Request for Offer (RFO)

for

Women, Infants and Children (WIC) Supplemental Nutrition Program’s (SNP)

Purchase of 36K MULTOS Smart Cards

RFO Solicitation Number: HHS0007103

Date of Release: 02/28/20

Date Offer Due: 03/20/20 @ 2 pm, CT/CST

NIGP Class/Item Codes:

1. 287-26: *Circuit Cards
2. 946-76: Smartcards, Limited and Standard Use Proximity Integrated Circuit Card (LU-PICC and PICC)

*This item may contain an Automated Information Systems (AIS)/Telecommunications component or service.
Table of Contents

Article I. Executive Summary, Definitions, And Authority
1.1 Executive Summary .................................................................................................................. 4
1.2 Definitions ................................................................................................................................. 4
1.3 Authority ................................................................................................................................... 5
   1.3.1 State .................................................................................................................................... 5
   1.3.2 Federal ............................................................................................................................... 5

Article II. Scope Of Work/Specifications
2.1 Description of Services / Statement of Work / Specifications ................................................. 6
2.2 Contract Award, Term and Amount ......................................................................................... 6
   2.2.1 Contract Award and Execution ....................................................................................... 6
   2.2.2 Contract Term .................................................................................................................. 7
   2.2.3 Modification of Contract Term ....................................................................................... 7
   2.2.4 Contract Amount ............................................................................................................ 8
   2.2.5 HHSC Contract Award Philosophy: Contracting for Results ....................................... 8
2.3 Data Use Agreement .................................................................................................................. 8
2.4 No Guarantee of Volume, Usage or Compensation ................................................................. 8

Article III. Administrative Information
3.1 Schedule of Events .................................................................................................................... 9
3.2 Changes, Amendment or Modification to Solicitation ............................................................ 9
3.3 Irregularities .............................................................................................................................. 9
3.4 Informalities ............................................................................................................................. 9
3.5 Inquiries .................................................................................................................................... 9
   3.5.1 Point of Contact ................................................................................................................ 9
   3.5.2 Prohibited Communication ............................................................................................. 10
   3.5.3 Prohibited Communication Exception .......................................................................... 10
   3.5.4 Respondent Questions .................................................................................................... 10
   3.5.5 Requests for Clarification ............................................................................................... 11
   3.5.6 Responses to Written Questions .................................................................................... 11
   3.5.7 Vendor Conference ......................................................................................................... 11
3.6 Solicitation Response Composition .......................................................................................... 11
   3.6.1 Medium and Number of Copies ...................................................................................... 11
   3.6.2 Submission in Separate Parts ......................................................................................... 12
   3.6.3 Page Limit and Supporting Documentation .................................................................. 12
   3.6.4 Discrepancies .................................................................................................................. 12
   3.6.5 Respondent Noted Exceptions, Reservations, or Limitations ..................................... 12
   3.6.6 Assumptions ..................................................................................................................... 13
3.7 Solicitation Response Submission and Delivery ....................................................................... 13
   3.7.1 Deadline ........................................................................................................................... 13
   3.7.2 Labeling .......................................................................................................................... 13
   3.7.3 Delivery .......................................................................................................................... 14
   3.7.4 Alterations, Modifications, and Withdrawals ............................................................... 14
   3.7.5 Response Format ............................................................................................................. 14

Article IV. Solicitation Response Evaluation And Award Process .............................................. 15
4.1 Evaluation Criteria .................................................................................................................... 15
   4.1.1 Conformance with State Law ......................................................................................... 15
   4.1.2 Minimum Qualifications ............................................................................................... 15
4.1.3 Specific Criteria ........................................................................................................15
4.1.4 HHSC Evaluation Process ........................................................................................16
4.2 Initial Compliance Screening .......................................................................................16
4.3 Competitive Range and Best and Final Offer ..............................................................16
4.4 Oral Presentations and Site Visits ..................................................................................17
4.5 Questions or Requests for Clarification By the System Agency .....................................17

Article V. Narrative/Technical Proposal ...........................................................................19

5.1 Narrative Proposal ......................................................................................................19
5.1.1 Executive Summary ................................................................................................19
5.1.2 Project Work Plan ..................................................................................................19
5.1.3 Value-Added Benefits ............................................................................................19
5.1.4 Key Staffing Profile ..............................................................................................19

5.2 Technical Proposal ......................................................................................................19
5.2.1 Technology Architecture .......................................................................................19
5.2.2 System Availability and Capacity ..........................................................................19
5.2.3 Software and Hardware Components ..................................................................20
5.2.4 System Integration ...............................................................................................20
5.2.5 System Administration, Support, and Maintenance ..............................................20
5.2.6 System Security and Disaster Recovery ...............................................................20
5.2.7 Performance Monitoring and Management .........................................................20
5.2.8 Appendices ...........................................................................................................20

Article VI. Required Respondent Information ..................................................................21

6.1 Company Information .................................................................................................21
6.1.1 Company Narrative ..............................................................................................21
6.1.2 Company Profile ................................................................................................21

6.2 References ................................................................................................................22

6.3 Major Subcontractor Information ..............................................................................22

6.4 Litigation and Contract History ..................................................................................22

6.5 Conflicts of Interest ....................................................................................................22

6.6 Affirmations and Certifications ..................................................................................23

6.7 Other Reports ............................................................................................................23
6.7.1 Dun and Bradstreet Report ...................................................................................23
6.7.2 Financial Capacity and Annual Report Information ..............................................24

6.8 Corporate Guarantee ................................................................................................24

6.9 HUB Subcontracting Plan ..........................................................................................24

Article VII. Cost Proposal ................................................................................................24

7.1 Cost Proposal .............................................................................................................24

Article VIII. General Terms And Conditions .................................................................25

8.1 General Conditions ....................................................................................................25
8.1.1 Solicitation Amendment ......................................................................................25
8.1.2 Offer Period ..........................................................................................................25
8.1.3 Costs Incurred ......................................................................................................25
8.1.4 Contract Responsibility .......................................................................................25
8.1.5 Texas Public Information Act ..............................................................................25

8.2 Insurance ..................................................................................................................25
8.2.1 Required Coverage ............................................................................................25
8.2.2 Alternative Insurability .......................................................................................26
8.3 Bonds .........................................................................................................................26
ARTICLE I. EXECUTIVE SUMMARY, DEFINITIONS, AND AUTHORITY

1.1 EXECUTIVE SUMMARY

The Texas Health and Human Services Commission (HHSC) is the state agency that administers and/or provides health and human services in the State of Texas, through the Health and Human Services System (the “HHS System”). As set forth in Texas Government Code, Chapter 531, the HHS System refers to all HHSC offices and divisions and any other governmental entity, including the Texas Department of State Health Services (DSHS), that is under the administrative and operational control of the executive commissioner of HHSC.

