0	0	0	0	0	0
First/Mid level officials & Managers	29	28	25	4	0	1	0	1	0	0	0	0	0	0
Professionals	33	17	19	4	2	0	8	0	0	0	0	0	0	0
Technicians	3	4	2	1	0	0	0	0	0	0	0	0	0	0
Sales Workers	6	2	6	0	0	0	0	0	0	0	0	0	0	0
Administrative Support Workers	1	21	1	0	0	1	0	0	0	0	0	0	0	0
Craft Workers	40	59	17	20	1	1	2	0	0	0	0	0	0	0
Operatives	30	24	8	21	1	0	0	0	0	0	0	0	0	0
Laborers and Helpers	2	15	1	1	0	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	154	172	89	68	4	3	10	8	0	0	0	0	0	0

PREPARED BY (Signature): [REDACTED]	TELEPHONE NO.: [REDACTED] EMAIL ADDRESS: [REDACTED]	DATE: 6/5/2015
NAME AND TITLE OF PREPARER (Print or Type): Micah J. Bates Manager, Human Resources		

 <p>State of New York Department of Civil Service Albany, NY 12239</p>	<p>EQUAL EMPLOYMENT OPPORTUNITY STAFFING PLAN</p> <p>OFFICE OF FINANCIAL ADMINISTRATION</p> <p>EEO-100 (9/2011)</p>
--	--

Page 2 of 2

General Instructions: All Offerors must complete an EEO Staffing Plan (EEO 100) and submit it as part of the bid or proposal package. Where the work force to be utilized in the performance of the State contract can be separated out from the contractor's total work force, the Offeror shall complete this form only for the anticipated work force to be utilized on the State contract. Where the work force to be utilized in the performance of the State contract cannot be separated out from the contractor's total work force, the Offeror shall complete this form for the contractor's total work force. Subcontractors awarded a subcontract over \$25,000 for the construction, demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon (the "Work") except where the Work is for the beneficial use of the Contractor must complete this form upon request of the Department.

Instructions for completing:

1. Enter the Solicitation Number that this report applies to along with the name and address of the Offeror (contractor).
2. Check off the appropriate box to indicate if the report is the contractor or a subcontractor.
3. Check off the appropriate box to indicate if the contractor's/subcontractor's work force being reported is just for the contract or the total work force.
4. Enter the total work force by EEO job category.
5. Break down the total work force by gender and enter under the heading "Work force by Gender."
6. Break down the total work force by race/ethnic background and enter under the heading "Work force by Race/Ethnic Identification."
7. Enter information on any disabled or veteran employees included in the work force under the appropriate heading.
8. Enter the name, title, phone number and email address for the person completing the form. Sign and date the form in the designated boxes.

RACE/ETHNIC IDENTIFICATION

Race/ethnic designations as used by the Equal Employment Opportunity Commission do not denote scientific definitions of anthropological origins. For the purposes of this report, an employee may be included in the group to which he or she appears to belong. Identifies with, or is regarded in the community as belonging. However, no person should be counted in more than one race/ethnic group. The race/ethnic categories for this survey are:

WHITE: (Not of Hispanic origin) All persons having origins in any of the original peoples of Europe, North Africa, or the Middle East.

BLACK: A person, not of Hispanic origin, who has origins in any of the black racial groups of the original peoples of Africa.

HISPANIC: A person of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.

ASIAN & PACIFIC ISLANDER: A person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent or the Pacific Islands.

AMERICAN INDIAN OR ALASKAN NATIVE (Not of Hispanic Origin): A person having origins in any of the original peoples of North America, and who maintains cultural identification through tribal affiliation or community recognition.

DISABLED INDIVIDUAL - any person who:

- has a physical or mental impairment that substantially limits one or more major life activity
- has a record of such an impairment; or
- is regarded as having such an impairment.

VIETNAM ERA VETERAN: A veteran who served at any time between and including January 1, 1963 and May 7, 1975.



Exhibit I.K Offeror's Affirmation of Understanding and Agreement



BUDCO
HEALTH SERVICE
S O L U T I O N S

Exhibit I.K – Offeror’s Affirmation of Understanding and Agreement

Part 1 of this Exhibit I.K, as contained on the following page, should be completed by the Offeror and emailed, faxed and/or mailed to the Dependent Eligibility Audit Services Procurement Manager as set forth in IFB, Section II.A.2.b.

Part 2 of this Exhibit I.K should, prior to initiating any contact with the Department, be completed for each Offeror officer, employee, agent or consultant retained, employed or designated, by or on behalf of the Offeror to appear before or contact the Department in regards to this Procurement and submit it to the Dependent Eligibility Audit Services Procurement Manager specified in IFB, Section II.A.2.b.

Part 1

Offeror's Affirmation of Understanding and Agreement

Instructions:

Pursuant to State Finance Law §§139-j and 139-k, this solicitation imposes certain procurement lobbying limitations. Offerors are restricted from making contacts during the procurement's "Restricted Period" (from the earliest written notice, advertisement or solicitation of a request for proposal, invitation for bids, or solicitation of proposals, or any other method for soliciting a response from Offerors intending to result in a procurement contract with a governmental entity and ending with the final contract award and approval by the governmental entity and, where applicable, approval by the State Comptroller) to other than designated staff, unless the contact falls within certain statutory exceptions ("permissible contacts"). the Department's employees are required to obtain certain information from Offerors and others whenever there is a contact about the procurement during the Restricted Period, and are required to make a determination of the Offeror's responsibility that addresses the Offeror's compliance with the statutes' requirements. Findings of non-responsibility result in rejection for contract award, and if an Offeror is subject to two non-responsibility findings within four years the Offeror also will be determined ineligible to submit a proposal on or be awarded a contract for four years from the date of the second non-responsibility finding.

Further information about these requirements can be found at:

<http://www.ogs.ny.gov/aboutOGS/regulations/defaultAdvisoryCouncil.html>.

As a prerequisite for participating in this procurement, an Offeror must provide the following Affirmation of Understanding and Agreement to comply with these procurement lobbying restrictions in accordance with State Finance Law §§139-j and 139-k.

Offeror Affirmation and Agreement

The Offeror affirms that it understands the procurement lobbying requirements set forth in State Finance Law §§139-j and 139-k, and agrees to comply with the Department's procedures regarding permissible contacts as required thereby.

Name of
Offeror:

Budco

By:

(Signature)

Name:

David S. Chojnacki

Title:

Executive Vice President

Address:

13700 Oakland Ave

Highland Park, MI 48203

Date:

5/12/2015

Exhibit I.K – Offeror's Affirmation of Understanding and Agreement

Part 2

Offeror Designated Contact	
First Name	David
Last Name	Chojnacki
Company Name	
Company Address:	
Street Address	319 Enchanted Forrest N
City	Lancaster
State	New York
Zip	14086
Individual's Business Telephone # (xxx) xxx-xxxx	
Principal Place of Business (1)	Lancaster, NY
Individual's Occupation	Executive Vice President

(1) Enter the location of the individual's Principal Place of Business (e.g. Albany, NY)

Complete the table above for each Offeror officer, employee, agent or consultant retained, employed or designated, by or on behalf of the Offeror to appear before or contact the Department in regards to this Procurement, prior to the individual initiating any contact with the Department, and submit it to The DEAS Procurement Manager specified in Section II.A.2.b. of the IFB.

Exhibit I.K – Offeror's Affirmation of Understanding and Agreement

Part 2

Offeror Designated Contact	
First Name	Steven
Last Name	Niemczewski
Company Name	Budco
Company Address:	
Street Address	13700 Oakland
City	Highland Park
State	MI
Zip	48203
Individual's Business Telephone # (xxx) xxx-xxxx	
Principal Place of Business (1)	Highland Park, MI
Individual's Occupation	Account Manager

(1) Enter the location of the individual's Principal Place of Business (e.g. Albany, NY)

Complete the table above for each Offeror officer, employee, agent or consultant retained, employed or designated, by or on behalf of the Offeror to appear before or contact the Department in regards to this Procurement, prior to the individual initiating any contact with the Department, and submit it to The DEAS Procurement Manager specified in Section II.A.2.b. of the IFB.



Exhibit I.M Compliance with Public Officers Law Requirements

Exhibit I.M Compliance with
Public Officers Law Requirements



BUDCO
HEALTH SERVICE
S O L U T I O N S

Exhibit I.M - Compliance with Public Officers Law Requirements



State of New York
Department of Civil Service
Alfred E. Smith State Office Building
Albany, NY 12239

Compliance with Public Officers Law Requirements

ADM-992 (1/07)

The New York State Public Officers Law ("POL"), particularly POL Sections 73 and 74, as well as all other provisions of New York State law, rules and regulations, and policy establishes ethical standards for current and former State employees. In submitting its Proposal, the Offeror must guarantee knowledge and full compliance with such provisions for purposes of this IFB and any other activities including, but not limited to, contracts, bids, offers, and negotiations. Failure to comply with these provisions may result in disqualification from the procurement process, termination, suspension or cancellation of the contract and criminal proceedings as may be required by law.

The Offeror hereby submits its affirmative statement as to the existence of, absence of, or potential for conflict of interest on the part of the Offeror because of prior, current, or proposed contracts, engagements, or affiliations.

Please provide below an affirmative statement as to the existence of, absence of, or potential for conflict of interest on the part of the Offeror because of prior, current, or proposed contracts, engagements, or affiliations. Please attach additional pieces of paper as necessary.

Name of Offeror: BRIAN UNLIMITED DISTRIBUTION CO.

Name & Title of Representative: JAMES GULLAUMIN VP

Signature

Date:

5/28/15



Exhibit I.N Compliance with Americans with Disabilities Act



BUDCO
HEALTH SERVICE
S O L U T I O N S

Exhibit I.N - Compliance with Americans with Disabilities Act



State of New York
Department of Civil Service
Albany, NY 12239

Compliance with Americans with Disabilities Act

ADM-987 (1/07)

The Offeror hereby provides assurance of its compliance with the Americans With Disabilities Act (42 USC§12101 et. seq.), in that any services and programs provided during the course of performance of the Agreement resultant from this IFB shall be accessible under Title II of the Americans With Disabilities Act, and as otherwise may be required under the Americans With Disabilities Act.

Name of Offeror: BRIAN UNLIMITED DISTRIBUTION CO.

Name & Title of Representative: JAMES GUILLAUMIN VP

Signature: _____

Date: 5/28/15



Exhibit I.O
MWBE Utilization Plan
(Form MWBE-100)



State of New York
Department of Civil Service
Albany, NY 12239

MWBE UTILIZATION PLAN

OFFICE OF FINANCIAL ADMINISTRATION

MWBE-100 (9/2011)

Budco Health Services Solutions

Proposal of DEAS for the State of New York – Confidential

INSTRUCTIONS: All Offerors must complete this MWBE Utilization Plan and submit it as part of their Proposal. The Plan must contain a detailed description of the services to be provided by each Minority and/or Woman-Owned Business Enterprise (M/WBE) identified by the Offeror.	
Offeror Name: Brian Unlimited Distribution Company Address: 13700 Oakland Avenue City, State, Zip Code: Highland Park, MI 48203	Federal Identification No.: 38-1622051 Solicitation No.:
1. M/WBE Subcontractors/Suppliers Name, Address, Email Address, Telephone No. A.	2. Classification NYS ESD Certified <input type="checkbox"/> MBE <input type="checkbox"/> WBE
B.	NYS ESD Certified <input type="checkbox"/> MBE <input type="checkbox"/> WBE
3. Federal ID No.	4. Detailed Description of Work (Attach additional sheets, if necessary.) 5. Dollar Value of Subcontracts/Supplies
6. WAIVER REQUESTED BY:	7. IF YES, submit form MWBE101 / WBE: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF YES, submit form MWBE101
NAME AND TITLE OF PREPARER (Print or Type): James Guillaumin, VP	TELEPHONE NO.: [REDACTED] EMAIL ADDRESS: [REDACTED]
DATE: Offeror's Certification Status: <input type="checkbox"/> MBE <input type="checkbox"/> WBE	
SUBMISSION OF THIS FORM CONSTITUTES THE OFFEROR'S ACKNOWLEDGEMENT AND AGREEMENT TO COMPLY WITH THE M/WBE REQUIREMENTS SET FORTH UNDER NYS EXECUTIVE LAW, ARTICLE 15-A. FAILURE TO SUBMIT COMPLETE AND ACCURATE INFORMATION MAY RESULT IN A FINDING OF NONCOMPLIANCE AND/OR PROPOSAL DISQUALIFICATION.	
REVIEWED BY: _____ DATE: _____	
UTILIZATION PLAN APPROVED: <input type="checkbox"/> YES <input type="checkbox"/> NO Date: _____	
MBE CERTIFIED: <input type="checkbox"/> YES <input type="checkbox"/> NO WBE CERTIFIED: <input type="checkbox"/> YES <input type="checkbox"/> NO WAIVER GRANTED: <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Total Waiver <input type="checkbox"/> Partial Waiver	
NOTICE OF DEFICIENCY ISSUED: <input type="checkbox"/> YES <input type="checkbox"/> NO Date: _____	

APPLICATION FOR WAIVER OF MWBE PARTICIPATION GOAL

(must be submitted before requesting final payment on the contract)

Section 1: Basic Information

Contractor's Name: Brian Unlimited Distribution Company		Federal Identification Number: 38-1622051
Street Address: 13700 Oakland Avenue		E-Mail Address: [REDACTED]
City, State, Zip Code: Highland Park, MI 48203		Telephone: [REDACTED]
Contract Number: #DEAS-2015-1	MWBE CONTRACT GOALS	
	MBE %	WBE %
	15	15

Section 2: Type of MWBE Waiver Requested

MBE Waiver	<input checked="" type="checkbox"/> Total	<input type="checkbox"/> Partial	If partial waiver, please enter the revised MBE percentage:	
WBE Waiver	<input checked="" type="checkbox"/> Total	<input type="checkbox"/> Partial	If partial waiver, please enter the revised WBE percentage:	

Please explain the reason for the waiver request:

The Budco dependent eligibility verification process does not lend itself to 3rd party providers. All aspects of the verification process are performed in house, by Budco personnel to minimize security risks. To that end, no third party solicitations or discussions were held, including MWEBs.

Section 3: Supporting Documentation

Provide the following documentation as evidence of your good faith efforts to meet the MWBE goals set forth in the contract and in support of your waiver application:

- ☐ **Attachment A.** List of the general circulation, trade and MWBE-oriented publications and dates of publications soliciting for certified MWBE participation as a subcontractor/supplier and copies of such solicitation.
- ☐ **Attachment B.** List of the certified MWBEs appearing in the Empire State Development MWBE directory that were solicited for this contract. Provide proof of dates or copies of the solicitations and copies of the responses made by the certified MWBEs. Describe specific reasons that responding certified MWBEs were not selected.
- ☐ **Attachment C.** Descriptions of the contract documents/plans/specifications made available to certified MWBEs by the contractor when soliciting their participation and steps taken to structure the scope of work for the purpose of subcontracting with or obtaining supplies from certified MWBEs.
- ☐ **Attachment D.** Description of the negotiations between the contractor and certified MWBEs for the purposes of complying with the MWBE goals of this contract.
- ☐ **Attachment E.** Identify dates of any pre-bid, pre-award or other meetings attended by contractor, if any, scheduled by OGS with certified MWBEs whom OGS determined were capable of fulfilling the MWBE goals set in the contract
- ☐ **Attachment F.** Other information deemed relevant to the request.

Section 4: Signature and Contact Information

By signing and submitting this form, the contractor certifies that a good faith effort has been made to promote MWBE participation pursuant to the MWBE Act. To submit complete and accurate information may result in a finding of noncompliance with the MWBE Act.

Prepared By: (Signature) [REDACTED]	Date: 6/4/2015
Name and Title of Preparer (Print or Type) James Guillaumin, VP	

For OGS Use Only

Reviewed By:

Date:

Decision:

- ☐ Full MBE waiver granted
- ☐ Partial MBE waiver granted; revised MBE goal: _____ %
- ☐ MBE waiver denied
- ☐ Full WBE waiver granted
- ☐ Partial WBE waiver granted; revised WBE goal: _____ %
- ☐ WBE waiver denied

Approved By:

Date:

Date Notice of Determination Sent:

Comments



Exhibit I.P
**Offeror's Certificate of Compliance
Pursuant to State Finance Law §139-k**

Exhibit I.P Offeror's Certificate of Compliance
Pursuant to State Finance Law §139-k

Exhibit I.P – Offeror’s Certification of Compliance Pursuant to State Finance Law

Offeror’s Certification of Compliance Pursuant to State Finance Law §139-k(5)


Instructions:

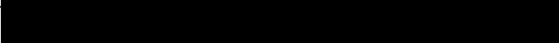
New York State Finance Law (SFL) §139-k(5) requires that every contract award subject to the provisions of SFL §§139-k or 139-j shall contain a certification by the Offeror that all information provided to the Department with respect to SFL §139-k is complete, true and accurate.

At the time an Offer or Bid is submitted to the Department, the Offeror must provide the following certification that the information it has and will provide to the Department pursuant to SFL §139-k is complete, true and accurate including, but not limited to, disclosures of findings of non-responsibility made within the previous four years by any State governmental entity where such finding of non-responsibility was due to a violation of SFL §139-j or due to the intentional provision of false or incomplete information to a State governmental entity.

Offeror Certification

I certify that all information provided to the Governmental Entity with respect to State Finance Law §139-k is complete, true and accurate.