HHSC (or “the Customer”), is seeking offers for a qualified respondent to provide the “36K MULTOS Smart Card” deliverables as defined in the specifications contained within this document, for the Women, Infants and Children (WIC) Supplemental Nutrition Program. These cards are issued to WIC participants in a WIC Clinic, to obtain their food benefits at an authorized retail vendor (grocery store, farmers market, etc.). It is anticipated that other Smart Card WIC Electronic Benefit Transfer (EBT) State Agencies will purchase cards using the awarded contract.

HHSC will issue individual purchase orders, contracts, or releases for services under the contract. Each order will include the delivery/service location and billing address for the agency requesting services. Other Smart Card EBT State Agencies, such as but not limited to Arkansas, Cherokee Nation, Louisiana, Missouri, New Mexico, Ohio, Pennsylvania, Pueblo of Isleta, Utah, and Wyoming, may choose to purchase smart cards from the awarded contract.

Each of the Smart Card State Agencies will issue a purchase document (Purchase Order, etc.) to initiate such purchases. Texas HHS Systems will not be a party to such purchases. Each of the Smart Card EBT State Agencies may negotiate the terms and conditions of a purchase to suit its business needs. Any such negotiated terms and conditions will not impact the underlying contract between the HHS Agency and the Contractor.

To be considered for award, Respondents must execute Exhibit A (Affirmations and Solicitation Acceptance) of this Solicitation and provide all other required information and documentation as set forth in this Solicitation. Information regarding HHSC and its programs is available online and can currently be accessed at https://hhs.texas.gov/.

1.2 DEFINITIONS

The terms “Vendor”, “Respondent”, and “Contractor” are referenced throughout this RFO, its attachments, and exhibits. Generally, references to the “Vendor” or “Respondent” are used in conjunction with the proposing organization and procurement process leading up to the final RFO selection and award. The term “Contractor” denotes the role assumed, post-award, by the winning Vendor/Respondent. Additionally, the terms “State of Texas”, “the State”,

ARTICLE IX. Submission Checklist

ARTICLE X. RFO Exhibit List
“HHSC”, or “Tx WIC” may be used interchangeably throughout the RFO to denote the political entity issuing the RFO and requesting responses throughout the specifications. Refer to Exhibit B (HHSC Uniform Terms and Conditions – Vendor, Version 3.0) for additional definitions. As used in this Solicitation, unless the context clearly indicates otherwise, the following terms and conditions have the meanings assigned below:

“Addendum” means a written clarification or revision to this Solicitation issued by the System Agency.

“Contractor” means the entity awarded a contract to provide services described in this RFO.

“ESBD” means the Electronic State Business Daily, the electronic marketplace where State of Texas bid opportunities over $25,000 are posted. The ESBD may currently be accessed at http://esbd.cpa.state.tx.us/

“HUB Subcontracting Plan” or “HSP” means written documentation regarding the use of sub-contractors, which is required to be submitted with all responses to state agency Contracts with an expected value of $100,000 or more where subcontracting opportunities have been determined by the state agency to be probable. The HUB Subcontracting Plan subsequently becomes a provision of the awarded Contract and shall be monitored for compliance by the state agency during the term of the Contract.

“Respondent” means the entity responding to this Solicitation.

“Solicitation” means this Request for Proposals including any Exhibits and Addenda, if any, whereas a “Solicitation Response" means a proposal and offer.

“State” means the State of Texas and its instrumentalities, including HHSC, the System Agency and any other state agency, its officers, employees, or authorized agents.

1.3 AUTHORITY

1.3.1 State

HHSC is soliciting services listed herein under Texas Government Code Title 10, Subtitle D, chapters: 1) Chapter 2155 - Purchasing: General Rules and Procedures; 2) Chapter 2156 - Purchase Methods; and 3) Chapter 2157 - Purchasing: Purchase of Automated Information Systems. HHSC's Chief Executive Officer is Dr. Courtney N. Phillips, Executive Commissioner. Pursuant to Texas Government Code Chapter 531 and Texas Health and Safety Code Chapter 1001, HHSC is authorized to enter into contracts for which the Executive Commissioner is responsible, for all HHS agencies’ purchasing and contracting.

1.3.2 Federal

7 CFR Part 246 - SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN; Title 7 - Agriculture; Subtitle B - Regulations of the Department of Agriculture (Continued) (Parts 27 - 4290); Chapter II - Food and

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1 Tex. Gov't Code Ch. 2155: https://statutes.capitol.texas.gov/Docs/GV/htm/GV.2155.htm
2 Tex. Gov't Code Ch. 2156: https://statutes.capitol.texas.gov/Docs/GV/htm/GV.2156.htm
3 Tex. Gov't Code Ch. 2157: https://statutes.capitol.texas.gov/Docs/GV/htm/GV.2157.htm
4 Tex. Gov't Code Ch. 531: https://statutes.capitol.texas.gov/Docs/GV/htm/GV.531.htm
Nutrition Service, Department of Agriculture (Parts 210 - 229); Subchapter A - Child Nutrition Programs (Parts 210-249); Part 246 - Special Supplemental Nutrition Program for Women, Infants and Children; Subpart D - Section 246.10 - Supplemental Foods; 81 FR 10433 - Special Supplemental Nutrition Program for Women, Infants and Children (WIC): Implementation of Electronic Benefit Transfer-Related Provisions.

**ARTICLE II. SCOPE OF WORK/SPECIFICATIONS**

**2.1 DESCRIPTION OF SERVICES / STATEMENT OF WORK / SPECIFICATIONS**

Refer to the following for developing the Deliverables (*service, products, and/or milestones*) expected from this RFO solicitation, inclusive of:

1. **Exhibit H-1 (SOW Specs)** for a fully developed Scope of Work for the Deliverables (*service, products, and/or milestones*);

2. **Exhibit H-2 (SOW Atch 1)** for the Gemplus Card Series Specification resource document, as referenced within the SOW;

3. **Exhibit H-3 (USDA-FNS Federal Provisions)** for which USDA-funded WIC initiatives must comply; and

4. **Exhibit H-4 (Questionnaire)** completion, for specifics in providing the 36K MULTOS SmartCards.

These specifications are being advertised under Section 2155.067 of the Texas Government Code. Only bids on items conforming exactly to these specifications, which include proposing only the brand name(s), make and model number(s) specified, will be considered in determining an award.

**2.2 CONTRACT AWARD, TERM AND AMOUNT**

**2.2.1 Contract Award and Execution**

HHSC intends to award one (1) Contract as a result of this RFO Solicitation. Any award is contingent upon approval of the Executive Commissioner or their designee. For the Contract awarded as a result of this RFO and all exhibits thereto:

1. The following documents may be incorporated into the Contract:
   a. This RFO and all attachments and exhibits;
   b. Any RFO modifications, Addendum, or amendments issued; and
   c. The Respondent proposal of the awarded Contractor.

2. Respondents are responsible for reviewing the HHSC contract terms and conditions - noting any exceptions, reservations, and limitations on **Exhibit F (Vendor Information and Disclosures)**.

3. Acceptance of a mutual confidentiality agreement will be required.

4. HHSC reserves the right to negotiate additional contract terms and conditions.
2.2.2 Contract Term

1. The execution of this RFO will begin on the date of the award of the contract, with services commencing no later than ten (10) business days after award and receiving the purchase order. This initial Contract term will be for a period of performance from the date of contract execution through August 31, 2021.

2. HHSC reserves the right to exercise optional annual renewals accomplished by one-year terms thereafter, executed by contract amendment, subject to the availability of funds, with the total amount of the initial term and subsequent renewals not to exceed five (5) consecutive periods of performance.

3. Projected renewal terms [1st: 09/01/2021 to 08/31/2022; 2nd: 09/01/2022 to 08/31/2023; 3rd: 09/01/2023 to 08/31/2024; and 4th: 09/01/2024 to 08/31/2025] are to be finalized during final negotiations with the awarded Contractor, if any.

4. Tx WIC anticipates ordering at least THREE HUNDRED THOUSAND (300,000) cards during each renewal term, to accommodate the current card usage rate. Such renewal terms will be under the same terms and conditions as the original contract.

5. Escalation rates and amended terms and conditions must be agreed to by both parties. If the Vendor does not accept HHSC’s option to exercise a renewal term, an advance notice as such must be provided at least ONE HUNDRED TWENTY (120) calendar days in writing – prior to the next renewal date.

6. The Contractor will cease work after all Deliverables:

   a. As described in this RFO are satisfactorily delivered and approved by the designated HHSC Contract Manager or designate, HHS executive and business sponsors, and/or the applicable HHS Systems Directors or Managers; but

   b. No later than August 31, 2021; work cannot continue beyond the Contract term (or exercised renewal options as may be amended) without an active contractual agreement in place.

2.2.3 Modification of Contract Term

A modification of the timeline proposed in this RFO may be generated during the initial phase of the engagement.

1. Delays on the Customer side and national holidays may affect the calendar duration of the engagement. Any delays that impact Contractor resources ability to be fully utilized will be subject to HHSC’s Change Management procedures.

2. HHSC will have the option, exercisable by giving written notice to the Awarded Contractor prior to the expiration of the Current Term, to extend the current Period of Performance based upon the then-prevailing terms and conditions for a mutually agreed-upon successive period.

3. Following the base term, and any allowable extensions and/or exercised Optional Annual Renewals, HHSC may extend any resulting Contract for the purpose of
completing a new procurement, or to transition to a new Contractor if necessary, to avoid interruption in HHSC services.

4. If the contract is terminated or is not renewed, the Contractor will provide access to the system for an amount of time that is sufficient for HHSC to extract its data, using the Contractor’s export tools as defined in the System Requirements.

2.2.4 Contract Amount

The initial compensation under any Contract awarded will not exceed the estimated amount of the contract award of EIGHT HUNDRED SEVENTY-FIVE THOUSAND DOLLARS ($875,000).

It is projected that the total compensation will not exceed the estimated amount of FOUR MILLION THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS ($4,375,000) for the life of the contract - initial term, plus four additional one-year renewal periods.

However, notwithstanding the preceding, the System Agency reserves the right to increase this amount if additional state or federal funding become available during the term of the Contract, including any extensions.

2.2.5 HHSC Contract Award Philosophy: Contracting for Results

HHSC fundamental commitment is to contract for results HHSC defines a successful result as “the generation of defined, measurable, and beneficial outcomes that satisfy the Contract requirements and support HHSC missions and objectives.”

This RFO describes what is required of the awarded Contractor in terms of Deliverables (milestones, products and/or services), performance measures and outcomes, and—unless otherwise noted in the RFO - places the responsibility for how they are accomplished on the awarded Contractor.

2.3 DATA USE AGREEMENT

By entering into a Contract, or purchase order with the System Agency as a result of this Solicitation, Respondent agrees to be bound by the terms of Exhibit D-1 (DUA) and Exhibit D-2 (DUA A-2, SPI), Attachment 2 to the DUA - the Security and Privacy Inquiry (SPI) form.

2.4 NO GUARANTEE OF VOLUME, USAGE OR COMPENSATION

HHSC makes no guarantee of volume, usage, or total compensation to be paid to a Respondent under any awarded Contract, if any, resulting from this Solicitation. Any awarded Contract is subject to appropriations and the continuing availability of funds.

HHSC reserves the right to cancel, make partial award, or decline to award a Contract under this Solicitation at any time at its sole discretion. External factors may affect this procurement, including budgetary and resource constraints:

1. Any Contract resulting from this RFO is subject to state and federal funds availability.

2. As of the issuance of this RFO, HHSC anticipates that budgeted funds will be available to reasonably fulfill this procurement’s requirements.

3. If, however, funds are not available, HHSC reserves the right to withdraw the RFO or terminate the resulting Contract without penalty.
ARTICLE III. ADMINISTRATIVE INFORMATION

3.1 SCHEDULE OF EVENTS

The following table documents the critical pre-award events for this procurement; all dates are subject to change at HHSC’s discretion:

<table>
<thead>
<tr>
<th>EVENT</th>
<th>DATE/TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solicitation Release Date</td>
<td>02/28/20</td>
</tr>
<tr>
<td>Respondent Questions Due</td>
<td>03/06/20 @ 2:00 PM CT/CST</td>
</tr>
<tr>
<td>HHSC/PCS posts responses to questions from Respondent(s)</td>
<td>03/13/20</td>
</tr>
<tr>
<td>Deadline for submission of Solicitation Response</td>
<td>03/20/20 AT 2:00 PM CT/CST</td>
</tr>
</tbody>
</table>

Note: These Schedule of Events dates are a TENTATIVE. The System Agency reserves the right to modify these dates at any time upon notice posted to the ESBD. Any dates listed after the Solicitation Response deadline will occur at the discretion of the System Agency and may occur earlier or later than scheduled without notification on the ESBD.