Name of
Offeror: Brian Unlimited Distribution Company


By:
(Signature) 

Name: JAMES GUILLAMIN

Title: VP

Address: 13700 Oakland Avenue
Highland Park, Michigan 48203

Date: 5/28/15



Exhibit I.Q
Certification of Good Faith Efforts
(Form MWBE-104)



**MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES – EQUAL
EMPLOYMENT OPPORTUNITY POLICY STATEMENT**

M/WBE AND EEO POLICY STATEMENT

I, James Guillaumin, the (awardee/contractor) Brian Unlimited Distribution Company agree to adopt the following policies with respect to the project being developed or services rendered at the New York State Department of Civil Service.

M/WBE This organization will and will cause its contractors and subcontractors to take good faith actions to achieve the M/WBE contract participations goals set by the State for that area in which the State-funded project is located, by taking the following steps:

- (1) Actively and affirmatively solicit bids for contracts and subcontracts from qualified State certified MBEs or WBEs, including solicitations to M/WBE contractor associations.
- (2) Request a list of State-certified M/WBEs from the Department and solicit bids from them directly.
- (3) Where feasible, divide the work into smaller portions to enhanced participations by M/WBEs and encourage the formation of joint venture and other partnerships among M/WBE contractors to enhance their participation.
- (4) Document and maintain records of bid solicitation, including those to M/WBEs and the results thereof. The Contractor will also maintain records of actions that its subcontractors have taken toward meeting M/WBE contract participation goals.
- (5) Ensure that progress payments to M/WBEs are made on a timely basis so that undue financial hardship is avoided, and that bonding and other credit requirements are waived or appropriate alternatives developed to encourage M/WBE participation.

EEO (a) This organization will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, age, disability or marital status, will undertake or continue existing programs of affirmative action to ensure that minority group members are afforded equal employment opportunities without discrimination, and shall make and document its conscientious and active efforts to employ and utilize minority group members and women in its work force on state contracts.

(b) This organization shall state in all solicitation or advertisements for employees that in the performance of the State contract all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex disability or marital status.

(c) At the request of the contracting agency, this organization shall request each employment agency, labor union, or authorized representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will affirmatively cooperate in the implementation of this organization's obligations herein.

(d) The Contractor shall comply with the provisions of the Human Rights Law, all other State and Federal statutory and constitutional non-discrimination provisions. The Contractor and subcontractors shall not discriminate against any employee or applicant for employment because of race, creed (religion), color, sex, national origin, sexual orientation, military status, age, disability, predisposing genetic

Exhibit I.Q – M/WBE and EEO Policy Statement

characteristic, marital status or domestic violence victim status, and shall also follow the requirements of the Human Rights Law with regard to non-discrimination on the basis of prior criminal conviction and prior arrest.

(e) This organization will include the provisions of sections (a) through (d) of this agreement in every subcontract in such a manner that the requirements of the subdivisions will be binding upon each subcontractor as to work in connection with the State contract

Exhibit I.Q – M/WBE and EEO Policy Statement

Agreed to on _____, 2015

By _____

Print: James Guillaumin

Title: VP

James Guillaumin is designated as the Minority Business Enterprise Liaison
(Name of Designated Liaison)
responsible for administering the Minority and Women-Owned Business Enterprises- Equal
Employment Opportunity (M/WBE-EEO) program.

(1) Ensure that plans, specifications, request for proposals and other documents used to
secure bids will be made available in sufficient time for review by prospective M/WBEs.

M/WBE Contract Goals

- ☐ % Minority and Women's Business Enterprise Participation
- ☐ % Minority Business Enterprise Participation
- ☐ % Women's Business Enterprise Participation

EEO Contract Goals

- 65 % Minority Labor Force Participation
- 65 % Female Labor Force Participation

(Authorized Representative)

Title: VP

Date: June 4, 2015



Exhibit I.S **Formal Offer Letter**



BUDCO
HEALTH SERVICE
S O L U T I O N S



13700 Oakland Avenue
Highland Park, MI 48203

May 28, 2015

Mr. George Powers
Procurement Manager
Employee Benefits Division – Room 1106
NYS Department of Civil Service
Albany, NY 12239

RE: Invitation for Bids # DEAS-2015-1 entitled: “Dependent Eligibility Audit Services,” Firm Offer to the State of New York

Brian Unlimited Distribution Company (Budco) hereby submits this firm and binding offer to the State of New York in response to the Department’s Invitation for Bids # DEAS-2015-1, entitled “**Dependent Eligibility Audit Services**,” (IFB). The Proposal hereby submitted meets or exceeds all terms, conditions, and requirements set forth in the above-referenced IFB and in the manner set forth in this IFB.

Brian Unlimited Distribution Company (Budco) accepts the terms and conditions as set forth in IFB, Section VII and Appendices A, B, C, and D and agrees to satisfy the comprehensive programmatic duties and responsibilities outlined in this IFB in the manner set forth in this IFB.

Brian Unlimited Distribution Company (Budco) agrees to execute a contractual agreement composed substantially of the terms and conditions set forth in the draft contract included in the IFB, and accepts as non-negotiable the terms and conditions set forth in Appendices A, B, C and D to the draft contract.

Brian Unlimited Distribution Company (Budco) further agrees, if selected as a result of the IFB, to comply with 1) the provisions of Tax Law Section 5-a, Certification Regarding Sales and Compensating Use Tax; and 2) the Workers’ Compensation Law as set forth in Section II.B.7 of the IFB.

This formal offer will remain firm and non-revocable for a minimum period of 365 days from the Proposal Due Date as set forth in the IFB. In the event that a contract is not approved by the NYS Comptroller within the 365 day period, this offer shall remain firm and binding beyond the 365 day period and until a contract is approved by the NYS Comptroller, unless **Brian Unlimited Distribution Company (Budco)** delivers to the Department of Civil Service written notice of withdrawal of its Proposal.

Brian Unlimited Distribution Company (Budco)’s complete offer is set forth as follows:

Administrative and Technical Sections:

Total of eight (8) hard copy volumes [two (2) original and six (6) copies] and one (1) electronic copy on CD.

Cost Section:

Total of eight (8) hard copy volumes [two (2) original and six (6) copies] and one (1) electronic copy on CD.

The undersigned affirms and swears s/he has the legal authority and capacity to sign and make this offer on behalf of, **Brian Unlimited Distribution Company (Budco)** and possesses the legal authority and capacity to act on behalf of **Brian Unlimited Distribution Company (Budco)** to execute a contract with the State of New York.

Exhibit I.S - Formal Offer Letter

The undersigned affirms and swears as to the truth and veracity of all documents included in this offer.

Date: 5/28/15 _____ any (Budco)

By:

JAMES S GUILLAMIN
(name)

VP
(title)

(phone number)

(email address)

CORPORATE OR PARTNERSHIP ACKNOWLEDGMENT

MARGARET M. BECKER

Notary Public

State of Michigan

County of Oakland

My Commission Expires 6 / 4 / 2016

STATE OF

☐

: SS.:

☐

COUNTY OF

On the 28th day of MAY in the year 2015, before me personally appeared:

JAMES GUILLAMIN, known to me to be
the person who executed the foregoing instrument, who, being duly sworn by me did depose and say that
he resides at

128 Meadow Lane, Town of

GROSSE POINTE FARMS,
County of Wayne, State of Michigan; and further that:

[Check One]

(☒ If a corporation): he is the Vice President of

_____, the corporation described in said
instrument; that, by authority of the Board of Directors of said corporation, he is authorized to
execute the foregoing instrument on behalf of the corporation for purposes set forth therein; and that,
pursuant to that authority, he executed the foregoing instrument in the name of and on behalf of said
corporation as the act and deed of said corporation.

(☐ If a partnership): he is the _____ of

_____, the partnership described in said
instrument; that, by the terms of said partnership, he is authorized to execute the foregoing
instrument on behalf of the partnership for the purposes set forth therein; and that, pursuant to that
authority, he executed the foregoing instrument in the name and on behalf of said partnership as
the act and deed of said partnership.

Notary Public



Exhibit I.T Offeror Attestations Form

Exhibit I.T Offeror Attestations Form

Exhibit I.T - Offeror Attestations Form

An authorized representative of the Offeror who is legally authorized to certify the information requested in the name of and on behalf of the Offeror is required to complete and sign the Offeror Attestations and provide all requested information. Offeror's authorized representative must certify as to the truth of the representations made by signing where indicated, below.

CERTIFICATION:

The Offeror (1) recognizes that the following representations are submitted for the express purpose of assisting the State of New York in making a determination to award a contract; (2) acknowledges and agrees by submitting the Attestation, that the State may at its discretion, verify the truth and accuracy of all statements made herein; (3) certifies that the information submitted in this certification and any attached documentation is true, accurate and complete.

Name of Business Entity Submitting Bid:	Brian Unlimited Distribution Company (Budco)	
Entity's Legal Form:	<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other	
No.	IFB Ref.	IFB Requirement:
1.	Section III.B.1	At time of Proposal Due Date, Offeror represents and warrants that it: <input checked="" type="checkbox"/> possesses does not possess the legal capacity to enter into a contract with the Department.
2.	Section III.B.2	At time of Proposal Due Date, Offeror represents and warrants that it: <input checked="" type="checkbox"/> attests does not attest that it understands and agrees to comply with all specific duties and responsibilities set forth in Section IV of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services."
3.	Section III.B.3	At time of Proposal Due Date, Offeror represents and warrants that it: <input checked="" type="checkbox"/> attests does not attest it has provided dependent eligibility verification services for a minimum of five (5) years.
4.	Section III.B.4	Amended May 29, 2015 At time of Proposal Due Date, Offeror represents and warrants that it: <input checked="" type="checkbox"/> attests does not attest That it has provided dependent eligibility verification services comparable to the services outlined in this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services" for at least one (1) client in the past three (3) years with a size of at least one hundred fifty thousand Dependent lives subject to audit verification services,
5.	Section III.B.5	At time of Proposal Due Date, Offeror represents and warrants that it: <input checked="" type="checkbox"/> attests does not attest it can complete the Implementation Period within 60 Days from the date the Department notifies the Contractor that the Agreement has been approved by OSC, complete the Amnesty Period and Eligibility Verification Period within twelve(12) months and complete the entire DEA Project, including the Appeal and Reinstatement Period(s) within fifteen (15) months.

Exhibit I.T - Offeror Attestations Form

6.	Section III.B.6	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that its entire DEA Project is fully HIPAA compliant.
7.	Section III.B.7	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that it guarantees a return on investment (ROI), as defined in Section IV of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services," of at least three to one (3:1) for the Project including administration of the Amnesty Period; the Eligibility Verification Period and the Appeal and Reinstatement Period(s).
8.	Section III.B.8	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that it will maintain a complete and accurate set of records as may be required by the State to be produced for review by the State pursuant to Appendix A of the draft Agreement, contained in Section VII of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services," including any and all financial records as deemed necessary by the State to discharge its fiduciary responsibilities to NYSHIP participants and to ensure that public dollars are spent appropriately.
9.	Section III.B.9	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that it acknowledges and agrees that all enrollment data provided by the Department is being provided to the Offeror (Contractor) solely for the purposes of allowing the Contractor to fulfill its duties and responsibilities under the Agreement; said materials are sole property of the State; and it will not share, sell, release, or make the data available to third parties in any manner without the written consent of the Department, except as directed by a court of competent jurisdiction, or as necessary to comply with applicable New York State federal law.
10.	Section III. B.10	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that it will agree to provide minimum service levels for performance guarantees and credits, as defined in Section IV of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services."
11.	Section III. B.11	At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that it will provide a customizable secure online web portal (online reporting access) for DEA services, as defined in Section IV of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services," that, at a minimum, a. allows Enrollees to upload scanned documents; b. allows Enrollees to view the status of their current compliance with the current audit; c. allows Enrollees to view all documents sent to the Enrollee by the Contractor; d. Allows the Department to compile periodic management reports documenting the progress and outcomes of the Project.

Exhibit I.T - Offeror Attestations Form

12.	Section III. B.12	<p>At time of Proposal Due Date, Offeror represents and warrants that it: x attests does not attest that it will provide a Call Center as defined in Section IV of this IFB #DEAS-2015-1, entitled "Dependent Eligibility Audit Services," that at a minimum</p> <ul style="list-style-type: none">a. is located in the United States;b. is fully staffed with trained Call Center representatives and supervisors from 8 am to 8 pm ET from the start of the 60-Day Amnesty Period through the end of the Appeal and Reinstatement Period(s), except for Business Holiday(s) observed by the State and have management reporting capability to provide information on the quality and effectiveness of the Call Center;c. is staffed appropriately based on anticipated peak call times (i.e., after Enrollee mailings); and,d. uses an integrated system to log and track all Enrollee calls. The system must create a record of the Enrollee contacting the call center, the call type, and all customer service actions and resolutions.

Exhibit I.T - Offeror Attestations Form

Date: 6/5/2015



James Guillaumin
Vice President
Brian Unlimited Distribution Company

CORPORATE OR PARTNERSHIP ACKNOWLEDGMENT

MARGARET M. BECKER
Notary Public
State of Michigan
County of Oakland
My Commission Expires 6 / 4 / 2016

STATE OF _____ }

: SS.:

COUNTY OF _____ }

On the 5 day of JUNE in the year 2015, before me personally appeared:
JAMES GUILLAUMIN, known to me to be the person who executed the
foregoing instrument, who, being duly sworn by me did depose and say that he resides at
128 Meadow Lane, Town of
GROSSE POINTE FARMS, County of Wayne, State of
Michigan; and further that:

[Check One]

(☒ If a corporation): he is the Vice President of
FINANCE, the corporation described in said instrument;
that, by authority of the Board of Directors of said corporation, he is authorized to execute
the foregoing instrument on behalf of the corporation for purposes set forth therein; and that,
pursuant to that authority, he executed the foregoing instrument in the name of and on behalf
of said corporation as the act and deed of said corporation.

(☐ If a partnership): he is the _____ of
_____, the partnership described in said instrument;
that, by the terms of said partnership, he is authorized to execute the foregoing instrument
on behalf of the partnership for the purposes set forth therein; and that, pursuant to that
authority, he executed the foregoing instrument in the name and on behalf of said partnership
as the act and deed of said partnership.

Notary Public

MARGARET M. BECKER
Notary Public
State of Michigan
County of Oakland
My Commission Expires 6 / 4 / 2016

Project Services Attestations

Project Team

The Offeror

☒ agrees

☐ does not agree

throughout the term of the Agreement, the Contractor must:

- a. Maintain an organization of sufficient size with staff that possesses the necessary skills and experience to administer, manage, and oversee all aspects of the DEA Project during implementation and operation;
- b. Dedicate a project manager who will be available full time for the entire term of the DEA Project and who has at least three (3) years' experience serving as a project manager. The Contractor must advise the Department immediately if replacement of the project manager is contemplated during the term of this DEA Project;
- c. Assign a project management team that is experienced, accessible, and sufficiently staffed to provide timely (one (1) Business Day) responses to administrative concerns and inquiries posed by the Department, and other users designated by the Department, for the duration of the Agreement to the satisfaction of the Department; and
- d. Immediately notify the Department of actual or anticipated events affecting the delivery of services to the Department and present options available to minimize or eliminate the impact of those events on the delivery of Project Services.

Project Implementation

The Offeror

☒ agrees

☐ does not agree

throughout the term of the Agreement, the Contractor must:

- a. Develop and update, as needed, a written implementation plan for the DEA Project as requested in IV.B.3.a of this IFB. The implementation plan must be detailed and comprehensive and demonstrate a firm commitment by the Contractor to complete all implementation activities within the 60-Day Implementation Period. For all tasks that require Department review and approval, a minimum review period of five (5) Business Days must be built into the implementation plan; and
- b. Undertake and complete all implementation activities, including but not limited to those specific activities set forth below in this Section IV.A.2.b of this IFB. Such implementation activities must be completed no later than the first Day following the 60-Day Implementation Period and includes:
 - (1) Planning and testing the transmission of data to/from the Department as outlined in Section IV.A.3 of this IFB;
 - (2) Establishing and maintaining a fully trained call center as outlined in Section IV.A.4 of this IFB;

Exhibit I.T.1

- (3) Establishing a secure online web portal providing access for Enrollees and the Department as outlined in IV.A.5 of this IFB; and
- (4) Developing Enrollee communications for review and approval by the Department as outlined in IV.A.7 of this IFB.

Electronic Transfer of Data

The Offeror

☒ agrees – See Item e.

☐ does not agree

throughout the term of the Agreement, the Contractor must:

- a. Receive and transmit Dependent data in a secure electronic format and on a schedule mutually agreed upon by the Contractor and the Department;
- b. Receive/transmit data in the format required by the file layouts presented in Exhibit III.E of this IFB;
- c. Ensure all electronic transfer of data and/or storage of files is located solely in the United States;
- d. Maintain a HIPAA compliant level of security to protect the confidentiality of all Enrollee/Dependent information;
- e. Have a disaster recovery plan in place that is applicable to this DEA Project; Please see proposal for alternative solutions
- f. Image all documentation received from the Enrollee and transmit a file (or files) to the Department in a standard format (i.e. Multi-Page Tagged Image File Format (TIFF)). The file of images must be accompanied by indexing files and follow a naming convention as outlined in Exhibit III.G of this IFB; and
- g. Acknowledge that it is the Department's policy that all files need to have a PGP encryption key. If the Department sends the Contractor a file(s), the Department will send to the Contractor's server with the Contractor's PGP encryption key. If the Contractor sends the Department a file(s), the Contractor will send to the Department's server with the Department's PGP encryption key. The files will be exchanged using SFTP protocol.