3.2 CHANGES, AMENDMENT OR MODIFICATION TO SOLICITATION

HHSC reserves the right to change, amend or modify any provision of this Solicitation, or to withdraw this Solicitation at any time prior to award if it is in the best interest of HHSC. Any such revisions will be posted such on the ESBD. It is the responsibility of Respondent to periodically check the ESBD to ensure full compliance with the requirements of this Solicitation.

3.3 IRREGULARITIES

Any irregularities or lack of clarity in this Solicitation should be brought to the attention of the Point of Contact listed in Section 3.5.1 as soon as possible so corrective addenda may be furnished to prospective Respondents.

3.4 INFORMALITIES

HHSC reserves the right to waive minor informalities in a proposal and award a Contract if it is in the best interest of the System Agency. A “minor informality” is an omission or error that, in HHSC’s determination, if waived or modified when evaluating offers, would not give a Respondent an unfair advantage over other Respondents or result in a material change in the proposal or RFO requirements.

3.5 INQUIRIES

3.5.1 Point of Contact

All requests, questions or other communication about this Solicitation shall be made in writing to HHSC/PCS, addressed to the person listed below. All communications between Respondents and other HHSC staff members concerning the Solicitation are strictly prohibited. Failure to comply with these requirements may result in disqualification of Respondent’s Solicitation Response.

Name: Charles Davenport, CTCD/CTCM
3.5.2 Prohibited Communication

On issuance of this Solicitation, except for the written inquiries described in Section 3.5.4 and Section 3.5.5 below, HHSC, its representative(s), or partners will not answer any questions or otherwise discuss the contents of this Solicitation with any potential Respondent or their representative(s).

Attempts to ask questions by phone or in person will not be allowed or recognized as valid. Respondent shall rely only on written statements issued by or through HHSC's designated staff as provided by this Section. This restriction does not preclude discussions between affected parties for the purposes of conducting business unrelated to this Solicitation.

Failure to comply with these requirements may result in disqualification of Respondent's Solicitation Response.

3.5.3 Prohibited Communication Exception

The only exception to the single point of contact is the HHSC HUB Coordinator. Since the HHSC HUB Program Office has determined that subcontracting opportunities are not probable for this WIC EBT SmartCards RFO solicitation, this advisory would not apply.

3.5.4 Respondent Questions

HHSC will allow written questions and requests for clarification of this Solicitation. Questions must be submitted in writing and sent by U.S. First class mail or email to the Point of Contact listed in Section 3.5.1 above. Respondents' names will be removed from questions in any responses released. Questions shall be submitted in the following format. Submissions that deviate from this format may not be accepted:

1. Identifying Solicitation number
2. Document
3. Section Number
4. Paragraph Number
5. Page Number
6. Text of passage being questioned
7. Question

Note: Questions or other written requests for clarification must be received by the Point of Contact by the deadline set forth in Section 3.5.1 above. However, the System Agency, at its sole discretion, may respond to questions or other written requests received after the deadline. Please provide company name, address, phone number; fax number, e-mail address, and name of contact person when submitting questions.
3.5.5 Requests for Clarification

Respondents must notify the Point of Contact of any ambiguity, conflict, discrepancy, exclusionary specifications, omission or other error in the Solicitation in the manner and by the deadline for submitting questions. If a Respondent fails to properly and timely notify the Point of Contact of such issues, the Respondent submits its proposal at its own risk, and if awarded a Contract:

1. shall have waived any claim of error or ambiguity in the Solicitation and any resulting Contract,
2. shall not contest the interpretation by any System Agency of such provision(s), and
3. shall not be entitled to additional compensation, relief, or time by reason of ambiguity, error, or later correction.

3.5.6 Responses to Written Questions

Responses to questions or other written requests for clarification may be posted on the ESBD. HHSC reserves the right to amend answers prior to the deadline for submission of Solicitation Responses. Amended answers may be posted on the ESBD. It is Respondent's responsibility to check the ESBD. HHSC also reserves the right to decline to answer any question or questions or to provide a single consolidated response of all questions they choose to answer in any manner HHSC’s sole discretion.

3.5.7 Vendor Conference

HHSC will not hold a Vendor Conference for this procurement. Refer to Section 3.5.4 above, for instructions for submitting questions and comments regarding this RFO.

3.6 Solicitation Response Composition

Respondents will prepare a Solicitation Response that clearly and concisely represents its qualifications and capabilities for this Solicitation. Expensive bindings, colored displays, promotional materials, etc. are not necessary or desired. Respondents should focus on the instructions and requirements of the Solicitation. Failure to submit all required documents in required format(s) may result in disqualification of the Solicitation Response without further consideration. In its sole discretion, HHSC may reject any offers or portions thereof.

3.6.1 Medium and Number of Copies

Proposals must include all mandatory content as described in this RFO for Respondent to be considered for this contract.

1. HHSC will not accept email, telephone, and facsimile offers.
2. Submit one (1) original and one (1) printed copy of the proposal.
3. An authorized representative must sign the original in ink.
4. In addition, submit one electronic copy of the proposal on a portable media, such as a USB drive, compatible with Microsoft Office.
5. Electronic copies must be in accessible electronic formats - compliant with Section 508 of the Rehabilitation Act and/or W3C WCAG 2.0 AA standards for accessibility - using either products compatible with Microsoft Office 2010 or Adobe PDF.
3.6.2 Submission in Separate Parts

Solicitation Responses must be submitted in separate parts:

1. Proposal and Respondent Information
2. Cost Proposal; and
3. HSP, if applicable.

Paper documents (i.e., the original and all hard copies) must be separated by binding or separate packaging. Electronic submissions must be separated by electronic medium used for submission (i.e., flash drive).

The entire Solicitation Response --all separated paper documents and electronic copies--must then be submitted in one package to HHSC at the address listed in Section 3.7.

3.6.3 Page Limit and Supporting Documentation

The Narrative/ Technical Proposal should not exceed ONE HUNDRED (100) pages. If complete responses cannot be provided without referencing supporting documentation, such documentation must be provided with the Solicitation Response, with specific reference made to the tab, page, section, and/or paragraph where supporting information can be found.