Call Center Services

The Offeror

☒ agrees

☐ does not agree

throughout the term of the Agreement, the Contractor must:

- a. Establish a dedicated toll-free telephone number that Enrollees can call with questions during the Amnesty Period, the Eligibility Verification Period, and the Appeal and Reinstatement Period(s). The Contractor must maintain a call center with a staffing level sufficient to meet the call center performance guarantees. The Contractor must

Exhibit I.T.1

dedicate a core staff to service the Department's account;

- b. Establish a call center, located in the United States and staffed with fully trained call center representatives and supervisors, with representatives available, at a minimum, from 8:00 a.m. to 8:00 p.m. ET, except for Business Holidays observed by the State. The Contractor's call center technology must have a system to log and track all inquiries. The system must include call type, actions and resolutions. Call center representatives must be trained to respond to questions and inquiries including, but not limited to, Dependent eligibility and status of documentation review. Any inquiries that cannot be answered in the initial phone call must be responded to either by telephone or in writing within five (5) Business Days;
- c. Escalate complex and/or difficult calls to more experienced representatives and ultimately supervisory staff; and
- d. Staff the call center during the Appeal and Reinstatement Period(s) to assist Enrollees who submit documentation that supports reinstating the terminated Dependent's coverage.

Secure Online Web Portal

The Offeror

☒ agrees

☐ does not agree

throughout the term of the Agreement, the Contractor must:

- a. Establish a secure online web portal, which allows Enrollees to submit, and confirm submission of, eligibility documentation. The secure online web portal must be available twenty-four hours a day, seven (7) days a week, except for regularly scheduled maintenance. The Department shall be notified of all regularly scheduled maintenance at least one (1) Business Day prior to such maintenance being performed; and
- b. Maintain a secure online web portal that allows Enrollees, or the Department as applicable, to perform the following:
 - (1) Upload documentation;
 - (2) Check Dependent eligibility status in real-time;
 - (3) View all communications sent from the Contractor to the Enrollee;
 - (4) Review FAQ's that have been developed by the Contractor and approved by the Department;
 - (5) Allows Enrollees to get answers to questions via secure email and/or a chat function;
 - (6) Access customer service contact information including address(es), phone number(s) and email address(es);
 - (7) Allows the Department to compile periodic management reports documenting the progress and outcomes of the DEA Project via the secure online web portal; and
 - (8) Allows the Department to have view only access to Dependent eligibility status.
- c. Allows cobranding of the secure online portal by incorporating the NYSHIP logo.

Exhibit I.T.1

Amnesty Period, Eligibility Verification Period, and Appeal and Reinstatement Period(s)

The Offeror

☒ agrees

☐ does not agree

throughout the term of the Agreement, the Contractor must:

- a. Administer one (1) Amnesty Period for all Enrollees with a Family Policy to report ineligible Dependents. Administration of the Amnesty Period must include the communication of the Amnesty Period to Enrollees, call center support, receiving requests from Enrollees to terminate ineligible Dependents, and the reporting of ineligible Dependents to the Department;
- b. Administer up to three (3) Phases of eligibility verification during the Eligibility Verification Period. Administration of the Eligibility period shall include, but not be limited to, sending communication materials to Enrollees regarding the Eligibility Verification Period, providing call center support, receiving and processing documents to verify eligibility, and the reporting of ineligible Dependents to the Department. The Dependent eligibility audit tasks must conform to NYSHIP eligibility rules;
- c. Administer an Appeal and Reinstatement Period(s) for Dependents who were terminated because sufficient documentation was not provided on a timely basis and who subsequently are able to provide the documentation. The Department requires the Contractor to complete Reinstatements quickly and accurately and provide the Reinstatement File as outlined in Section IV.A.9.a.(6) of this IFB;
- d. Transmit termination and reinstatement files on a schedule as outlined in Sections IV.A.9.a.(5) and IV.A.9.a.(6) of this IFB; and
- e. Complete all tasks related to the Amnesty Period, and Eligibility Verification Period, within one (1) year of the Agreement Start Date and the Appeal and Reinstatement Period(s) within fifteen (15) months of the Agreement start date.

Communication Material

The Offeror

☒ agrees

☐ does not agree

throughout the term of the Agreement, the Contractor must:

- a. Develop customized Enrollee communications, subject to written approval by the Department for the Amnesty Period, the Eligibility Verification Period, and the Appeal and Reinstatement Period(s). The communications must provide sufficient detail so the Enrollee can clearly identify:
 - (1) Dependent children verified in the prior audit for whom eligibility does not need to be confirmed;
 - (2) Dependent children added to coverage on or after February 1, 2009 for whom documentation must be submitted to verify coverage;
 - (3) Spouse or Domestic Partner, regardless of the date the individual was added to

Exhibit I.T.1

- coverage for whom documentation must be submitted;
- (4) Dates by which documentation must be submitted; and
- (5) Termination date for Dependents deemed ineligible for coverage. The final letter must allow the Enrollee fourteen (14) Business Days for response prior to terminating the Dependent.

- b. Send different Enrollee communications for different types of Dependents (i.e. Dependent child versus Spouse) and NYSHIP populations (NY versus Participating Agency (PA) or Participating Employer (PE);
- c. Mail sufficient Department approved Enrollee communication material to achieve the ROI guarantee as outlined in IV.A.10 of this IFB;
- d. Use a dedicated P.O. Box or other address as approved by the Department as the return address for all Enrollee communications; and
- e. Acknowledge that the cost of all Project Services communication mailings (including postage) will be paid by the Offeror and will be considered by the Department as being included in the total DEA Project cost submitted by the Offeror.

Outgoing and Returned Mail Process

The Offeror

☒ agrees

☐ does not agree

throughout the term of the Agreement, the Contractor must:

- a. Conform to address labeling guidelines that will be provided by the Department that, at a minimum, will require the following:
 - (1) The Offeror must use coding as provided in the enrollment file, Exhibit III.E, above the Enrollee address block on each mail piece. This coding will be used by the Offeror to route returned mail to agencies or DCS as appropriate for handling;
 - (2) For all active Enrollees, as well as Retirees of PAs, the agency code and benefit program code will be used; and
 - (3) For all other Retirees, a unique code, to be identified by the Department, will be used.
- b. Use USPS software as needed for simple address hygiene purposes. National Change of Address (NCOA) software may not be used as NYSHIP policy is that address changes must be requested by the Enrollee only;
- c. Provide mailing samples during the Implementation Period for testing and Department approval before mailing to Enrollees. The Department will review and approve or deny within two (2) Business Days;
- d. Provide a weekly file of returned mail, as outlined in Section IV.A.9.a.(12) of this IFB, to the Department;
- e. Accept one or more updated enrollment files, as outlined in Section IV.A.9.a.(12) of

Exhibit I.T.1

this IFB, containing corrected addresses, which the Contractor must load into their system within one (1) Business Day of receipt, should the Department determine such files are necessary.

Reporting

The Offeror

☒ agrees

☐ does not agree

throughout the term of the Agreement, the Contractor must:

- a. Work with the Department to develop reports acceptable to the Department for the Amnesty Period, Eligibility Verification Period, and Appeal and Reinstatement Period(s), that include, but are not limited to, measurement of the Contractor's response rates and outcomes, adherence to Agreement requirements, and measurement of performance guarantees. Reporting will be at intervals mutually agreed upon by the Department and the Contractor. Reporting, at a minimum, must cover:
 - (1) **Verification Status Summary Report** – to provide information on each letter mailed and received including number of letters mailed, number of responders, number of Amnesty Period requests, number of complete documentation received, number of incomplete documentation received, number of non-responders, number of returned mail, number of Appeals received, number of Appeals accepted, and number of Appeals rejected. The report will be required daily and may transition to weekly at the sole discretion of the Department;
 - (2) **Call Center Statistics** – report detailing each day's call center activity including, but not limited to, the number of calls, telephone response rate, telephone abandonment rate, and telephone blockage rate. The report will be required daily and may transition to weekly at the sole discretion of the Department;
 - (3) **Secure Online Portal Statistics** – weekly report providing information on the number of documents received daily, and the percent (%) processed within three (3) Business Days and the percent (%) processed within five (5) Business Days;
 - (4) **Weekly Management Summary Report** – provide progress of the DEA Project and the milestones met;
 - (5) **Results File** – identifying Dependents to be terminated from coverage. A file will be required at the end of the Amnesty Period and at the end of each Phase of the Eligibility Verification Period. Refer to the "Results File Layout" tab in Exhibit III.E of this IFB for the file layout;
 - (6) **Reinstatement File** – identifying those Dependents that are terminated during the audit and acceptable documentation is subsequently received prior to the completion of the DEA Project. The report will be required on a daily basis and must include all Reinstatements processed on the previous Business Day. Refer to the "Reinstate File" tab in Exhibit III.E of this IFB for the file layout;

Exhibit I.T.1

- (7) **Terminated and Deceased File** – a file shall be sent from the Department to the Offeror on a weekly basis after the Amnesty Period. The file will identify Enrollees and/or Dependents who have had coverage terminated or were identified as deceased after the initial population was identified for Amnesty. Refer to the “Term & Deceased File Layout” tab in Exhibit III.E of this IFB for the file layout;
- (8) **File of Imaged Eligibility Documentation** –provide one (1) or more files of images of all eligibility documentation received, Enrollee correspondence received, and Contractor communications to Enrollees. The file will be provided on a weekly basis. Refer to Exhibit III.G of this IFB for the file layout;
- (9) **Guarantee Report** – summarizing the Contractor's compliance with all Agreement guarantees (with the exception of the ROI Guarantee, which will be calculated by the Department). This report is to be provided 30 Days after the conclusion of the DEA Project;
- (10) **Final Project Report** – summarizing the DEA Project outcome and suggestions, including draft forms/documents, to improve the Department's ongoing management of Dependent eligibility. This report is to be provided 90 Days after the conclusion of the DEA Project;
- (11) **Ad Hoc Reports** – the Department may, on occasion, request ad hoc reports or other data analysis to monitor Project Services and contract compliance. The format, frequency, and due dates for such reports, if any, will be specified by the Department to the Contractor during the term of the Agreement that results from this IFB; and
- (12) **File of Returned Mail** – provides a complete listing of mail returned to the Contractor due to incorrect addresses. The file will be required weekly at the discretion of the Department. Refer to the “Returned Mail Layout” tab in Exhibit III. E of this IFB for the file layout.

Project Return on Investment (ROI)

The Offeror

☒ agrees

☐ does not agree

throughout the term of the Agreement, the Contractor must:

- a. Guarantee a return on investment of at least 3:1 (Total Savings of at least three times the total DEA Project cost) for the DEA Project including administration of the Amnesty Period, the Eligibility Verification Period and the Appeal and Reinstatement Period(s);
- b. Total Savings will be calculated by the Department and will be based on the Plan (Empire, SEHP or HMO) the member is enrolled in at the time of the audit. The Total Savings shall be calculated as follows (refer to Exhibit III.F for an example of the ROI Calculation):

(1) For the Empire Plan and SEHP, the savings shall be calculated by the

Exhibit I.T.1

Department as the average annual paid claims amount per Dependent determined to be ineligible by the vendor multiplied by the number of Dependents disenrolled. The annual paid claims per Dependent shall be calculated by the Department as the claims paid for each Dependent determined ineligible for the period 2010-2014 divided by the number of months such Dependent was enrolled in the Plan during that period multiplied by 12.

Plus

- (2) For HMO Dependents, annual savings calculated as the difference between Family and Individual 2014 Net Premium multiplied by the number of Family Policies that changed to Individual as a result of all Dependents being determined to not be eligible.

Plus

- (3) Annual savings of Medicare Part B Premium reimbursement paid for Medicare Dependents determined not eligible by the Contractor based on the standard 2014 monthly Medicare Part B Premium amount.

Plus

- (4) For Enrollees with a Family Policy who are participating in the Opt-Out Program, there will be an annual savings of \$2,000 in instances where all of the Enrollee's Dependents are determined not eligible.

Date: 6/5/2015

[Redacted Signature]

Signature

James Guillaumin
Vice President
Brian Unlimited Distribution Company

CORPORATE OR PARTNERSHIP ACKNOWLEDGMENT

STATE OF _____ }

: SS.:

COUNTY OF _____ }

MARGARET M. BECKER
Notary Public
State of Michigan
County of Oakland
My Commission Expires 6/4/2018

On the 5 day of JUNE in the year 2015, before me personally appeared: James Guillaumin, known to me to be the person who executed the foregoing instrument, who, being duly sworn by me did depose and say that he resides at 128 Meadow Lane, Town of Corosse Pointe Farms, County of Wayne, State of Michigan; and further that:

[Check One]

(☒ **If a corporation**): he is the Vice President of Finance, the corporation described in said instrument; that, by authority of the Board of Directors of said corporation, he is authorized to execute the foregoing instrument on behalf of the corporation for purposes set forth therein; and that, pursuant to that authority, he executed the foregoing instrument in the name of and on behalf of said corporation as the act and deed of said corporation.

(☐ **If a partnership**): he is the _____ of _____, the partnership described in said instrument; that, by the terms of said partnership, he is authorized to execute the foregoing instrument on behalf of the partnership for the purposes set forth therein; and that, pursuant to that authority, he executed the foregoing instrument in the name and on behalf of said partnership as the act and deed of said partnership.

[Redacted Notary Signature]

Notary Public

Performance Guarantee Attestations

Implementation and Start-Up Guarantee
<p>The Offeror <input checked="" type="checkbox"/> agrees <input type="checkbox"/> does not agree</p> <p style="margin-left: 40px;">that all Implementation and Start- Up activities listed in Section IV.A.2 will be in place on the implementation date.</p> <p style="margin-left: 40px;">If the Contractor fails to complete all implementation and start-up activities within the Implementation Period, the Contractor shall credit against the Project's fees \$1,250 per Day that the Contractor fails to assume full operational responsibility to the satisfaction of the Department.</p>
Call Center Availability Guarantee
<p>The Offeror <input checked="" type="checkbox"/> agrees <input type="checkbox"/> does not agree</p> <p style="margin-left: 40px;">that the call center toll-free telephone line will be operational and available to callers at least ninety-eight percent (98%) of the Contractor's Call Center Hours. The call center availability will be reported daily, and may transition to weekly at the discretion of the Department, and calculated for the term of the Agreement.</p> <p style="margin-left: 40px;">For each .01 to 1% below the standard of ninety-eight percent (98%) that the Contractor's toll-free telephone line is not operational and available to callers during the Contractor's Call Center Hours, the Contractor shall credit against the Project Fees the amount of \$10,000.</p>
Call Center Telephone Response Time Guarantee
<p>The Offeror <input checked="" type="checkbox"/> agrees – See Note <input type="checkbox"/> does not agree</p> <p style="margin-left: 40px;">that the call center toll-free telephone line will be answered by a call center representative within 45 seconds at least ninety percent (90%) of the time during the Contractor's Call Center Hours. The call center response time will be reported daily, and may transition to weekly at the discretion of the Department, and calculated for the term of the Agreement.</p> <p style="margin-left: 40px;">For each .01 to 1% of incoming calls to the Contractor's telephone line below the standard of ninety percent (90%) that is not answered by a call center representative within 45 seconds, Contractor shall credit against the Project Fees the amount of \$10,000.</p> <p style="margin-left: 40px; background-color: yellow;">Note: Intervals exceeding 110% of forecast volumes will not be counted in the SLA calculation for penalty purposes.</p>

Exhibit I.T.2

Telephone Abandonment Rate Guarantee

The Offeror

☒ agrees - See Note

☐ does not agree

that incoming calls to the Contractor's call center toll-free telephone line in which the caller disconnects prior to the call being answered by a call center representative will not exceed the standard of three percent (3%) of total incoming calls. The call center telephone abandonment rate will be reported daily and may transition to weekly at the discretion of the Department, and calculated for the term of the Agreement.

For each .01 to 1% of incoming calls to the Contractor's call center toll-free telephone line in which the caller disconnects prior to the call being answered by a call center representative in excess of the standard of three percent (3%) of total incoming calls, the Contractor shall credit against the Project Fees the amount of \$10,000.

Note: Intervals exceeding 110% of forecast volumes will not be counted in the SLA calculation for penalty purposes.

Telephone Blockage Rate Guarantee

The Offeror

☒ agrees - See Note

☐ does not agree

that incoming calls to the Contractor's call center toll-free telephone line that are blocked by a busy signal shall not exceed the standard of one percent (1%) of total incoming calls. The call center telephone line blockage rate will be reported daily, and may transition to weekly at the discretion of the Department, and calculated for the term of the Agreement.

For each .01 to 1% of incoming calls to the call center toll-free telephone line that are blocked by a busy signal, in excess of the standard of one percent (1%) of total incoming calls, the Contractor shall credit against the Project's Fees the amount of \$10,000.

Note: Intervals exceeding 110% of forecast volumes will not be counted in the SLA calculation for penalty purposes.

Secure Online Web Portal Guarantee

The Offeror

☒ agrees

☐ does not agree

that ninety-five percent (95%) of all documents submitted by Enrollees, regardless of method of submission, will be uploaded, processed and viewable on the Contractor's secure online web portal within three (3) Business Days of receipt and one-hundred percent (100%) will be uploaded, processed and viewable on the Contractor's secure online web portal within five (5) Business Days of receipt. The document processing time shall be reported weekly and calculated for the term of the Agreement.