3.6.4 Discrepancies

Discrepancies or disparities between the contents of original Solicitation Responses and copies will be interpreted in favor of HHSC. If Respondent fails to designate an “ORIGINAL,” HHSC may reject the Response or select a copy to be used as the original.

3.6.5 Respondent Noted Exceptions, Reservations, or Limitations

HHSC will more favorably evaluate responses that offer no or few exceptions, reservations, or limitations to the terms and conditions of the Solicitation:

1. Respondents are highly encouraged, in lieu of including exceptions in their Solicitation Responses, to address all issues that might be advanced by way of exception by submitting such issues pursuant to Respondent Written Questions Template, Attachment 2.

2. If a Respondent includes exceptions in its Solicitation Response, Respondent is required to use the Exceptions Form included as Exhibit E (Exceptions Form) to this Solicitation and provide all information requested on the form:
   a. Solicitation Section Number;
   b. Solicitation Section Title;
   c. Language to which Exception is Taken;
   d. Basis of Exception;
   e. Respondent’s Proposed Language; and
   f. An indication as to whether or not a Respondent still wants to be considered for a Contract award if the exception is denied (by marking “Yes” or “No”).
3. Any exception included in a Solicitation Response may result in a Respondent not being awarded a Contract.

4. Any exception that does not provide all required information without qualification in the format set forth in Exhibit E (Exceptions Form) may be rejected without consideration.

5. No exception, nor any other term, condition, or provision in a Solicitation Response that differs, varies from or contradicts this Solicitation will be considered to be part of any Contract resulting from this Solicitation unless expressly made a part of the Contract in writing by HHSC.

6. A Solicitation Response should be responsive to the Solicitation as worded, not with any assumption that any or all terms, conditions, or provisions of the Solicitation will be negotiated.

7. Furthermore, all Solicitation Responses constitute binding offers.

8. Any Solicitation Response that includes any type of disclaimer or other statement indicating that the response does not constitute a binding offer may be disqualified.

9. Completion of Exhibit E (Exceptions Form) is not required if there are no exceptions.

3.6.6 Assumptions

Assumptions must not be included in a Solicitation Response:

1. All issues or questions that might be advanced or addressed by way of assumption must be submitted pursuant to the Respondent Written Questions Template, Attachment 2.

2. The inclusion of assumptions in a Solicitation Response may result in a Respondent not being awarded the Contract.

3.7 Solicitation Response Submission and Delivery

3.7.1 Deadline

Solicitation Responses must be received at the address in Section 3.7.3 time-stamped by HHSC/PCS no later than the date and time specified in Section 3.1.

3.7.2 Labeling

Solicitation Responses shall be placed in a sealed box and clearly labeled as follows:

<table>
<thead>
<tr>
<th>SOLICITATION NO</th>
<th>HHS0007103</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOLICITATION NAME</td>
<td>Purchase of 36K MULTOS SmartCards</td>
</tr>
<tr>
<td>SOLICITATION RESPONSE DEADLINE</td>
<td>3/20/20 @ 2 pm, CST/CT</td>
</tr>
<tr>
<td>FOR</td>
<td>WIC EBT SmartCards</td>
</tr>
</tbody>
</table>
HHSC will not be held responsible for any Solicitation Response that is mishandled prior to receipt by HHSC. It is Respondent’s responsibility to mark appropriately and deliver the Solicitation Response to HHSC/PCS by the specified date and time.

3.7.3 Delivery

Solicitation Responses must be delivered by one of the methods below; submissions by any other method (i.e., facsimile, telephone, email) will NOT be considered.

<table>
<thead>
<tr>
<th>U.S. Postal Service</th>
<th>Overnight/Express Mail</th>
<th>Hand Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>HHSC PCS Bid Room Attn: Response Coordinator</td>
<td>HHSC PCS Bid Room Attn: Response Coordinator</td>
<td>HHSC PCS Bid Room Attn: Response Coordinator</td>
</tr>
<tr>
<td>1100 West 49th Street Austin, TX 78756</td>
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<td>Service Building (Building S) MC: 2020</td>
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<tr>
<td>C/O: Charles Davenport</td>
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<td>C/O: Charles Davenport</td>
</tr>
</tbody>
</table>

NOTE: ALL SOLICITATION RESPONSES BECOME THE PROPERTY OF HHSC AFTER SUBMISSION AND WILL NOT BE RETURNED TO RESPONDENT.

3.7.4 Alterations, Modifications, and Withdrawals

Prior to the Solicitation Response submission deadline, a Respondent may:

1) withdraw its Solicitation Response by submitting a written request to the Point of Contact identified in Section 3.5.1; or
2) modify its Solicitation Response by submitting a written amendment to the Point of Contact identified in Section 3.5.1.
3) HHSC MAY REQUEST SOLICITATION RESPONSE MODIFICATIONS AT ANY TIME.

3.7.5 Response Format

Qualified Respondent offers must be in formats (hard copy and electronic) as specified by the Customer. Solicited documentation (responses and Deliverables) must:

1. Include the Respondent's name at the top of each page.
2. Be typed on 8 ½” by 11” paper.
3. Be in Arial or Verdana Font, Size 12 for Normal text.
4. Be no less than size 10 for tables, graphs and appendices.
5. Be correctly identified with the RFO number and submittal deadline.
6. Be clearly legible, sequentially page-numbered.
7. Meet HHSC’s expectations of industry standards, such as:
   a. Documents not listed as due in another format below – searchable PDF or MS/Word
   b. Work Breakdown Structure and Schedules – MS/Project or MS/Excel
   c. Presentations – MS/PowerPoint
   d. Spreadsheets – MS/Excel
   e. Diagrams – MS/Visio
8. Be responsive to all RFO requirements, not including additional materials or pamphlets not specifically requested in this RFO.

9. Be organized in the sequence outlined in Section 5 – Narrative/Technical Proposal, bound in a notebook or cover.

**ARTICLE IV. SOLICITATION RESPONSE EVALUATION AND AWARD PROCESS**

4.1 **Evaluation Criteria**

4.1.1 Conformance with State Law

Solicitation Responses from qualified Respondents will be evaluated in accordance with:

1. Texas Administration Code Title 1, Part 15, Chapter 391, using a formal evaluation process to select the successful proposal, and will consider capabilities or advantages that are clearly described in the RFO;

2. Texas Government Code Sections 2155.074, 2155.144, 2156.007, and 2157.003 obligate HSHC to purchase goods and services based on best value, as applicable.