Exhibit I.T.2

<p>For each .01 to 1% below the standard of ninety-five percent (95%) of all documents received that are not uploaded, processed and viewable on the Contractor's secure online web portal within three (3) Business Days, the Contractor shall credit against the Project Fees the amount of \$10,000. Additionally for each .01 to 1% below the standard of one-hundred percent (100%) of all documents received that are not uploaded, processed and viewable on the Contractor's secure online web portal within five (5) Business Days, the Contractor shall credit against the Project Fees the amount of \$10,000.</p>
Amnesty Period, Eligibility Verification Period, and Appeal and Reinstatement Period(s) Guarantee
<p>The Offeror x agrees <input type="checkbox"/> does not agree</p> <p>that all Amnesty Period and Eligibility Verification Period tasks will be completed within one (1) year of the Agreement start date and all Appeal and Reinstatement Period(s) tasks will be completed within fifteen (15) months of Agreement start date.</p> <p>For each month or partial month that all Amnesty Period and Eligibility Verification Period tasks are not completed within one (1) year of the Agreement start date and all Appeal and Reinstatement Period(s) tasks that are not completed within fifteen (15) months of the Agreement start date, the Contractor shall credit four percent (4%) of the total Project Fees charged under the Agreement for all DEA Project Services.</p>
Reporting Guarantee
<p>The Offeror x agrees <input type="checkbox"/> does not agree</p> <p>that the accurate management of reports as specified in Section IV.A.9.a of this IFB will be delivered to the Department no later than their respective due dates inclusive of the date of receipt and supply the reports in an electronic format (Microsoft Access, Excel, Word) as determined by the Department.</p> <p>For each management report that is not received by its respective due date, the Contractor shall credit against the Project Fees \$1,250 per report per each Business Day between the due date and the date the management report is received by the Department inclusive of the date of receipt.</p>
Return on Investment (ROI) Guarantee
<p>The Offeror x agrees <input type="checkbox"/> does not agree</p> <p>to guarantee a ROI of at least 3:1 for the administration of the Amnesty Period and the Eligibility Verification Period: Total savings of at least three (3) times the total DEA Project cost. Total savings shall be calculated by the Department, as outlined in IV.10.b of this IFB, and shall be based on the Plan (Empire, SEHP or HMO) the member is enrolled in at the time of the audit.</p>

Exhibit I.T.2

If total savings calculated by the Department is less than three (3) times the total DEA Project cost charged under the Agreement, the Contractor shall credit against the total Project Fees the difference between three (3) times the total DEA Project cost and actual total savings as calculated by the Department, not to exceed the total Project Fees charged under the Agreement.

Date: 6/5/2015

Signature


James Guillaumin
Vice President
Brian Unlimited Distribution Company

CORPORATE OR PARTNERSHIP ACKNOWLEDGMENT

STATE OF _____ }

: SS.: _____ }

COUNTY OF _____ }

MARGARET M. BECKER

Notary Public

State of Michigan

County of Oakland

My Commission Expires 6 / 4 / 2016

On the 5 day of JUNE in the year 2015, before me personally appeared: James Guillaumin, known to me to be the person who executed the foregoing instrument, who, being duly sworn by me did depose and say that he resides at 128 meadow Lane, Town of Grosse Pointe Farms, County of Wayne, State of Michigan; and further that:

[Check One]

(☒ If a corporation): he is the Vice President of FINANCE, the corporation described in said instrument; that, by authority of the Board of Directors of said corporation, he is authorized to execute the foregoing instrument on behalf of the corporation for purposes set forth therein; and that, pursuant to that authority, he executed the foregoing instrument in the name of and on behalf of said corporation as the act and deed of said corporation.

(☐ If a partnership): he is the _____ of _____, the partnership described in said instrument; that, by the terms of said partnership, he is authorized to execute the foregoing instrument on behalf of the partnership for the purposes set forth therein; and that, pursuant to that authority, he executed the foregoing instrument in the name and on behalf of said partnership as the act and deed of said partnership.


Notary Public



Exhibit I.U.1 **Key Subcontractors or Affiliates**



Exhibit I.U.1 - Key Subcontractors or Affiliates

The Offeror must complete and submit this Exhibit as part of its Administrative Section. A separate form should be completed for each Key Subcontractor or Affiliate, if any. If the Offeror will not be subcontracting with any Key Subcontractor(s) or Affiliate(s) to provide any of the services required under the IFB, the Offeror must complete and submit a single Exhibit I.U.1 to that affect.

INSTRUCTION: Prepare this form for each Key Subcontractor or Affiliate	
Offeror's Name:	Brian Unlimited Distribution Company
The Offeror: is <input checked="" type="checkbox"/> is not proposing to utilize the services of a Key Subcontractor(s) or Affiliate(s) to provide Program Services is <input checked="" type="checkbox"/> is not proposing to utilize the services of a subcontractor(s) to provide Program Services totaling \$100,000 or more during the term of the 5 year agreement	
Subcontractor's Legal Name:	N/A
Business Address:	
Subcontractor's Legal Form:	Corporation Partnership Sole Proprietorship Other
As of the date of the Offeror's Proposal, a subcontract has has not been executed between the Offeror and the subcontractor(s) for services to be provided by such subcontractor(s) relating to Dependent Eligibility Audit Services Program Services.	
In the space provided below, describe the Key Subcontractor's or Affiliate's role(s) and responsibilities regarding Program Services to be provided. N/A	
Relationship between Offeror and Key Subcontractor or Affiliate for Current Engagements: (Complete items 1 through 5 for each client engagement identified)	
1. Client:	
2. Client Reference Name and Phone #	
3. Program Title:	
4. Program Start Date:	
5. In the space provided below, Program Status:	
6. In the space provided below, describe the roles and responsibilities of the Offeror and subcontractor in regard to the program identified in 3, above:	



Exhibit I.U.2 **NYS Supplier & Subcontractor**

IFB # DEAS-2015-1
“Dependent Eligibility Audit Services”

NEW YORK SUBCONTRACTORS AND SUPPLIERS

As stated in Section II.B.11 of the IFB, Offerors are encouraged to use New York State businesses in the performance of Program Services. Please complete the following exhibit to reflect the Offeror's proposed utilization of New York State businesses.

Name(s) of New York Subcontractors and/or Suppliers	Address, City, State, and Zip Code	Description of Services or Supplies Provided	Estimated Value Over 5-Year Contract Period	Identify if Subcontractor or Supplier



Exhibit I.V Program References

Exhibit I.V - Program References

Reference #: 1

Current or Former Customer?: Former

Abstract	
Customer For Whom Services Were Performed: <u>AT&T</u>	
Number of covered Lives: <u>225,000</u>	
Customer Address: <u>175 E Houston</u> <u>San Antonio, TX 78205</u>	
Program Description: (The Offeror should submit specific details concerning the program identified in satisfaction of the requirements in IFB. Section III.E. This information should be provided as an attachment to this form and the information provided should support the Offeror's assertion that it can successfully implement and administer programs of the scope and complexity as set forth in this IFB# DEAS-2015-1.)	
Program Contact References: (Required And Will Be Verified) (Attach 2 current and 1 former client reference)	
Contact Name: <u>Jan Harvey</u>	Contact Title: <u>Director of Benefits</u>
Phone Number: <u>[REDACTED]</u>	E-Mail Address: <u>[REDACTED]</u>
Contact Name: _____	Contact Title: _____
Phone Number: _____	E-Mail Address: _____

Exhibit I.V - Program References

Reference #: 2

Current or Former Customer?: Current

Abstract	
Customer For Whom Services Were Performed: <u>IBM</u>	
Number of covered Lives: <u>100,000</u>	
Customer Address: <u>294 Route 100 - MD 4411</u> <u>Somers, NY 10589</u>	
Program Description: (The Offeror should submit specific details concerning the program identified in satisfaction of the requirements in IFB. Section III.E. This information should be provided as an attachment to this form and the information provided should support the Offeror's assertion that it can successfully implement and administer programs of the scope and complexity as set forth in this IFB# DEAS-2015-1.)	
Program Contact References: (Required And Will Be Verified) (Attach 2 current and 1 former client reference)	
Contact Name: <u>Kathy Bond</u>	Contact Title: <u>Program Manager</u>
Phone Number: <u>[REDACTED]</u>	E-Mail Address: <u>[REDACTED]</u>
Contact Name: _____	Contact Title: _____
Phone Number: _____	E-Mail Address: _____

Exhibit I.V - Program References

Reference #: 3

Current or Former Customer?: Current

Abstract	
Customer For Whom Services Were Performed: <u>Ingersoll Rand</u>	
Number of covered Lives: <u>13,000</u>	
Customer Address: <u>800 A-Beary Street</u> <u>Davidson, NC 28036</u>	
Program Description: (The Offeror should submit specific details concerning the program identified in satisfaction of the requirements in IFB. Section III.E. This information should be provided as an attachment to this form and the information provided should support the Offeror's assertion that it can successfully implement and administer programs of the scope and complexity as set forth in this IFB# DEAS-2015-1.)	
Program Contact References: (Required And Will Be Verified) (Attach 2 current and 1 former client reference)	
Contact Name: <u>Lisa Jolly</u>	Contact Title: <u>Manager, Health & Welfare</u>
Phone Number: <u>[REDACTED]</u>	E-Mail Address: <u>[REDACTED]</u>
Contact Name: _____	Contact Title: _____
Phone Number: _____	E-Mail Address: _____



Exhibit I.W **Compliance with NYS Workers' Compensation Law**





CERTIFICATE OF LIABILITY INSURANCE

 DATE (MM/DD/YYYY)
6/8/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Commercial Lines - (248) 353-5800 Wells Fargo Insurance Services USA, Inc. 4000 Town Center, Suite 800 Southfield, MI 48075	CONTACT NAME: Nathan Shoemake PHONE (A/C, No, Ext): [REDACTED] FAX (A/C, No): 866-760-2433 E-MAIL ADDRESS: [REDACTED]																					
INSURED DialogDirect, LLC Budco 13700 Oakland Avenue Highland Park MI 48203	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> <tr> <td style="width: 80%;">INSURER A: Amerisure Partners Insurance Company</td> <td colspan="2" style="text-align: center;">11050</td> </tr> <tr> <td>INSURER B: Amerisure Mutual Insurance Co.</td> <td colspan="2" style="text-align: center;">23396</td> </tr> <tr> <td>INSURER C:</td> <td colspan="2"></td> </tr> <tr> <td>INSURER D:</td> <td colspan="2"></td> </tr> <tr> <td>INSURER E:</td> <td colspan="2"></td> </tr> <tr> <td>INSURER F:</td> <td colspan="2"></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A: Amerisure Partners Insurance Company	11050		INSURER B: Amerisure Mutual Insurance Co.	23396		INSURER C:			INSURER D:			INSURER E:			INSURER F:		
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INSURER C:																						
INSURER D:																						
INSURER E:																						
INSURER F:																						

COVERAGES
CERTIFICATE NUMBER: 9207582

REVISION NUMBER: See below

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N	N / A	WC2090477	12/15/14	12/15/15	X PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B				WC2090488 (CA, NJ, NY)	12/15/14	12/15/15	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Evidence of Coverage

CERTIFICATE HOLDER

 Budco
 13700 Oakland
 Highland Park, MI 48203

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE [REDACTED]

Budco Health Service Solutions

Proposal of The ACORD name and logo are registered marks of ACORD

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ACORD 25 (2014/01)

(This certificate replaces certificate# 9207559 issued on 6/8/2015)

Transaction Number: 5814610

Your submission was received for processing on 07/21/2014 at 3:07PM. It was submitted by user SHERRYB1.
It has been accepted and processed.

STATE OF NEW YORK WORKERS' COMPENSATION BOARD
DISABILITY BENEFITS LAW
CERTIFICATE/CANCELLATION OF INSURANCE

Filed on behalf of Employer in compliance with Article 9 of the Workers' Compensation Law

Transaction Type: Supersedes

Transaction Effective Date: 07/01/2014

A. <u>INSURER/CARRIER</u>			
1/2. INSURER/CARRIER NAME/CODE CIGNA LIFE INS CO OF NEW YORK - B089001			6. TODAY'S DATE 07/21/2014
B. <u>CURRENT - EMPLOYER INFORMATION</u>			
7. WCB EMPLOYER NUMBER		8. NYS UIER NUMBER	9. EMPLOYER FEIN 752068892
10. EMPLOYER'S NAME Name: NOVO 1 d/b/a: c/o: Attn:			13. LEGAL STATUS Other (99)
11. ADDRESS Line 1: 13700 Oakland Ave Line 2:			14. # OF EMPLOYEES
12. CITY STATE ZIP CODE Highland Park Michigan 48203 COUNTRY United States			15. TELEPHONE NO.
C. <u>POLICY</u>			
<i>*If policyholder is an Association, Union or Trustee for which form DB-820.3 is filed, do not complete item 18.</i>			
16. POLICY NUMBER* NYD067846		17. POLICY EFFECTIVE DATE 05/01/2012	18. POLICY FORM NUMBER*
19. WCB PLAN NUMBER (Only for Assoc., Union or Trustee with Form DB-801 on file.)			20. ANNUAL PREMIUM AMOUNT
E. <u>Complete if SUPERSEDES box is checked at top of form.</u>			
21. EMPLOYER'S NAME Name: d/b/a: c/o: Attn:			
22. ADDRESS Line 1: 2 Beinbridge Plaza Line 2: Unit 1302			
23. CITY STATE ZIP CODE COUNTRY Newburgh New York 12250 United States			
24. EMPLOYER FEIN		25. POLICY EFFECTIVE DATE	
26. POLICY NUMBER			

To be filed by Insurance Carrier on behalf of Employer to provide, through insurance, exactly statutory benefits, (Section 204)
OR benefits under a plan accepted by the Chairman.

THE WORKERS' COMPENSATION BOARD EMPLOYS AND SERVES PEOPLE WITH DISABILITIES WITHOUT DISCRIMINATION

DB-820/829 rev. 5/01



Exhibit I.X Extraneous Terms



BUDCO
HEALTH SERVICE
S O L U T I O N S

Extraneous Terms Template
(Instructions for Documentation and Submission)

Offerors shall identify all Extraneous Terms in the table provided on the following page, and shall adhere to all instructions below for preparing the table.

INSTRUCTIONS:

**IFB Section
and Sub-Section**

Reference: The Offeror must insert the exact IFB Section, and Sub-Section number of the requirement(s) that the Offeror is proposing to modify. The Offeror must insert the nature of the proposed change and its impact on the Requirement.

IFB Requirement: The Offeror must insert a concise description of the requirement(s) that the Offeror is proposing to modify.

**Proposed
Extraneous Term
Type:**

The Offeror must insert a one-word description, of the type of modification to each of the requirement(s) that the Offeror is proposing to modify, selected from the following list:

- ☐ Additional;
- ☐ Supplemental;
- ☐ “Or Equal”; or
- ☐ Alternative

**Proposed
Extraneous
Term:**

The one-word description must be followed by proposed alternate wording of the requirement(s).

**Impact on IFB
Requirement:**

The Offeror should describe the impact of the alternate wording. Then, the comments should explain how the modification(s) would benefit the State and provide best value. If there is a corresponding impact on the Administrative, Technical or Financial Section(s), that impact should be explained here with reference(s) to the parts of the volume(s) that are affected. However, **DO NOT INCLUDE ANY COST DATA IN THE ADMINISTRATIVE OR TECHNICAL SECTIONS.**

The Offeror must use the table format described above and detailed on the following page to summarize its proposed Extraneous Terms, if any. The Offeror may refer to more voluminous narratives, tables, figures and appendices that more fully describe aspects of the Extraneous Terms, provided that the additional material is fully cross-referenced by this required table.

Exhibit I.X – Extraneous Terms Template

Extraneous Terms Template

EXTRANEOUS TERM(S)			
No.	IFB Section and Sub-Section Reference	IFB Requirement	Proposed Extraneous Term Type
1.			<input type="checkbox"/> Additional; <input type="checkbox"/> Supplemental; <input type="checkbox"/> “Or Equal”; or <input type="checkbox"/> Alternative
<u>Proposed Extraneous Term(s):</u>			
<u>Impact on IFB Requirement:</u>			



New York State Department of Civil Service

Employee Benefits Division

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- I.T - Offeror Attestations Form
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- I.U.2 - NYS Supplier & Subcontractor Exhibit
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3. Project Implementation
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5. Call Center
6. Secure Online Web Portal
7. Amnesty Period, Eligibility Verification Period, and Appeal and Reinstatement Period
8. Communication Material
9. Reporting

Thank You



D. Key Subcontractors

Exhibit I.U.1 - Key Subcontractors or Affiliates

The Offeror must complete and submit this Exhibit as part of its Administrative Section. A separate form should be completed for each Key Subcontractor or Affiliate, if any. If the Offeror will not be subcontracting with any Key Subcontractor(s) or Affiliate(s) to provide any of the services required under the IFB, the Offeror must complete and submit a single Exhibit I.U.1 to that affect.