3. HHSC will not be obligated to accept the lowest priced Solicitation Response but will make an award to the Respondent that provides the best value to the State.

4.1.2 Minimum Qualifications

Respondents must meet the following minimum qualifications listed below:

1. Solicitation Responses that appear unrealistic in terms of technical commitment, that show a lack of technical competence, or that indicate a failure to comprehend the risk and complexity of a potential Contract may be rejected per HHSC’s sole discretion;

2. Respondents must have recently been in business for a minimum of five (5) years, or the principals/owners must have had recent ownership/executive management experience in a previous company that provided Smartcard manufacturing services;

3. Respondents will have demonstrated experience in payment card design and manufacturing cards with integrated circuit chips;

4. Respondents must be financially solvent and adequately capitalized; and

5. Respondent must be authorized to do business in the State of Texas.

4.1.3 Specific Criteria

Scoring criteria will be assigned for various cost and functional categories, with each of these categories assigned a weight between ZERO PERCENT (0%) and ONE HUNDRED PERCENT (100%), and the sum of all categories equaling ONE HUNDRED PERCENT (100%) of the total evaluation score. HHSC will evaluate offers based on the following best value criteria for automated information systems or services purchases, listed in order of precedence. Reference Exhibit L (Eval Tool).

<table>
<thead>
<tr>
<th>Best Value Evaluation Factors</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reasonableness of Proposed Cost.</td>
<td>50%</td>
</tr>
</tbody>
</table>
### Best Value Evaluation Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Extent to which goods and services meet agency needs.</td>
<td>30%</td>
</tr>
<tr>
<td>3. Indicators of probable vendor performance under the contract.</td>
<td>15%</td>
</tr>
<tr>
<td>4. Vendor's Experience and Responsibility.</td>
<td>5%</td>
</tr>
</tbody>
</table>

#### 4.1.4 HHSC Evaluation Process

HHSC will use a formal evaluation process to select the successful Respondent(s).

1. After responses are reviewed for compliance, an HHSC evaluation team will assess compliant offers through a formal evaluation process, based on established best value evaluation criteria.

2. HHSC will consider capabilities or advantages that are clearly described in the proposal, which may be confirmed by oral presentations, site visits, demonstrations, and references contacted by HHSC.

3. Responses will be subjected to a quantitative evaluation described below, by an HHSC evaluation team.

4. HHS Systems defines best value as “the optimum combination of economy and quality that is the result of fair, efficient, and practical procurement decision-making and which achieves HHSC procurement objectives.” 1 TAC Part 15, Chapter 391, Subchapter A, Section 391.103(2).

5. HHSC may contact references provided in response to this Solicitation, contact Respondent's clients, or solicit information from any available source - including the Comptroller's Vendor Performance Tracking System.

#### 4.2 Initial Compliance Screening

HHSC will perform an initial screening of all offers received:

1. Unsigned offers and offers that do not include all required exhibits, sections, forms, or attachments may be rejected without further evaluation.

2. In accordance with Section 3.4 - Informalities, HHSC reserves the right to waive minor informalities in a proposal and award Contracts that are in the best interest of the State.

3. Any disparities between the contents of the original printed response and an electronic response will be interpreted in favor of HHSC.

4. Only those offers that are deemed to be in administrative compliance will be evaluated for responsiveness to the State's needs in this RFO.

#### 4.3 Competitive Range and Best and Final Offer

HHSC may determine that certain Solicitation Responses are within the competitive range and may use this range to award multiple Contracts, or as a basis to request a Best and Final Offer (BAFO) from Respondents.

If HHSC elects to limit award consideration to a competitive range, the competitive range will consist of the Solicitation Responses that receive the highest or most satisfactory...
ratings, based on the published evaluation criteria and procedures governing this procurement.

HSHC, in the interest of administrative efficiency, may place reasonable limits on the number of Solicitation Responses that will be included in the competitive range. HHSC may, at its discretion request that any or all Respondents provide a BAFO; a request for a BAFO from HHSC does not guarantee an award or further negotiations.

4.4 **ORAL PRESENTATIONS AND SITE VISITS**

HHSC may require an oral presentation from any or all Respondents. Respondents will be provided with advance notice of any such oral presentation and are responsible for their own presentation equipment. Failure to participate in the requested presentation may eliminate a Respondent from further consideration. HHSC is not responsible for any costs incurred by the Respondent in preparation for any oral presentation.

HHSC may require site visits from any or all Respondents. HHSC will notify selected Respondents of the time and location of site visits. Failure to permit or participate in the requested site visit may eliminate a Respondent from further consideration. HHSC is not responsible for any costs incurred by the Respondent in preparation for any site visit.

4.5 **QUESTIONS OR REQUESTS FOR CLARIFICATION BY THE SYSTEM AGENCY**

HHSC may, but is not required to, conduct discussions with all, some, or none of the Respondents admitted to the field of competition for the purpose of obtaining the best value for HHSC:

1. HHSC may conduct discussions for the purpose of:
   a. Obtaining clarification of proposal ambiguities;
   b. Requesting modifications to a proposal; and/or
   c. Obtaining a BAFO.

2. HHSC may make an award prior to the completion of discussions with all Respondents admitted to the field of competition, if HHSC determines that the award represents best value to the State of Texas.

HHSC reserves the right to ask questions or request clarification from any Respondent at any time during the Solicitation process, including during Oral Presentations, Site Visits, or during the BAFO process.

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ARTICLE V. NARRATIVE/TECHNICAL PROPOSAL

5.1 NARRATIVE PROPOSAL

5.1.1 Executive Summary

Provide a high-level overview of the Respondent's approach to meeting the requirements contained in Article II – Scope of Work. The summary must demonstrate an understanding HHSC’s goals and objectives for this Solicitation.

5.1.2 Project Work Plan

Describe the Respondent's proposed processes and methodologies for providing all components of the Scope of Work described in Article II – Scope of Work, including the respondent's approach to meeting the schedule. Respondent should identify all tasks to be performed, including all activities, materials and other products services and reports to be generated during the Contract period and related them to the stated purposes and specifications described in this Solicitation.

5.1.3 Value-Added Benefits

Describe any service or deliverables that are not required by this Solicitation that the Respondent proposes to provide at no additional cost to HHSC. Respondents are not required to propose value-added benefits, but inclusion of such benefits may result in a more favorable evaluation.

5.1.4 Key Staffing Profile

Respondent must provide a key staffing profile and resumes for staff that will be responsible for the performance of the services requested under this Solicitation.

5.2 TECHNICAL PROPOSAL

Respondent must provide a detailed description of the proposed technical solution, which must support all business activities and requirements described in this RFP. The Technical Proposal must reflect a clear understanding of the nature of the work undertaken and must include a detailed description of the proposed system(s). The Technical Proposal must include at a minimum, a description of the following system components.

5.2.1 Technology Architecture

Provide a detailed description of the proposed technology architecture and include one or more diagrams that detail the relationships between key technical components.

5.2.2 System Availability and Capacity

The Respondent is responsible for delivering a cost-effective, high-availability environment that minimizes the frequency and impact of system failures, reduces downtime, and minimizes recovery time in the event of catastrophic failure. In this section, provide details on the Respondent’s approach to providing a highly available system. In addition, provide details on the proposed approach to monitoring system performance and use and planning, sizing and controlling the system as capacity needs change.
5.2.3 Software and Hardware Components

Provide details on the software and hardware components the Respondent proposes to use in its system. This includes, but is not limited to, the proposed server topology, specifications for the hardware components, and data storage components. The Respondent should also include details on the tools and utilities used to design, build, test, deploy, report, monitor, and operate the system and its components.

5.2.4 System Integration

Describe the Respondent’s approach to integrating the proposed system with other information systems.

5.2.5 System Administration, Support, and Maintenance

Detail the Respondent’s approach to administering the system and system components. Detail the proposed approach to system support, including the levels of support offered and the process for requesting support. In addition, provide a summary of the Respondent’s proposed strategy for maintaining and repairing the system.

5.2.6 System Security and Disaster Recovery

Detail on the Respondent’s approach to security architecture, including the development and implementation measures that will provide security and protection for the system. Describe the proposed backup and recovery processing approach, and proposed virus protection strategy. Describe the Respondent’s general approach to reestablishing operations in the event of a catastrophe, as well as its approach to providing HHSC with a disaster recovery plan. Provide specifications on any hardware and software components utilized by the proposed security and disaster recovery solutions.

5.2.7 Performance Monitoring and Management

Describe the Respondent’s proposed methodology for monitoring and reporting system performance, as well as the respondent’s proposed approach to technology management. This includes the methods for centrally managing system resources such as servers, backup, archiving, and recovery equipment, databases and applications. Address methods for auditing, tracing and scanning the system. Provide details on the use of specialized tools the respondent will use to automate and track monitoring and management activities.

5.2.8 Appendices

Respondents are not required to submit appendices to the Technical Proposal.

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ARTICLE VI. REQUIRED RESPONDENT INFORMATION

6.1 COMPANY INFORMATION

Respondent must provide satisfactory evidence of its ability to manage and coordinate the types of activities described in this Solicitation and to produce the specified goods or services on time. As a part of the Solicitation Response requested in Article III – Administrative Information, Respondent must provide the below information.

6.1.1 Company Narrative

Provide a detailed narrative explaining why Respondent is qualified to provide the services enumerated in Article II – Scope of Work, focusing on its company's key strengths and competitive advantages.

6.1.2 Company Profile

Provide a company profile to include the below information.

1. The company ownership structure (corporation, partnership, LLC, or sole proprietorship), including any wholly-owned subsidiaries, affiliated companies, or joint ventures. Please provide this information in a narrative and as a graphical representation.

2. If Respondent is an affiliate of, or has a joint venture or strategic alliance with, another company, the Respondent must identify the percentage of ownership and the percentage of the parent’s ownership.
   a. The entity performing the majority of the Work under a Contract, throughout the duration of the Contract, must be the primary bidder.
   b. Provide proposed operating structure for the Services requested under this Solicitation and which entities (i.e., parent company, affiliate, joint venture, Subcontractor) will be performing them.

3. The year the company was founded and/or incorporated; if incorporated, please indicate the state where the company is incorporated and the date of incorporation.

4. The location of company headquarters and any field office(s) that may provide services for any resulting Contract under this Solicitation.

5. The number of employees in the company, both locally and nationally, and the location(s) from which employees will be assigned.

6. The name, address, and telephone number of Respondent’s point of contact for any resulting Contract under this Solicitation.

7. Indicate whether the company has ever been engaged under a contract by any Texas state agency. If “Yes,” specify when, for what duties, and for which agency.

NOTE: IF RESPONDENT IS AN OUT-OF-STATE COMPANY, A CERTIFICATE OF AUTHORITY FROM THE SECRETARY OF STATE TO DO BUSINESS IN TEXAS MUST BE PROVIDED.
6.2 REFERENCES

Respondent will provide a minimum of three (3) references from similar contracts or projects performed, preferably for state and/or local government, within the last five (5) years. Respondent must verify current contracts. Information provided will include:

1. Client name;
2. Contract/project description;
3. Total dollar amount of contract/project;
4. Key staff assigned to the referenced contract/project that will be designated for work under this Solicitation; and
5. Client contract/project manager name, telephone number, fax number and email address.

6.3 MAJOR SUBCONTRACTOR INFORMATION

Respondent must identify any major subcontractors whom Respondent intends to utilize in performing fifteen percent (15%) or more of any Contract. Respondent must indicate whether or not Respondent holds any financial interest in any major subcontractor. It may be required as a condition of award that an authorized officer or agent of each proposed major subcontractor sign a statement to the effect that the subcontractor has read, and will agree to abide by, Respondent's obligations under any contract awarded pursuant to this Solicitation.

6.4 LITIGATION AND CONTRACT HISTORY

Respondent must include in its Solicitation Response a complete disclosure of any alleged or significant contractual failures within Exhibit F (Vendor Information and Disclosures). In addition, Respondent must disclose any civil or criminal litigation or investigation over the last five (5) years that involves Respondent or in which Respondent has been judged guilty or liable including any allegations of such that are currently pending.

Respondent must also disclose any settlement agreements entered into in the last five (5) years related to alleged contractual failures. Solicitation Response may be rejected based upon Respondent's prior history with the State of Texas or with any other party that demonstrates, without limitation, unsatisfactory performance, adversarial or contentious demeanor, or significant failure(s) to meet contractual obligations. Failure to comply with the terms of this provision may disqualify Respondent.