INSTRUCTION: Prepare this form for each Key Subcontractor or Affiliate	
Offeror's Name:	Brian Unlimited Distribution Company
The Offeror: is <input checked="" type="checkbox"/> is not proposing to utilize the services of a Key Subcontractor(s) or Affiliate(s) to provide Program Services is <input checked="" type="checkbox"/> is not proposing to utilize the services of a subcontractor(s) to provide Program Services totaling \$100,000 or more during the term of the 5 year agreement	
Subcontractor's Legal Name:	N/A
Business Address:	
Subcontractor's Legal Form:	Corporation Partnership Sole Proprietorship Other
As of the date of the Offeror's Proposal, a subcontract has has not been executed between the Offeror and the subcontractor(s) for services to be provided by such subcontractor(s) relating to Dependent Eligibility Audit Services Program Services.	
In the space provided below, describe the Key Subcontractor's or Affiliate's role(s) and responsibilities regarding Program Services to be provided. N/A	
Relationship between Offeror and Key Subcontractor or Affiliate for Current Engagements: (Complete items 1 through 5 for each client engagement identified)	
1. Client:	
2. Client Reference Name and Phone #	
3. Program Title:	
4. Program Start Date:	
5. In the space provided below, Program Status:	
6. In the space provided below, describe the roles and responsibilities of the Offeror and subcontractor in regard to the program identified in 3, above:	



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- I.M - Compliance with Public Officers Law Requirements
- I.N - Compliance with Americans with Disabilities Act
- I.O - MWBE Utilization Plan (form MWBE-100)
- I.P - Offeror's Certification of Compliance Pursuant to State Finance Law §139-k
- I.Q - Certification of Good Faith Efforts (form MWBE-104)
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- I.T - Offeror Attestations Form
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- I.V - Program References
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D. Key Subcontractors or Affiliates

E. Reference Checks

F. Financial Statements

TECHNICAL PROPOSAL

A. Contractor Responsibilities

B. Technical Section Submission Requirements

1. Executive Summary
2. Project Team
3. Project Implementation
4. Electronic Transfer of Data
5. Call Center
6. Secure Online Web Portal
7. Amnesty Period, Eligibility Verification Period, and Appeal and Reinstatement Period
8. Communication Material
9. Reporting

Thank You



Exhibit I.V - Program References

Reference #: 1

Current or Former Customer?: Former

Abstract	
Customer For Whom Services Were Performed: <u>AT&T</u>	
Number of covered Lives: <u>225,000</u>	
Customer Address: <u>175 E Houston</u> <u>San Antonio, TX 78205</u>	
Program Description: (The Offeror should submit specific details concerning the program identified in satisfaction of the requirements in IFB. Section III.E. This information should be provided as an attachment to this form and the information provided should support the Offeror's assertion that it can successfully implement and administer programs of the scope and complexity as set forth in this IFB# DEAS-2015-1.)	
Program Contact References: (Required And Will Be Verified) (Attach 2 current and 1 former client reference)	
Contact Name: <u>Jan Harvey</u>	Contact Title: <u>Director of Benefits</u>
Phone Number: <u>[REDACTED]</u>	E-Mail Address: <u>[REDACTED]</u>
Contact Name: _____	Contact Title: _____
Phone Number: _____	E-Mail Address: _____

Exhibit I.V - Program References

Reference #: 2

Current or Former Customer?: Current

Abstract	
Customer For Whom Services Were Performed: <u>IBM</u>	
Number of covered Lives: <u>100,000</u>	
Customer Address: <u>294 Route 100 - MD 4411</u> <u>Somers, NY 10589</u>	
Program Description: (The Offeror should submit specific details concerning the program identified in satisfaction of the requirements in IFB. Section III.E. This information should be provided as an attachment to this form and the information provided should support the Offeror's assertion that it can successfully implement and administer programs of the scope and complexity as set forth in this IFB# DEAS-2015-1.)	
Program Contact References: (Required And Will Be Verified) (Attach 2 current and 1 former client reference)	
Contact Name: <u>Kathy Bond</u>	Contact Title: <u>Program Manager</u>
Phone Number: <u>[REDACTED]</u>	E-Mail Address: <u>[REDACTED]</u>
Contact Name: _____	Contact Title: _____
Phone Number: _____	E-Mail Address: _____

Exhibit I.V - Program References

Reference #: 3

Current or Former Customer?: Current

Abstract	
Customer For Whom Services Were Performed: <u>Ingersoll Rand</u>	
Number of covered Lives: <u>13,000</u>	
Customer Address: <u>800 A-Beary Street</u> <u>Davidson, NC 28036</u>	
Program Description: (The Offeror should submit specific details concerning the program identified in satisfaction of the requirements in IFB. Section III.E. This information should be provided as an attachment to this form and the information provided should support the Offeror's assertion that it can successfully implement and administer programs of the scope and complexity as set forth in this IFB# DEAS-2015-1.)	
Program Contact References: (Required And Will Be Verified) (Attach 2 current and 1 former client reference)	
Contact Name: <u>Lisa Jolly</u>	Contact Title: <u>Manager, Health & Welfare</u>
Phone Number: <u>[REDACTED]</u>	E-Mail Address: <u>[REDACTED]</u>
Contact Name: _____	Contact Title: _____
Phone Number: _____	E-Mail Address: _____



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8. Communication Material
9. Reporting

Thank You



NEW YORK STATE VENDOR RESPONSIBILITY QUESTIONNAIRE FOR-PROFIT BUSINESS ENTITY

You have selected the For-Profit Non-Construction questionnaire which may be printed and completed in this format or, for your convenience, may be completed online using the New York State VendRep System.

COMPLETION & CERTIFICATION

The person(s) completing the questionnaire must be knowledgeable about the vendor's business and operations. An owner or officer must certify the questionnaire and the signature must be notarized.

NEW YORK STATE VENDOR IDENTIFICATION NUMBER (VENDOR ID)

The Vendor ID is a ten-digit identifier issued by New York State when the vendor is registered on the Statewide Vendor File. This number must now be included on the questionnaire. If the business entity has not obtained a Vendor ID, contact the IT Service Desk at ITServiceDesk@osc.state.ny.us or call 866-370-4672.

DEFINITIONS

All underlined terms are defined in the "New York State Vendor Responsibility Definitions List," found at www.osc.state.ny.us/vendrep/documents/questionnaire/definitions.pdf. These terms may not have their ordinary, common or traditional meanings. Each vendor is strongly encouraged to read the respective definitions for any and all underlined terms. By submitting this questionnaire, the vendor agrees to be bound by the terms as defined in the "New York State Vendor Responsibility Definitions List" existing at the time of certification.

RESPONSES

Every question must be answered. Each response must provide all relevant information which can be obtained within the limits of the law. However, information regarding a determination or finding made in error which was subsequently corrected is not required. Individuals and Sole Proprietors may use a Social Security Number but are encouraged to obtain and use a federal Employer Identification Number (EIN).

REPORTING ENTITY

Each vendor must indicate if the questionnaire is filed on behalf of the entire Legal Business Entity or an Organizational Unit within or operating under the authority of the Legal Business Entity and having the same EIN. Generally, the Organizational Unit option may be appropriate for a vendor that meets the definition of "Reporting Entity" but due to the size and complexity of the Legal Business Entity, is best able to provide the required information for the Organizational Unit, while providing more limited information for other parts of the Legal Business Entity and Associated Entities.

ASSOCIATED ENTITY

An Associated Entity is one that owns or controls the Reporting Entity or any entity owned or controlled by the Reporting Entity. However, the term Associated Entity does **not** include "sibling organizations" (i.e., entities owned or controlled by a parent company that owns or controls the Reporting Entity), unless such sibling entity has a direct relationship with or impact on the Reporting Entity.

STRUCTURE OF THE QUESTIONNAIRE

The questionnaire is organized into eleven sections. Section I is to be completed for the Legal Business Entity. Section II requires the vendor to specify the Reporting Entity for the questionnaire. Section III refers to the individuals of the Reporting Entity, while Sections IV-VIII require information about the Reporting Entity. Section IX pertains to any Associated Entities, with one question about their Officials/Owners. Section X relates to disclosure under the Freedom of Information Law (FOIL). Section XI requires an authorized contact for the questionnaire information.

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

I. LEGAL BUSINESS ENTITY INFORMATION

<u>Legal Business Entity Name*</u> Brian Unlimited Distribution Company (Budco)		<u>EIN</u> 38-1622051	
Address of the <u>Principal Place of Business</u> (street, city, state, zip code) 13700 Oakland Ave. Highland Park, MI 48203		<u>New York State Vendor Identification Number</u> N/A	
		<u>Telephone</u> [REDACTED]	<u>Fax</u> ext. 313-957-6100
<u>Email</u> [REDACTED]		<u>Website</u> www.budcohealthservicesolutions.com	
Additional <u>Legal Business Entity</u> Identities: If applicable, list any other <u>DBA</u> , <u>Trade Name</u> , <u>Former Name</u> , Other Identity, or <u>EIN</u> used in the last five (5) years and the status (active or inactive).			
Type	Name	EIN	Status
1.0 <u>Legal Business Entity</u> Type – Check appropriate box and provide additional information:			
<input checked="" type="checkbox"/> <u>Corporation</u> (including <u>PC</u>)		Date of Incorporation	
<input type="checkbox"/> <u>Limited Liability Company</u> (<u>LLC</u> or <u>PLLC</u>)		Date of Organization	
<input type="checkbox"/> <u>Partnership</u> (including <u>LLP</u> , <u>LP</u> or <u>General</u>)		Date of Registration or Establishment	
<input type="checkbox"/> <u>Sole Proprietor</u>		How many years in business?	
<input type="checkbox"/> Other		Date Established	
If Other, explain:			
1.1 Was the <u>Legal Business Entity</u> formed or incorporated in New York State?			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If 'No,' indicate jurisdiction where <u>Legal Business Entity</u> was formed or incorporated and attach a <u>Certificate of Good Standing</u> from the applicable jurisdiction or provide an explanation if a <u>Certificate of Good Standing</u> is not available.			
<input checked="" type="checkbox"/> United States State <u>MI</u>			
<input type="checkbox"/> Other Country _____			
Explain, if not available:			
1.2 Is the <u>Legal Business Entity</u> publicly traded?			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes," provide <u>CIK Code</u> or Ticker Symbol			
1.3 Does the <u>Legal Business Entity</u> have a <u>DUNS</u> Number?			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes," Enter <u>DUNS</u> Number			

*All underlined terms are defined in the "New York State Vendor Responsibility Definitions List," which can be found at www.osc.state.ny.us/vendrep/documents/questionnaire/definitions.pdf.

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

I. LEGAL BUSINESS ENTITY INFORMATION		
1.4 If the <u>Legal Business Entity's Principal Place of Business</u> is not in New York State, does the <u>Legal Business Entity</u> maintain an office in New York State? (Select "N/A," if <u>Principal Place of Business</u> is in New York State.)		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
If "Yes," provide the address and telephone number for one office located in New York State. 319 Enchanted Forest North Lancaster, NY 14086 716-310-5203		
1.5 Is the <u>Legal Business Entity</u> a New York State certified <u>Minority-Owned Business Enterprise</u> (MBE), <u>Women-Owned Business Enterprise</u> (WBE), <u>New York State Small Business</u> (SB) or a federally certified <u>Disadvantaged Business Enterprise</u> (DBE)? If "Yes," check all that apply: <input type="checkbox"/> New York State certified <u>Minority-Owned Business Enterprise</u> (MBE) <input type="checkbox"/> New York State certified <u>Women-Owned Business Enterprise</u> (WBE) <input type="checkbox"/> <u>New York State Small Business</u> (SB) <input type="checkbox"/> Federally certified <u>Disadvantaged Business Enterprise</u> (DBE)		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
1.6 Identify <u>Officials</u> and <u>Principal Owners</u> , if applicable. For each person, include name, title and percentage of ownership. Attach additional pages if necessary. If applicable, reference to relevant SEC filing(s) containing the required information is optional.		
Name	Title	Percentage Ownership (Enter 0% if not applicable)

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

II. REPORTING ENTITY INFORMATION

2.0 The Reporting Entity for this questionnaire is:

Note: Select only one.

☒ Legal Business Entity

Note: If selecting this option, "Reporting Entity" refers to the entire Legal Business Entity for the remainder of the questionnaire. (SKIP THE REMAINDER OF SECTION II AND PROCEED WITH SECTION III.)

☐ Organizational Unit within and operating under the authority of the Legal Business Entity

SEE DEFINITIONS OF "REPORTING ENTITY" AND "ORGANIZATIONAL UNIT" FOR ADDITIONAL INFORMATION ON CRITERIA TO QUALIFY FOR THIS SELECTION.

Note: If selecting this option, "Reporting Entity" refers to the Organizational Unit within the Legal Business Entity for the remainder of the questionnaire. (COMPLETE THE REMAINDER OF SECTION II AND ALL REMAINING SECTIONS OF THIS QUESTIONNAIRE.)

IDENTIFYING INFORMATION

a) Reporting Entity Name

Address of the Primary Place of Business (street, city, state, zip code)

Telephone

ext.

b) Describe the relationship of the Reporting Entity to the Legal Business Entity

c) Attach an organizational chart

d) Does the Reporting Entity have a DUNS Number?

☐ Yes ☐ No

If "Yes," enter DUNS Number

e) Identify the designated manager(s) responsible for the business of the Reporting Entity.

For each person, include name and title. Attach additional pages if necessary.

Name	Title

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

INSTRUCTIONS FOR SECTIONS III THROUGH VII

For each "Yes," provide an explanation of the issue(s), relevant dates, the government entity involved, any remedial or corrective action(s) taken and the current status of the issue(s). For each "Other," provide an explanation which provides the basis for not definitively responding "Yes" or "No." Provide the explanation at the end of the section or attach additional sheets with numbered responses, including the Reporting Entity name at the top of any attached pages.

III. LEADERSHIP INTEGRITY

Within the past five (5) years, has any current or former reporting entity official or any individual currently or formerly having the authority to sign, execute or approve bids, proposals, contracts or supporting documentation on behalf of the reporting entity with any government entity been:

3.0 <u>Sanctioned</u> relative to any business or professional permit and/or license?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other
3.1 <u>Suspended, debarred, or disqualified</u> from any <u>government contracting process</u> ?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other
3.2 The subject of an <u>investigation</u> , whether open or closed, by any <u>government entity</u> for a civil or criminal violation for any business-related conduct?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other
3.3 Charged with a misdemeanor or felony, indicted, granted immunity, convicted of a crime or subject to a <u>judgment</u> for: a) Any business-related activity; or b) Any crime, whether or not business-related, the underlying conduct of which was related to truthfulness?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other
For each "Yes" or "Other" explain:	

IV. INTEGRITY – CONTRACT BIDDING

Within the past five (5) years, has the reporting entity:

4.0 Been <u>suspended</u> or <u>debarred</u> from any <u>government contracting process</u> or been <u>disqualified</u> on any government procurement, permit, license, concession, franchise or lease, including, but not limited to, <u>debarment</u> for a violation of New York State Workers' Compensation or Prevailing Wage laws or New York State Procurement Lobbying Law?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4.1 Been subject to a denial or revocation of a government prequalification?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4.2 Been denied a contract award or had a bid rejected based upon a <u>non-responsibility finding</u> by a <u>government entity</u> ?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4.3 Had a low bid rejected on a <u>government contract</u> for failure to <u>make good faith efforts</u> on any <u>Minority-Owned Business Enterprise, Women-Owned Business Enterprise or Disadvantaged Business Enterprise</u> goal or <u>statutory affirmative action requirements</u> on a previously held contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4.4 Agreed to a voluntary exclusion from bidding/contracting with a <u>government entity</u> ?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4.5 Initiated a request to withdraw a bid submitted to a <u>government entity</u> in lieu of responding to an information request or subsequent to a formal request to appear before the <u>government entity</u> ?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
For each "Yes," explain:	

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

V. INTEGRITY – CONTRACT AWARD*Within the past five (5) years, has the reporting entity:*

- | | |
|---|---|
| 5.0 Been <u>suspended</u> , cancelled or <u>terminated for cause</u> on any <u>government contract</u> including, but not limited to, a <u>non-responsibility finding</u> ? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 5.1 Been subject to an <u>administrative proceeding</u> or civil action seeking specific performance or restitution in connection with any <u>government contract</u> ? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 5.2 Entered into a formal monitoring agreement as a condition of a contract award from a <u>government entity</u> ? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

For each "Yes," explain:

VI. CERTIFICATIONS/LICENSES*Within the past five (5) years, has the reporting entity:*

- | | |
|---|---|
| 6.0 Had a revocation, <u>suspension</u> or <u>disbarment</u> of any business or professional permit and/or license? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 6.1 Had a denial, decertification, revocation or forfeiture of New York State certification of <u>Minority-Owned Business Enterprise</u> , <u>Women-Owned Business Enterprise</u> or federal certification of <u>Disadvantaged Business Enterprise</u> status for other than a change of ownership? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

For each "Yes," explain:

VII. LEGAL PROCEEDINGS*Within the past five (5) years, has the reporting entity:*

- | | |
|--|---|
| 7.0 Been the subject of an <u>investigation</u> , whether open or closed, by any <u>government entity</u> for a civil or criminal violation? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 7.1 Been the subject of an indictment, grant of immunity, <u>judgment</u> or conviction (including entering into a plea bargain) for conduct constituting a crime? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 7.2 Received any OSHA citation and Notification of Penalty containing a violation classified as <u>serious or willful</u> ? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 7.3 Had a <u>government entity</u> find a willful prevailing wage or supplemental payment violation or any other willful violation of New York State Labor Law? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 7.4 Entered into a consent order with the New York State Department of Environmental Conservation, or received an enforcement determination by any <u>government entity</u> involving a violation of federal, state or local environmental laws? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 7.5 Other than previously disclosed:
a) Been subject to fines or penalties imposed by <u>government entities</u> which in the aggregate total \$25,000 or more; or
b) Been convicted of a criminal offense pursuant to any administrative and/or regulatory action taken by any <u>government entity</u> ? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

For each "Yes," explain:

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

VIII. FINANCIAL AND ORGANIZATIONAL CAPACITY	
8.0 Within the past five (5) years, has the <u>Reporting Entity</u> received any <u>formal unsatisfactory performance assessment(s)</u> from any <u>government entity</u> on any contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes," provide an explanation of the issue(s), relevant dates, the <u>government entity</u> involved, any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
8.1 Within the past five (5) years, has the <u>Reporting Entity</u> had any <u>liquidated damages</u> assessed over \$25,000?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes," provide an explanation of the issue(s), relevant dates, contracting party involved, the amount assessed and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
8.2 Within the past five (5) years, have any <u>liens</u> or <u>judgments</u> (not including UCC filings) over \$25,000 been filed against the <u>Reporting Entity</u> which remain undischarged?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes," provide an explanation of the issue(s), relevant dates, the Lien holder or Claimant's name(s), the amount of the <u>lien(s)</u> and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
8.3 In the last seven (7) years, has the <u>Reporting Entity</u> initiated or been the subject of any bankruptcy proceedings, whether or not closed, or is any bankruptcy proceeding pending?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes," provide the bankruptcy chapter number, the court name and the docket number. Indicate the current status of the proceedings as "Initiated," "Pending" or "Closed." Provide answer below or attach additional sheets with numbered responses.	
8.4 During the past three (3) years, has the <u>Reporting Entity</u> failed to file or pay any tax returns required by <u>federal</u> , state or local tax laws?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes," provide the taxing jurisdiction, the type of tax, the liability year(s), the tax liability amount the <u>Reporting Entity</u> failed to file/pay and the current status of the tax liability. Provide answer below or attach additional sheets with numbered responses.	
8.5 During the past three (3) years, has the <u>Reporting Entity</u> failed to file or pay any New York State unemployment insurance returns?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes," provide the years the <u>Reporting Entity</u> failed to file/pay the insurance, explain the situation and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
8.6 During the past three (3) years, has the <u>Reporting Entity</u> had any <u>government audit(s)</u> completed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
a) If "Yes," did any audit of the <u>Reporting Entity</u> identify any reported significant deficiencies in internal control, fraud, illegal acts, significant violations of provisions of contract or grant agreements, significant abuse or any <u>material disallowance</u> ?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes" to 8.6 a), provide an explanation of the issue(s), relevant dates, the <u>government entity</u> involved, any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

IX. ASSOCIATED ENTITIES

*This section pertains to any entity(ies) that either controls or is controlled by the reporting entity.
(See definition of "associated entity" for additional information to complete this section.)*

9.0 Does the Reporting Entity have any Associated Entities?

☐ Yes ☒ No

Note: All questions in this section must be answered if the Reporting Entity is either:

- An Organizational Unit; or
- The entire Legal Business Entity which controls, or is controlled by, any other entity(ies).

If "No," SKIP THE REMAINDER OF SECTION IX AND PROCEED WITH SECTION X.

9.1 Within the past five (5) years, has any Associated Entity Official or Principal Owner been charged with a misdemeanor or felony, indicted, granted immunity, convicted of a crime or subject to a judgment for:

☐ Yes ☐ No

- a) Any business-related activity; or
- b) Any crime, whether or not business-related, the underlying conduct of which was related to truthfulness?

If "Yes," provide an explanation of the issue(s), the individual involved, his/her title and role in the Associated Entity, his/her relationship to the Reporting Entity, relevant dates, the government entity involved, any remedial or corrective action(s) taken and the current status of the issue(s).

9.2 Does any Associated Entity have any currently undischarged federal, New York State, New York City or New York local government liens or judgments (not including UCC filings) over \$50,000?

☐ Yes ☐ No

If "Yes," provide an explanation of the issue(s), identify the Associated Entity's name(s), EIN(s), primary business activity, relationship to the Reporting Entity, relevant dates, the Lien holder or Claimant's name(s), the amount of the lien(s) and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.

9.3 Within the past five (5) years, has any Associated Entity:

- a) Been disqualified, suspended or debarred from any federal, New York State, New York City or other New York local government contracting process?

☐ Yes ☐ No

- b) Been denied a contract award or had a bid rejected based upon a non-responsibility finding by any federal, New York State, New York City, or New York local government entity?

☐ Yes ☐ No

- c) Been suspended, cancelled or terminated for cause (including for non-responsibility) on any federal, New York State, New York City or New York local government contract?

☐ Yes ☐ No

- d) Been the subject of an investigation, whether open or closed, by any federal, New York State, New York City, or New York local government entity for a civil or criminal violation with a penalty in excess of \$500,000?

☐ Yes ☐ No

- e) Been the subject of an indictment, grant of immunity, judgment, or conviction (including entering into a plea bargain) for conduct constituting a crime?

☐ Yes ☐ No

- f) Been convicted of a criminal offense pursuant to any administrative and/or regulatory action taken by any federal, New York State, New York City, or New York local government entity?

☐ Yes ☐ No

- g) Initiated or been the subject of any bankruptcy proceedings, whether or not closed, or is any bankruptcy proceeding pending?

☐ Yes ☐ No

For each "Yes," provide an explanation of the issue(s), identify the Associated Entity's name(s), EIN(s), primary business activity, relationship to the Reporting Entity, relevant dates, the government entity involved, any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

X. FREEDOM OF INFORMATION LAW (FOIL)

10. Indicate whether any information supplied herein is believed to be exempt from disclosure under the Freedom of Information Law (FOIL).
Note: A determination of whether such information is exempt from FOIL will be made at the time of any request for disclosure under FOIL.

☐ Yes ☒ No

If "Yes," indicate the question number(s) and explain the basis for the claim.

XI. AUTHORIZED CONTACT FOR THIS QUESTIONNAIRE

Name Steve Niemczewski	Telephone [REDACTED] ext.	Fax 313-957-6100
Title Account Manager	Email [REDACTED]	

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

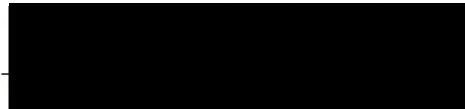
Certification

The undersigned: (1) recognizes that this questionnaire is submitted for the express purpose of assisting New York State government entities (including the Office of the State Comptroller (OSC)) in making responsibility determinations regarding award or approval of a contract or subcontract and that such government entities will rely on information disclosed in the questionnaire in making responsibility determinations; (2) acknowledges that the New York State government entities and OSC may, in their discretion, by means which they may choose, verify the truth and accuracy of all statements made herein; and (3) acknowledges that intentional submission of false or misleading information may result in criminal penalties under State and/or Federal Law, as well as a finding of non-responsibility, contract suspension or contract termination.

The undersigned certifies that he/she:

- is knowledgeable about the submitting Business Entity's business and operations;
- has read and understands all of the questions contained in the questionnaire;
- has not altered the content of the questionnaire in any manner;
- has reviewed and/or supplied full and complete responses to each question;
- to the best of his/her knowledge, information and belief, confirms that the Business Entity's responses are true, accurate and complete, including all attachments, if applicable;
- understands that New York State government entities will rely on the information disclosed in the questionnaire when entering into a contract with the Business Entity; and
- is under an obligation to update the information provided herein to include any material changes to the Business Entity's responses at the time of bid/proposal submission through the contract award notification, and may be required to update the information at the request of the New York State government entities or OSC prior to the award and/or approval of a contract, or during the term of the contract.

Signature of Owner/Official



Printed Name of Signatory

Steve Niemczewski

Title

Account Manager

Name of Business

Brian Unlimited Company (Budco)

Address

13700 Oakland Ave.

City, State, Zip

Highland Park, MI 48203

Sworn to before me this

9th

day of

June

, 2015;



Notary Public

MARGARET M. BECKER
Notary Public
State of Michigan
County of Oakland
My Commission Expires 6 / 4 / 2016

DIALOGDIRECT, INC. AND SUBSIDIARIES
f/k/a CAREPOINT RESOURCES, INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2014 and 2013

DIALOGDIRECT, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Directors and Shareholders of
DialogDirect, Inc. and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DialogDirect, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, shareholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Directors and Shareholders of
DialogDirect, Inc. and Subsidiaries
Page Two

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DialogDirect, Inc. and Subsidiaries as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Sterling Heights, Michigan
March 27, 2015

DIALOGDIRECT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 4,491,990	\$ 1,196,530
Accounts receivable, net	56,363,058	44,003,689
Inventory, net	1,024,014	898,576
Deferred taxes	510,600	485,900
Refundable income taxes	207,716	443,363
Prepaid expenses and other current assets	3,989,743	2,955,980
Total current assets	66,587,121	49,984,038
LONG-TERM ASSETS		
Property and equipment, net	15,615,070	14,185,426
Intangible assets not subject to amortization	31,432,852	25,382,031
Intangible assets, net	26,659,398	22,580,855
Deferred financing costs, net	2,946,890	2,559,861
Deferred taxes	1,689,000	-
Deposits	517,605	137,760
Total long-term assets	78,860,815	64,845,933
TOTAL ASSETS	\$ 145,447,936	\$ 114,829,971

	December 31,	
	2014	2013
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Uncleared checks	\$ 3,919,008	\$ 873,760
Trade accounts payable	6,931,534	8,529,924
Current portion of senior long-term debt	1,537,500	2,000,000
Current portion of capital lease	216,822	215,441
Current portion of deferred purchase price	896,379	873,920
Accrued expenses and other current liabilities	18,779,319	13,534,712
Total current liabilities	32,280,562	26,027,757
LONG-TERM LIABILITIES		
Deferred taxes	-	52,400
Senior long-term debt - net of current portion	59,962,500	4,000,000
Senior subordinated notes	24,067,084	23,514,508
Capital lease - net of current portion	137,279	372,024
Line of credit	4,750,000	23,096,364
Deferred purchase price - net of current portion	717,099	2,262,107
Unfavorable lease	5,306,884	6,010,233
Total long-term liabilities	94,940,846	59,307,636
SHAREHOLDER'S EQUITY	18,226,528	29,494,578
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 145,447,936	\$ 114,829,971

DIALOGDIRECT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years ended December 31,			
	2014		2013	
	Amount	Percent of Net Revenue	Amount	Percent of Net Revenue
Revenue				
Program, net	\$ 228,743,175	87.3 %	\$ 165,283,360	75.9 %
Freight	5,243,103	2.0	6,182,922	2.8
Postage	28,111,127	10.7	46,371,833	21.3
Total revenue	262,097,405	100.0	217,838,115	100.0
Cost of revenue				
Cost of materials	17,759,853	6.8	18,274,065	8.4
Direct and subcontract labor	107,691,467	41.1	66,802,127	30.7
Payroll taxes	10,697,157	4.1	6,106,828	2.8
Insurance expense	8,528,103	3.3	5,043,980	2.3
Other direct costs	4,506,144	1.7	4,097,294	1.9
Rent expense	1,673,303	.6	1,579,497	.7
Outside services	12,748,554	4.9	15,175,403	7.0
Freight costs	3,172,652	1.2	4,657,112	2.1
Postage costs	27,394,807	10.4	46,317,236	21.3
Total cost of revenue	194,172,040	74.1	168,053,542	77.2
Gross margin	67,925,365	25.9	49,784,573	22.8
Operating expenses				
Selling and marketing	2,410,486	.9	3,410,069	1.6
General and administrative	48,868,209	18.6	35,119,411	16.0
Depreciation and amortization	13,038,791	5.0	8,824,325	4.1
Total operating expenses	64,317,486	24.5	47,353,805	21.7
Operating income	3,607,879	1.4	2,430,768	1.1
Other expense (income)				
Acquisition - related costs	1,075,502	.4	1,541,852	.7
Restructuring costs	1,667,789	.6	1,410,151	.6
Interest expense	5,187,597	2.0	3,783,135	1.7
Interest income	-	-	(1,799)	-
Gain on sale of assets	(1,708)	-	(60,000)	-
Management and board of directors expense	986,381	.4	827,052	.4
Other expense	68,490	-	-	-
Other income	(119,255)	(.1)	(110,404)	(.1)
Total other expense	8,864,796	3.3	7,389,987	3.3
Loss before income tax expense (benefit)	(5,256,917)	(1.9)	(4,959,219)	(2.2)
Income tax expense (benefit)	(1,611,367)	(.6)	(1,640,458)	(.7)
Net loss	\$ (3,645,550)	(1.3) %	\$ (3,318,761)	(1.5) %

See notes to consolidated financial statements.

DIALOGDIRECT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY
Years ended December 31, 2014 and 2013

	Common Stock	Additional Paid-In Capital	Retained Deficit	Total
Balances, January 1, 2013	\$ 10	\$ 19,439,866	\$ (4,376,537)	\$ 15,063,339
Equity transfers	-	2,500,000	-	2,500,000
Contribution of capital	-	15,250,000	-	15,250,000
Net loss	-	-	(3,318,761)	(3,318,761)
Balances, December 31, 2013	10	37,189,866	(7,695,298)	29,494,578
Contribution of capital	-	377,500	-	377,500
Return of capital	-	(8,000,000)	-	(8,000,000)
Net loss	-	-	(3,645,550)	(3,645,550)
Balances, December 31, 2014	<u>\$ 10</u>	<u>\$ 29,567,366</u>	<u>\$ (11,340,848)</u>	<u>\$ 18,226,528</u>

DIALOGDIRECT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>Years ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Net loss	\$ (3,645,550)	\$ (3,318,761)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation	5,588,098	4,714,122
Amortization	7,450,693	4,110,203
Provision for losses on accounts receivable	358,004	359,234
Gain on sale of assets	(1,708)	(60,000)
Paid-in-kind interest	552,576	514,508
Deferred income taxes	(1,766,100)	(1,589,300)
Changes in:		
Accounts receivable	(8,641,312)	(1,530,149)
Inventory	(125,438)	185,549
Refundable income taxes	235,647	(574,767)
Prepaid expenses and other current assets	(989,896)	1,354,409
Deposits	(361,845)	(116,998)
Trade accounts payable	(1,716,145)	(2,743,586)
Accrued expenses and other current liabilities	4,114,959	3,606,168
Unfavorable lease	(703,349)	(795,630)
Net cash provided by operating activities	<u>348,634</u>	<u>4,115,002</u>
INVESTING ACTIVITIES		
Acquisition of business	(20,105,187)	(24,691,077)
Payments on deferred purchase price	(1,046,963)	-
Expenditures for property and equipment	(5,763,760)	(2,456,403)
Proceeds from sale of assets	<u>13,000</u>	<u>60,000</u>
Net cash used in investing activities	<u>(26,902,910)</u>	<u>(27,087,480)</u>
FINANCING ACTIVITIES		
Increase in uncleared checks	3,045,248	346,984
Expenditures for deferred financing costs	(3,072,541)	(229,518)
Borrowings under lines of credit	205,090,587	171,768,736
Repayments on lines of credit	(223,436,951)	(169,072,372)
Payments on capital lease obligations	(206,683)	(217,854)
Proceeds from issuance of long-term debt	86,041,614	4,833,333
Payments on long-term debt	(29,989,038)	(1,833,333)
Contribution of capital	377,500	15,250,000
Return of capital	(8,000,000)	-
Net cash provided by financing activities	<u>29,849,736</u>	<u>20,845,976</u>
NET CHANGE IN CASH	<u>3,295,460</u>	<u>(2,126,502)</u>
CASH , Beginning	<u>1,196,530</u>	<u>3,323,032</u>
CASH , Ending	<u><u>\$ 4,491,990</u></u>	<u><u>\$ 1,196,530</u></u>

DIALOGDIRECT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of these consolidated financial statements. The policies conform to accounting principles generally accepted in the United States of America ("GAAP") and have been consistently applied in the preparation of the consolidated financial statements.

Company Operations

DialogDirect, Inc. and Subsidiaries, is engaged in the business of providing integrated marketing programs and services to Fortune 500 companies. The Company has in-house competencies in fulfillment, warehousing, logistics, digital print, creative services, telemarketing, database management services, communication services, inbound and outbound contact centers and information technology. The Company also provides auditing services for dependent coverage under company health care plans.

Basis of Presentation

The consolidated financial statements of DialogDirect, Inc. (the "Company") include the consolidated accounts of the Company and its wholly-owned subsidiaries:

Budco Holdings, Inc. and its wholly-owned subsidiaries:

Brian Unlimited Distribution Company, Inc. and Budco East Coast, LLC

Novo 1 Holdings, Inc. and its wholly-owned subsidiaries:

Access Plus Paging, Inc., Novo 1, Inc. (Montana), Novo 1 Nevada, Inc., Novo 1, Inc. (Delaware), and Fort Worth-Nov 1, LLC

DMI GC Holdings, LLC and its wholly-owned subsidiaries:

INS Dialogue Agency, LLC, Dialogue Marketing S.A., and Dialogue Brazil, LLC

GC Shore Holdings, LLC

GC Allegra, LLC

Effective April 3, 2013, CarePoint Holdings, LLC, changed their name to Novo1 GC Holdings, LLC, CarePoint Resources, Inc. changed their name to Novo 1 Holdings, Inc. and MOF Business Services Holdings, Inc. changed their name to CarePoint Resources, Inc. During the year ended December 31, 2013, Budco GC Holdings, LLC and Novo 1 GC Holdings, LLC were dissolved.

Effective April 29, 2014, CarePoint Resources, Inc. changed their name to DialogDirect, Inc.

During the year ended December 31, 2013, the Company acquired the assets of GC Shore Holdings, LLC and Dialogue Marketing, Inc., see Note 19 for acquisition details.

During the year ended December 31, 2014, the Company acquired the assets of GC Allegra, LLC, see Note 19 for acquisition details.

DIALOGDIRECT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All significant intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company, from time to time during the years covered by these consolidated financial statements may have bank balances in excess of its insured limits. Management has deemed this as a normal business risk.

Accounts Receivable/Allowance for Doubtful Accounts

The Company records accounts receivable when services are performed in accordance with contract terms. The Company carries their accounts receivable at invoiced amount less an allowance for doubtful accounts. The Company does not accrue interest on trade receivables. An allowance for doubtful accounts is established by management's estimate of the collectability of accounts receivable at the end of each accounting period. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. The Company does not require collateral for its accounts receivable. At December 31, 2014 and 2013, the Company has recorded an allowance for doubtful trade receivable accounts in the amount of \$527,895 and \$286,706, respectively.

Inventories

Inventories consist of paper, packaging materials, and warehouse supplies. Inventory is valued at the lower of cost or net realizable value. The cost is determined by the first-in, first-out method. Inventories are shown on the consolidated balance sheets net of reserve for obsolescence. At December 31, 2014 and 2013, the Company recorded a reserve for obsolescence in the amount of \$20,000.

Property and Equipment

Management capitalizes expenditures for additions and improvements to property and equipment. Expenditures for maintenance and repairs are charged to operating expenses as incurred. Property and equipment are carried at cost less accumulated depreciation and amortization. Adjustments to the asset and the related accumulated depreciation and amortization accounts are made for property and equipment retirements and disposals, with the resulting gain or loss included in the consolidated statements of operations.

DIALOGDIRECT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation and Amortization

Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of assets at acquisition. Leasehold improvements are amortized over the period of the lease or the estimated useful life of the improvement, whichever is shorter.

Expected useful lives for property and equipment are as follows:

Machinery and equipment	4-7 years
Furniture and fixtures	4-7 years
Computer equipment and software	3-5 years
Leasehold improvements	4-5 years

Goodwill and Other Intangible Assets

Goodwill represents the excess purchase price of a business combination over the fair value of the net assets acquired and liabilities assumed. In accordance with GAAP, goodwill must be tested at least annually for impairment. This impairment test is calculated at the reporting unit level. The goodwill impairment test has three steps. The first step evaluates events and circumstances to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If the qualitative assessment concludes that the fair value of the reporting units exceeds the carrying amount, goodwill is not impaired and the additional steps are not necessary. The second step, if necessary, identifies potential impairments by comparing the fair value of a reporting unit with its book value, including goodwill. If the fair value of the reporting units exceeds the carrying amount, goodwill is not impaired and the third step is not necessary. If the carrying value exceeds the fair value, the third step calculates the possible impairment loss by comparing the implied fair value of goodwill with the carrying amount. If the implied goodwill is less than the carrying amount, a write-down is recorded. Management tests goodwill each year for impairment, or when facts and circumstances indicate impairment may have occurred. Management determined that goodwill was not impaired at December 31, 2014 and 2013.

Intangible assets with finite lives are amortized over their respective useful lives, which range from 2 to 10 years. Amortizable intangible assets include non-competition agreements, trade names, and customer relationships. Intangible assets with infinite lives include trademarks. Management tests amortizable intangible assets with finite lives for impairment when facts and circumstances indicate impairment has occurred. Management tests intangible assets with infinite lives each year for impairment, or when facts and circumstances indicate impairment has occurred. Management determined that intangible assets were not impaired at December 31, 2014 and 2013.

DIALOGDIRECT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Company recognizes revenues as services are performed in accordance with contract terms. Unearned portions of advance billings are reflected as deferred revenue and unbilled services are reflected as unbilled receivables in the accompanying consolidated balance sheets.

Credit Risk and Significant Customers

For the years ended December 31, 2014 and 2013, the Company sold a significant portion of their services to one and two customers, respectively. Sales to these customers totaled approximately 12% and 22% of total sales for the years ended December 31, 2014 and 2013, respectively. At December 31, 2014 and 2013, the amounts due from these customers included in trade accounts receivable in the consolidated balance sheets totaled 5% and 14%, respectively, of total trade accounts receivable. In addition, certain concentrations exist based on the customers' service industry.

Shipping and Handling Costs

Shipping and handling costs billed to customers are included in revenue. Shipping and handling costs incurred to deliver purchased goods to the customer are classified within cost of revenues.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2014 and 2013 was \$232,847 and \$253,911, respectively, and is included in general and administrative expenses in the accompanying consolidated statements of operations.

Income Taxes

DialogDirect, Inc., Budco Holdings, Inc., Brian Unlimited Distribution Company, Inc., Novo 1 Holdings, Inc., Access Plus Paging, Inc., Novo 1, Inc. (Montana), Novo 1, Inc. (Delaware) and Novo 1 of Nevada, Inc. are treated as corporations for Federal and State income tax purposes. Income taxes are provided at the applicable rates on the basis of items included in the determination of income for income tax purposes. The Company's effective tax rate may be different than what would be expected if the Federal and State statutory rates were applied to income from continuing operations primarily because of amounts expensed for financial reporting purposes that are not deductible for tax purposes and amounts deductible or taxable for tax purposes that are not includable for financial reporting purposes.

DIALOGDIRECT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budco East Coast, LLC, DMI GC Holdings, LLC, INS Dialogue Agency, LLC, Dialogue Brazil, LLC, GC Allegra, LLC, Fort Worth-Novo 1, LLC and GC Shore Holdings, LLC, have been organized as limited liability companies, which are not tax paying entities for Federal income tax purposes and thus, no provision for Federal income taxes is reflected in their records. The income or loss of the limited liability companies are passed through to the parent companies.

Dialogue Marketing S.A. is treated a corporation subject to Brazilian taxation.

Income tax expense includes Federal and State taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes.

The Company is subject to the provisions of Accounting Standards Codification (ASC) guidance 740-10 "*accounting for uncertainty in income taxes*". This guidance establishes consistent thresholds as it relates to the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2014 and 2013, there were no uncertain tax positions that require accrual.

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

None of the Company's Federal or State income tax returns are currently under examination by the Internal Revenue Service or State authorities. However, the years 2011 and later remain subject to examination by the IRS and respective states.

Deferred Income Taxes

Deferred income taxes are provided for temporary differences between financial reporting and income tax purposes under the provisions of Accounting Standards Codification (ASC) guidance 740-10 "*accounting for income taxes*", which requires deferred income taxes to be computed on the liability method and deferred tax assets are recognized only when realization is more than likely not. The principal temporary differences arise from financial statement depreciation and tax depreciation, net operating loss carryovers and amortization of goodwill and intangibles for tax purposes.

DIALOGDIRECT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Company has a number of financial instruments, none of which are held for trading purposes. The Company estimates that the fair value of all financial instruments at December 31, 2014 and 2013, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated balance sheets.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash – The carrying amount approximates fair value because of the short term maturity of those instruments.

Long-term debt - bank – The carrying value of the notes payable approximates fair value since the Company refinanced their agreements during the year ended December 31, 2014.

Subsequent Events

The Company has performed a review of events subsequent to the consolidated balance sheet date through March 27, 2015, the date the consolidated financial statements were available to be issued, and has determined that there are no material events that have occurred during this period.

NOTE 2 – RELATED PARTY TRANSACTIONS

Accounts Receivable

At December 31, 2014 and 2013, Brian Unlimited Distribution Company, Inc. was owed \$1,130,341 and \$1,270,309, respectively, from BPI Communications, Inc., a related party through common ownership. The amount is presented with accounts receivable and is expected to be repaid under normal business terms.

Sales

During the years ended December 31, 2014 and 2013, Brian Unlimited Distribution Company, Inc. had sales to BPI Communications, Inc., a related party through common ownership, in the amount of \$2,865,442 and \$2,600,808, respectively.

DIALOGDIRECT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 2 – RELATED PARTY TRANSACTIONS (Continued)

Management, Board of Directors and Transaction Fees

During the years ended December 31, 2014 and 2013, the Company paid management fees to GC Holdings, LLC in accordance with the Company's advisory services agreement. Management fee expense for the years ended December 31, 2014 and 2013 was \$923,116 and \$766,667, respectively. During both years ended December 31, 2014 and 2013, the Company paid fees to outside board of directors of \$50,000. In addition to the fees above the expense shown on the consolidated statements of operations includes additional expenses for travel reimbursement paid to the members of the board of directors.

During the year ended December 31, 2013, the Company paid transaction and advisory fees and expenses of \$590,675 to GC Holdings, LLC in connection with the acquisitions described in Note 19.

Guarantor of Debt

A security interest has been granted in Brian Unlimited Distribution Company, Inc.'s general assets to guarantee 45% of the debt of BPI Communications, Inc., a related party through common ownership. At December 31, 2014 and 2013, the total debt outstanding by this entity was \$282,303, of which the Company's guarantee was \$127,036. It is anticipated that BPI Communications, Inc. will have the ability to repay this debt without Brian Unlimited Distribution Company, Inc. having to honor their guarantee.

NOTE 3 – RESTRICTED CASH

Certain of the Company's facilities rental agreements require the Company to hold a standby letter of credit, as a deposit, which is collateralized by restricted cash held at a financial institution. The cash amount is reported on the consolidated balance sheets depending on when the cash will be contractually released. At December 31, 2014, the restricted cash in the amount of \$324,653 was included in Deposits on the consolidated balance sheet. At December 31, 2013, there was no restricted cash.

DIALOGDIRECT, INC. AND SUBSIDIARIES
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NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	December 31,	
	2014	2013
Trade, net	\$ 52,698,842	\$ 41,137,799
Unbilled	3,192,186	2,797,270
Other	472,030	68,620
	<u>\$ 56,363,058</u>	<u>\$ 44,003,689</u>

NOTE 5 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	December 31,	
	2014	2013
Computer maintenance	\$ 1,020,233	\$ 750,728
Insurance	725,113	139,445
Property taxes	655,499	628,800
Deposits	112,905	313,446
Licenses	649,346	666,175
Rent	194,637	13,426
Other	632,010	443,960
	<u>\$ 3,989,743</u>	<u>\$ 2,955,980</u>

DIALOGDIRECT, INC. AND SUBSIDIARIES
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December 31, 2014 and 2013

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	2014	2013
Computer equipment and software	\$ 19,659,724	\$ 14,921,407
Machinery and equipment	6,460,355	6,039,289
Furniture and fixtures	3,198,688	2,324,193
Leasehold improvements	4,253,828	3,592,947
Construction in process	843,358	549,316
	34,415,953	27,427,152
Less: accumulated depreciation and amortization	18,800,883	13,241,726
	<u>\$ 15,615,070</u>	<u>\$ 14,185,426</u>

NOTE 7 – INTANGIBLE ASSETS

Intangible assets, not subject to amortization, are summarized as follows:

	December 31,	
	2014	2013
Goodwill	\$ 29,732,852	\$ 23,682,031
Trademarks	1,700,000	1,700,000
	<u>\$ 31,432,852</u>	<u>\$ 25,382,031</u>

In connection with the acquisition during the year ended December 31, 2014, the Company recorded goodwill of \$6,854,854. In connection with the acquisitions during 2013, the Company recorded goodwill of \$12,440,255. During the year ended December 31, 2014, in accordance with ASC guidance allowing reallocation within the one year measurement period, the Company made adjustments to the purchase price allocations for the 2013 acquisitions resulting in a net decrease of \$804,033 in the amount of goodwill recorded.

DIALOGDIRECT, INC. AND SUBSIDIARIES
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NOTE 7 – INTANGIBLE ASSETS (Continued)

Intangible assets, subject to amortization, at December 31, 2014, are summarized as follows:

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Intangible Asset</u>	<u>Useful Life</u>
Customer relationships	\$ 32,887,436	\$ 11,560,553	\$ 21,326,883	5 to 10 years
Trade names	6,645,243	3,261,436	3,383,807	5 to 10 years
Non-competition agreements	<u>2,903,000</u>	<u>954,292</u>	<u>1,948,708</u>	2 to 5 years
	<u>\$ 42,435,679</u>	<u>\$ 15,776,281</u>	<u>\$ 26,659,398</u>	

Intangible assets, subject to amortization, at December 31, 2013, are summarized as follows:

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Intangible Asset</u>	<u>Useful Life</u>
Customer relationships	\$ 26,769,436	\$ 8,681,421	\$ 18,088,015	5 to 10 years
Trade names	6,028,243	1,638,903	4,389,340	10 years
Non-competition agreements	<u>940,000</u>	<u>836,500</u>	<u>103,500</u>	2 to 5 years
	<u>\$ 33,737,679</u>	<u>\$ 11,156,824</u>	<u>\$ 22,580,855</u>	

Amortization expense for the years ended December 31, 2014 and 2013 amounted to \$4,619,457 and \$3,496,812, respectively.

Estimated amortization expense for the next five years and in the aggregate is as follows:

<u>Years ending December 31,</u>	<u>Amount</u>
2015	\$ 4,989,624
2016	4,989,624
2017	4,985,124
2018	4,953,624
2019	3,283,602
Subsequent to 2019	<u>3,457,800</u>
	<u>\$ 26,659,398</u>

DIALOGDIRECT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 - DEFERRED FINANCING COSTS

The costs related to the issuance of debt are capitalized and accounted for as amortization expense over the remaining life of the debt. During the year ended December 31, 2014, the Company refinanced its debt agreements resulting in a write-off of prior deferred financing costs in the amount of \$2,195,356 and the capitalization of new deferred financing costs in the amount of \$3,072,541. At December 31, 2014 and 2013, the net book value of deferred financing costs amounted to \$2,946,890 and \$2,559,861, respectively.

For the years ended December 31, 2014 and 2013, amortization expense relating to deferred financing costs was \$635,881 and \$613,391, respectively.

Estimated amortization expense for the next five years is as follows:

<u>Years ending December 31,</u>	<u>Amount</u>
2015	\$ 607,040
2016	607,040
2017	607,040
2018	607,040
2019	493,909
Subsequent to 2019	<u>24,821</u>
	<u><u>\$ 2,946,890</u></u>

NOTE 9 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Accrued compensation	\$ 6,783,078	\$ 5,513,241
Accrued postage and postage advance	5,460,104	4,559,049
Deferred revenue	1,405,439	905,167
Accrued accounts payable	1,210,588	177,585
Accrued interest	859,705	66,585
Accrued inventory received	343,814	220,488
Accrued health insurance	871,583	1,010,503
Accrued taxes	140,518	159,302
Accrued reimbursements	266,193	183,378
Other accrued liabilities	<u>1,438,297</u>	<u>739,414</u>
	<u><u>\$ 18,779,319</u></u>	<u><u>\$ 13,534,712</u></u>

DIALOGDIRECT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 – LINE OF CREDIT

As part of the acquisition during the year ended December 31, 2014, as described in Note 19, the Company paid off their existing line of credit and entered into a new revolving line of credit agreement with GE Capital. The line of credit agreement permits borrowings of up to \$10,000,000. Total borrowings are limited to the lesser of the maximum borrowings or a multiple of adjusted EBITDA less outstanding funded debt. The line matures October 2019, and requires interest at either the Prime rate plus 3.25% or LIBOR plus 4.25% with a floor of 5.25% (effective rates of 6.5% and 5.25% at December 31, 2014, respectively). The loan is collateralized by a first priority lien on substantially all assets of the Company. At December 31, 2014, the Company had borrowed \$4,750,000 at the prime borrowing rate. The Company is also required to pay an unused commitment fee on the unused portion of the line of credit of 0.25%. The line of credit is subject to various financial covenants including a leverage ratio and a fixed charge coverage ratio.

At December 31, 2013, the Company had a line of credit agreement with Union Bank, N.A. ("Union Bank") permitting borrowings of up to \$34,000,000. Total borrowings were limited to 85% of eligible accounts receivable, plus the lesser of 50% of eligible inventory or \$1,000,000, plus 75% of eligible unbilled receivables or \$5,000,000 less the sum of the rent reserve, bank product reserve, availability reserve, bank swap reserve, and any other reserve established by the Bank. At December 31, 2013, the maximum borrowing base on the line of credit was \$30,228,274 and \$7,131,910 remained available for additional borrowings. The agreement matured on December 31, 2017 and required interest at Prime plus .5% or LIBOR plus 2.25% (effective rates at December 31, 2013 were 3.75% and 2.45%, respectively) and was collateralized by a first priority lien on substantially all assets of the Company. At December 31, 2013, the Company had borrowed \$10,096,364 at the prime rate and \$13,000,000 at the LIBOR rate. The Company was also required to pay an unused commitment fee on the unused portion of the line of credit of 0.25% payable quarterly. The line of credit was subject to various financial covenants. The line of credit was paid in full and refinanced with another bank as part of the 2014 acquisition of Allegra described in Note 19.

DIALOGDIRECT, INC. AND SUBSIDIARIES
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December 31, 2014 and 2013

NOTE 11 – LONG-TERM DEBT

As part of the Allegra acquisition during the year ended December 31, 2014, the Company paid in full the Union Bank term note and entered into a new senior term loan agreement with GE Capital, in the amount of \$61,500,000 which expires in October 2019. The note requires quarterly principal payments of \$384,375 through October 2017, increasing to \$768,750 until maturity when a balloon payment for the remaining principal will be due. Quarterly payments are for the principal amounts above plus interest accruing at the prime rate plus 3.25% or LIBOR plus 4.25% with a floor of 5.25% (effective rate of 6.5% or 5.25% at December 31, 2014, respectively). At December 31, 2014, the Company borrowed \$61,500,000 at the LIBOR plus 4.25% borrowing rate. The debt is secured by a first priority lien on substantially all assets of the Company. The term note is subject to the same restrictive financial covenants as the line of credit described in Note 10.

At December 31, 2013, the Company had a senior term loan agreement with Union Bank in the amount of \$6,000,000. The note was scheduled to mature in December 2016 and required monthly payments in the amount of \$166,667 plus interest at prime plus 2.0% or LIBOR plus 3.75% (effective rates at December 31, 2013 were 5.25% and 3.95%, respectively). At December 31, 2013, the Company had borrowed \$2,100,000 at the prime borrowing rate and \$3,900,000 at the LIBOR rate. The debt was secured by a first priority lien on substantially all the assets of the Company. The term note was subject to the same restrictive financial covenants as the Union Bank line of credit described in Note 10. The term note was paid in full as part of the 2014 acquisition described in Note 19.

At December 31, 2013, the Company had two senior subordinated notes with Triangle Mezzanine Fund, LLP, in the amounts of \$11,750,000 and \$11,250,000 for a combined total of \$23,000,000. During the year ended December 31, 2014, these notes were amended and increased to \$12,739,038 and \$11,250,000 for a combined total of \$23,989,038. The notes mature on April 15, 2019 and accrue interest monthly at 12% per year. The notes also accrue a monthly payment-in-kind (PIK) interest at the rate of 1.5% per year and the amount is added to the previous month's principal balance. The PIK interest is due at the maturity date of the notes. At December 31, 2014 and 2013, the outstanding balance owed to Triangle amounted to \$24,067,084 and \$23,514,508, respectively. The debt is secured by substantially all the assets of the Company. The notes are subject to various restrictive financial covenants, including debt service ratio, capital expenditure thresholds and total leverage ratios.

The line of credit, senior term loan, and subordinated notes are subject to certain limitations including the ability to incur additional debt, capital expenditures, change operations, move facilities, make restrictive payments, limiting management and Board of Director fees and dividends, and make certain investments and acquisitions, mergers, or significant disposals of assets.

DIALOGDIRECT, INC. AND SUBSIDIARIES
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NOTE 11 – LONG-TERM DEBT (Continued)

The following is schedule of long-term obligations for each of the next five years for the notes described above and in Note 10:

<u>Years ending December 31,</u>	<u>Amount</u>
2015	\$ 1,537,500
2016	1,537,500
2017	1,537,500
2018	3,075,000
2019	<u>82,629,584</u>
	<u><u>\$ 90,317,084</u></u>

NOTE 12 – CAPITAL LEASE OBLIGATIONS

At December 31, 2014 and 2013, the Company has capital leases payable to financial institutions in the amount of \$354,101 and \$587,465, respectively. The leases are payable in monthly installments ranging from \$66 to \$12,025, including interest ranging from 4.5% to 6.0%, maturing on various dates through March 2017. The assets and liabilities under the above capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the assets. The assets are depreciated over the lower of their related lease terms or their estimated productive lives.

The following is a summary of property held under capital leases:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Machinery and equipment	\$ 1,065,730	\$ 954,791
Less: accumulated depreciation	<u>707,724</u>	<u>429,791</u>
	<u><u>\$ 358,006</u></u>	<u><u>\$ 525,000</u></u>

Depreciation of assets under capital leases detailed above included in depreciation expense for the years ended December 31, 2014 and 2013 totaled \$218,080 and \$195,892, respectively.

Interest expense included in the capital lease payments for the years ended December 31, 2014 and 2013 was \$25,123 and \$33,983, respectively.

DIALOGDIRECT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 – CAPITAL LEASE OBLIGATIONS (Continued)

Minimum future payments under the capital leases described above for each of the next three years are as follows:

<u>Years ending December 31,</u>	<u>Amount</u>
2015	\$ 228,750
2016	136,471
2017	<u>3,000</u>
Total minimum lease payments	368,221
Less: interest included above	<u>14,120</u>
	354,101
Less: current portion	<u>216,822</u>
Long-term capital lease obligation	<u><u>\$ 137,279</u></u>

NOTE 13 – OPERATING LEASES

The Company is obligated under operating leases for its operating facilities and certain equipment. Monthly payments under these leases range from \$21 to \$325,693 and expire at various dates through November 2020. The facility leases require the Company to pay taxes, insurance, utilities, and maintenance costs. The facility leases provide for escalating rent payments; however, the Company recognizes rent expense on a straight-line basis. Total rent expense under the facility and equipment leases for the years ending December 31, 2014 and 2013 was \$11,096,528 and \$7,780,147, respectively.

The following is a schedule of minimum future rental payments under the non-cancelable operating leases described above for the next five years and in the aggregate:

<u>Years ending December 31,</u>	<u>Amount</u>
2015	\$ 10,569,688
2016	8,479,602
2017	7,083,193
2018	6,240,540
2019	5,074,804
Subsequent to 2019	<u>3,582,623</u>
	<u><u>\$ 41,030,450</u></u>

DIALOGDIRECT, INC. AND SUBSIDIARIES
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NOTE 14 – COMMON STOCK

DialogDirect, Inc., has 5,000 authorized shares of common stock, with a par value of \$.01. As of December 31, 2014 and 2013, 1,000 shares of common stock were issued and outstanding.

NOTE 15 – DISTRIBUTIONS TO SHAREHOLDERS

During the year ended December 31, 2014, DialogDirect, Inc. recorded dividend distributions as part of a return of capital in the amount of \$8,000,000 to the shareholders of the Company. The shareholders of the Company distributed \$8,000,000 to its members pro rata in accordance with the units owned by each member. Each member received approximately \$150.20 per unit owned. During the year ended December 31, 2013, there were no distributions recorded.

NOTE 16 – SELF-INSURED

During the year ended December 31, 2013, the Company consolidated its insurance plan under DialogDirect, Inc. The Company has a partially self-insured medical plan covering all of its eligible employees. Under the plan, the Company is liable for the first \$100,000 of claims per employee per year. Any claims that exceed this amount are paid by the underlying insurance policy. Total claims paid during the years ended December 31, 2014 and 2013 were approximately \$8,300,000 and \$5,977,000, respectively. The Company has recorded an accrual of approximately \$872,000 and \$914,000, respectively, at December 31, 2014 and 2013, for known claims and estimated claims incurred but not reported. In addition, at December 31, 2013, Brian Unlimited Distribution Company, Inc. has an accrual of approximately \$97,000 for known claims and estimated claims incurred but not reported under the prior self-insured plan.

NOTE 17 – 401(k) PLAN

Brian Unlimited Distribution Company, Inc. and Budco East Coast, LLC sponsor traditional 401(k) plans covering substantially all full-time employees at least 18 years old. Eligible employees may contribute up to the IRS limit. Under the plan, Brian Unlimited Distribution Company, Inc. and Budco East Coast, LLC match amounts as approved at the discretion of the Board of Directors. The match is calculated at 30% of employee contributions up to 6% of eligible compensation contributed. During the year ended December 31, 2014, the Company suspended the match. Company contributions to the plan for the year ended December 31, 2014 and 2013 were \$6,365 and \$177,503, respectively. The Companies have funded or accrued all calculated contributions as of December 31, 2014 and 2013.

DIALOGDIRECT, INC. AND SUBSIDIARIES
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NOTE 17 – 401(k) PLAN (Continued)

Novo 1 Holdings, Inc., GC Allegra, LLC, and GC DMI, LLC sponsor a traditional 401(k) plan covering employees at least 20 years old, have completed 3 months of service and who are not union employees, nonresident aliens, or leased employees. Eligible employees may contribute up to the IRS limit. Under the plan, Novo 1 Holdings, Inc., GC Allegra, LLC, and GC DMI, LLC will match amounts as approved at the discretion of the Board of Directors. When approved, the Company matches 25% of employee contributions up to 6% of their compensation. In addition, the Board of Directors may also approve additional contributions. During the year ended December 31, 2014, the Companies suspended the match. There were no Company contributions to the plan for the year ended December 31, 2014. During the year ended December 31, 2013, Novo 1 Holdings, Inc., was the sole sponsor, contributed \$52,289 to the plan. The Company has funded or accrued all calculated contributions as of December 31, 2014 and 2013.

NOTE 18 – INCOME TAXES

The income tax benefit from operations is as follows:

	Years ended December 31,	
	2014	2013
Current:		
State	\$ 154,733	\$ 80,797
Federal	-	(131,955)
Deferred:		
State	(37,500)	(73,146)
Federal	(1,728,600)	(1,516,154)
	<u>\$ (1,611,367)</u>	<u>\$ (1,640,458)</u>

The income tax benefit differs from the amounts computed by applying the U.S. Federal statutory income tax rate of 34% for the years ended December 31, 2014 and 2013 primarily as a result of various non-deductible items and differences in current tax rates and expected future tax rates used to determine deferred tax assets and liabilities.

DIALOGDIRECT, INC. AND SUBSIDIARIES
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NOTE 18 – INCOME TAXES (Continued)

The details of the deferred tax asset and liability are as follows:

	December 31,	
	2014	2013
Allowance for doubtful accounts	\$ 370,700	\$ 108,400
Accrued compensation and benefits	851,900	635,600
Accrued rent	1,910,500	2,163,700
Non-compete agreements	242,700	252,200
Net operating loss carryover	1,986,500	1,252,400
Fixed assets	-	91,000
Other intangible assets	3,223,600	1,992,100
Total deferred tax assets	8,585,900	6,495,400
Other intangible assets	-	(69,700)
Prepaid expenses	(727,400)	(216,800)
Fixed assets	(2,193,900)	(1,806,400)
Customer relationships	(3,465,000)	(3,969,000)
Total deferred tax liabilities	(6,386,300)	(6,061,900)
Net deferred tax asset	\$ 2,199,600	\$ 433,500
Total deferred tax asset - current	\$ 510,600	\$ 485,900
Total deferred tax asset (liability) - non current	1,689,000	(52,400)
Total net deferred tax asset	\$ 2,199,600	\$ 433,500

Deferred tax assets result from various expenses that are not deductible until paid for tax purposes. The deferred tax asset for the unfavorable lease, included in the accrued rent line above, represents a lease liability associated with the revaluation of leases related to the acquisition of Budco Holdings, Inc. and Subsidiaries on November 14, 2011. For financial statement purposes, the difference in the fair market value is being amortized over the remaining life of the lease. This difference in fair market value is not includable for tax purposes. Another significant deferred tax asset is the result of a net operating loss generated in 2014 and 2013 for DialogDirect, Inc. and in 2013 for Brian Unlimited Distribution Company, Inc. which expire in 2033. Finally, a substantial deferred tax asset exists on Novo 1 Holdings, Inc.'s books for other intangible assets due to large book-to-tax differences between the amortization of goodwill, customer lists, and trade names relating to the acquisition of Novo 1, Inc. in 2009.

DIALOGDIRECT, INC. AND SUBSIDIARIES
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NOTE 18 – INCOME TAXES (Continued)

Deferred tax liabilities result from the use of accelerated methods of depreciation and amortization and certain prepaid expenses deductible for income tax purposes when paid. Also, Brian Unlimited Distribution Company, Inc. records amortization expense on customer relationships for financial statement purposes, which are not deductible for tax purposes.

Management determined that no valuation allowance was required for deferred tax assets at December 31, 2014 and 2013. In assessing the realizability of deferred tax assets, management considered whether it was more likely than not that some portion or all of the deferred tax assets would be realized. Management concluded that the deferred tax assets would be realized through generation of future taxable income during periods in which the temporary differences become deductible. Management considered the scheduled reversal of the deferred tax liabilities, projected future taxable income and tax planning strategies in making their assessment.

At December 31, 2014 and 2013, DialogDirect, Inc. has available to offset future Federal taxable income, unused operating losses totaling approximately \$4,265,000 and \$1,670,000, respectively expiring at various dates through 2034.

At December 31, 2014 and 2013, Brian Unlimited Distribution Company, Inc. has available to offset future Federal taxable income, unused operating losses totaling approximately \$1,490,000 and \$1,900,400, respectively expiring at various dates through 2033.

NOTE 19 – ACQUISITIONS

DialogDirect, Inc. entered into an asset purchase agreement on October 31, 2014 to purchase the assets of Allegra Direct Communication, Inc. and Allegra Direct-South, Inc. and created GC Allegra, LLC ("Allegra"). Allegra specializes in call center services and the primary reason of the acquisition was to augment these capabilities.

The purchase price is as follows:

Base price - less escrow	\$ 19,325,000
Escrow amount	1,000,000
Seller portion of escrow admin fee	(1,500)
Working capital adjustment due to seller	103,277
Prorated property taxes	3,046
	<u>\$ 20,429,823</u>

DIALOGDIRECT, INC. AND SUBSIDIARIES
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NOTE 19 – ACQUISITIONS (Continued)

The acquisition has been accounted for as a purchase business combination. Under the purchase method of accounting, the assets and liabilities assumed are recorded at the date of acquisition at their respective fair values.

The allocation of the purchase price is as follows:

Description	Amount
Goodwill	\$ 6,854,854
Cash	324,636
Intangible asset- customer lists	6,118,000
Intangible asset- trade name	617,000
Intangible asset- non-compete agreements	1,963,000
Accounts receivable	4,076,061
Property and equipment	1,292,354
Prepaid expenses	43,867
Security deposit	18,000
Liabilities assumed	<u>(877,949)</u>
Net identifiable assets acquired	<u><u>\$ 20,429,823</u></u>

The total amount of goodwill is expected to be amortized for tax purposes and primarily reflects the value of adding the assets of Allegra and the augmented call center capabilities and opportunities provided by these assets.

Acquisition related costs included in the consolidated statement of operations for the year ended December 31, 2014 amounted to \$1,075,502.

GC Shore Holdings, LLC

DialogDirect, Inc. entered into an asset purchase agreement on May 6, 2013 to purchase the assets of South Shore Venture Enterprises, LLC (“South Shore”) and created GC Shore Holdings, LLC. South Shore specializes in direct marketing services to seniors. The primary reason for the acquisition was to augment these capabilities.

The purchase price is as follows:

Cash payments	\$ 1,327,295
Deferred purchase price	3,136,027
Liabilities assumed	<u>151,307</u>
	<u><u>\$ 4,614,629</u></u>

DIALOGDIRECT, INC. AND SUBSIDIARIES
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NOTE 19 – ACQUISITIONS (Continued)

The South Shore purchase agreement provides for holdback payments totaling \$250,000, annual deferred payments and annual and cumulative earn-out payments to be paid to former owners of South Shore, all of which are calculated at their respective fair market values at the purchase date and recorded as the deferred purchase price above. The annual and cumulative earn-out payments are contingent upon the adjusted and average calculated EBITDA over the next three years. The fair market values of the deferred payments in the amount of \$3,136,027 were determined using the income approach. The expected outcomes were recorded at net present value using discount rates reflective of the risk and probability of achievement.

The acquisition has been accounted for as a purchase business combination. Under the purchase method of accounting, the assets and liabilities assumed are recorded at the date of acquisition at their respective fair values. The excess purchase price was allocated to goodwill in the amount of \$4,614,629.

During the year ended December 31, 2014, an adjustment was made to the assumptions used to calculate the expected outcomes surrounding the deferred earn-out payments. This change results in an adjustment of the purchase price allocation and a \$1,360,385 reduction in the goodwill compared to the amount stated above.

The total amount of goodwill is being amortized for tax purposes.

Acquisition related costs included in the consolidated statements of operations for the year ended December 31, 2013 amounted to \$172,847. Included within this amount was a \$50,000 transaction advisory fee paid to Glencoe Capital Michigan, LLC, a related party through common ownership.

Dialogue Marketing, Inc.

DialogDirect, Inc. entered into an asset purchase agreement on December 31, 2013 to purchase the assets of Dialogue Marketing, Inc. The primary reason for the acquisition was to increase the Company's business opportunities and market share. Dialogue Marketing, Inc. provides data and technology services, expertise in lead generation and sale conversion, and an emerging social media practice.

DIALOGDIRECT, INC. AND SUBSIDIARIES
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NOTE 19 – ACQUISITIONS (Continued)

The purchase price is as follows:

Base price - less escrow	\$ 21,375,000
Equity rollover	2,500,000
Escrow amount	1,125,000
Seller portion of escrow admin fee	(1,500)
Working capital adjustment due to seller	<u>751,282</u>
	<u><u>\$ 25,749,782</u></u>

The acquisition has been accounted for as a purchase business combination. Under the purchase method of accounting, the assets and liabilities assumed are recorded at the date of acquisition at their respective fair values.

The allocation of the purchase price is as follows:

<u>Description</u>	<u>Amount</u>
Goodwill	\$ 7,825,625
Intangible asset- customer lists	6,056,000
Intangible asset- trade name	2,172,000
Accounts receivable	6,790,522
Prepaid expenses	411,665
Security deposit	116,998
Property and equipment	4,089,750
Liabilities assumed	<u>(1,712,778)</u>
Net identifiable assets acquired	<u><u>\$ 25,749,782</u></u>

During the year ended December 31, 2014, a working capital adjustment was made to the purchase price allocation for the purchase described above resulting in a \$328,446 reduction in the goodwill compared to the amount stated above.

The total amount of goodwill is being amortized for tax purposes.

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NOTE 20 – CASH FLOWS

Supplemental disclosures of cash flow information are as follows:

	Years ended December 31,	
	2014	2013
Interest paid	<u>\$ 3,846,211</u>	<u>\$ 3,213,009</u>
Income taxes refunded	<u>\$ 44,522</u>	<u>\$ 260,801</u>

Supplemental disclosures of non-cash investing and financing activities for the years ended December 31, 2014 and 2013 are as follows:

During the year ended December 31, 2014, the Company disposed of an asset held under capital lease resulting in a non-cash decrease in the capital lease commitment in the amount of \$26,681.

During the year ended December 31, 2013, the Company had contributed capital in the amount of \$2,500,000 relating to the roll over equity from the purchase of Dialogue Marketing, Inc. as described in Note 19.

NOTE 21 – FAIR VALUE MEASUREMENTS

The Company records various assets and liabilities at fair value. Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 Inputs to the valuation methodology include
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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NOTE 21 – FAIR VALUE MEASUREMENTS (Continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a non-recurring basis:

Customer lists, trade names and deferred purchase price: Fair value was calculated based upon a discounted cash flow valuation and was recorded at net present value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level with the fair value hierarchy, the Company's non-recurring financial assets and liabilities at fair value as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Customer relationships	\$ -	\$ -	\$ 5,863,083	\$ 5,863,083
Trade names	-	-	591,292	591,292
Deferred purchase price	-	-	(1,613,478)	(1,613,478)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,840,897</u>	<u>\$ 4,840,897</u>

During the year ended December 31, 2014, there was a change in the fair value measurements for the deferred purchase price from the acquisition date. The change resulted in a change to the purchase price allocation and an increase in the amounts of goodwill recorded and a decrease in the deferred purchase price of \$475,587, which has been reflected in the current year table above. Subsequent changes in the net present value of the liability will be recorded as expense.