6.5 CONFLICTS OF INTEREST

Respondent must certify that it does not have any personal or business interests that present a conflict of interest with respect to the RFO and any resulting Contract: see Exhibit F (Vendor Information and Disclosures). Additionally, if applicable, the Respondent must disclose all potential conflicts of interest. Respondent must describe the measures it will take to ensure that there will be no actual conflict of interest and that its fairness, independence and objectivity will be maintained. HHSC will determine to what extent, if any, a potential conflict of interest can be mitigated and managed during the term of the Contract. Failure to identify actual and potential conflicts of interest may result in disqualification of a Solicitation Response or termination of a Contract.
Respondents must include any activities of affiliated or parent organizations and individuals who may be assigned to this Contract, if any. Additionally, pursuant to Texas Government Code Section 2252.908, a successful Respondent awarded a Contract greater than One Million Dollars ($1,000,000.00) must submit a disclosure of interested parties form to HHSC at the time the awarded Contractor submits the signed Contract. Rules and filing instructions may be found on the Texas Ethics Commission's public website; additional instructions will be given by HHSC to successful Respondents.

6.6 AFFIRMATIONS AND CERTIFICATIONS

By entering a Contract with an HHS System, the awarded Contractor and their Subcontractors agree to comply with and complete the following HHSC required documentation. These documents will be incorporated into the Contract as attachments to the signature packet with the awarded Contractor, as applicable:

1. Exhibit A: Affirmations and Solicitation Acceptance
2. Exhibit C: Pricing Sheet
3. Exhibit D-1: HHS Data Use Agreement (DUA)
4. Exhibit D-2: Attachment 2 to DUA, HHS Security and Privacy Inquiry (SPI)
5. Exhibit E: Exceptions Form, if applicable
6. Exhibit F: Vendor Information and Disclosures
7. Exhibit H-4: Questionnaire
8. Exhibit I: Certification Regarding Lobbying
10. Exhibit K: Federal Funding Accountability and Transparency Act (FFATA) Certification

NOTE: DUA Frequently Asked Questions (FAQ) are published on the HHS Doing Business with HHS Contracting with HHS webpage.

6.7 OTHER REPORTS

6.7.1 Dun and Bradstreet Report

For Respondents with a Dun and Bradstreet number, HHSC reserves the right to request a Comprehensive Insight Plus Report, Business Information Report or Credit eValuator Report with their Solicitation Response. These reports are not required as part of this solicitation at this time.

6 Reference: https://statutes.capitol.texas.gov/Docs/GV/htm/GV.2252.htm
7 Reference: https://www.ethics.state.tx.us/forms/QuickFindAForm.php
8 Reference: https://hhs.texas.gov/doing-business-hhs/contracting-hhs
6.7.2 Financial Capacity and Annual Report Information

HHSC reserves the right to request for a Respondent’s annual report, to demonstrate the Respondent’s financial capacity. The Respondent’s annual report is not required as part of this solicitation at this time.

1. Should HHSC exercise this right, the annual report should contain:
   a. The last three (3) years of audited financial statements;
   b. If applicable, last three (3) years of consolidated statements for any holding companies or affiliates;
   c. An un-audited financial statement of the most recent quarter of operation; and
   d. A full disclosure of any events, liabilities, or contingent liabilities that could affect Respondent’s financial ability to perform this Contract.

2. If Respondent is unable to provide the annual report specified above, Respondent may, at the discretion of HHSC, provide the following annual report:
   a. Last three (3) years unaudited financial statements or a balance sheet statement of financial position;
   b. An un-audited financial statement of the most recent quarter of operation; and
   c. A full disclosure of any events, liabilities, or contingent liabilities that could affect Respondent's financial ability to perform this Contract.

6.8 CORPORATE GUARANTEE

If the respondent is substantially or wholly owned by another corporate (or other) entity, HHSC reserves the right to request that such entity unconditionally guarantee performance by the respondent in each and every term, covenant, and condition of the Contract as executed by the parties.

6.9 HUB SUBCONTRACTING PLAN

Respondents are not required to submit a Historically Underutilized Business (HUB) Subcontracting Plan (HSP) with their proposals. The HHSC HUB Program Office has determined that subcontracting opportunities are not probable for this WIC EBT SmartCards RFO solicitation.

ARTICLE VII. COST PROPOSAL

7.1 COST PROPOSAL

As noted above, cost information must not be included with the Respondent's Information and Business proposal. Respondent must submit a cost proposal for the services listed in Article II - Scope of Work. The Cost Proposal provided is for the goods and/or services as specified in this Solicitation and shall include all labor, materials, tools, supplies, equipment, and personnel, including but not limited to, travel expenses, associated costs and incidental costs necessary to provide the products and services according to the minimum specifications, requirements, provisions, terms and conditions set forth in this RFO. Refer to and complete Exhibit C (Pricing Sheet).
8.1 **GENERAL CONDITIONS**

8.1.1 **Solicitation Amendment**

HHSC reserves the right to alter, amend or modify any provision of this Solicitation, or to withdraw this Solicitation, at any time prior to award, if it is in the best interest of the State.

8.1.2 **Offer Period**

Solicitation Responses shall be binding for a period of TWO HUNDRED FORTY (240) days after the due date for submission of Solicitation Responses. Each Respondent may extend the time for which its Solicitation Response will be honored. Upon Contract execution, prices agreed upon by the Respondent(s) are an irrevocable offer for the term of the Contract and any Contract renewals or extension(s). No other costs, rates, or fees shall be payable to the Respondent unless expressly agreed upon in writing by HHSC.

8.1.3 **Costs Incurred**

Respondents understand that issuance of this Solicitation in no way constitutes a commitment by any System Agency to award a Contract or to pay any costs incurred by a Respondent in the preparation of a response to this Solicitation. The System Agency is not liable for any costs incurred by a Respondent prior to issuance of or entering into a formal agreement, Contract, or purchase order. Costs of developing Solicitation Responses, preparing for or participating in oral presentations and site visits, or any other similar expenses incurred by a Respondent are entirely the responsibility of the Respondent, and will not be reimbursed in any manner by the State of Texas.

8.1.4 **Contract Responsibility**

HHSC will look solely to Respondent for the performance of all contractual obligations that may result from an award based on this Solicitation. Respondent shall not be relieved of its obligations for any nonperformance by its Subcontractors.

8.1.5 **Texas Public Information Act**

Solicitation Responses are subject to the Texas Public Information Act (PIA), Texas Government Code Chapter 552, and may be disclosed to the public upon request. Subject to the PIA, certain information may be protected from public release. Respondents who wish to protect portions of the Solicitation Response from public disclosure should familiarize themselves with this law. Information pertaining to the Solicitation will be withheld or released only in accordance with the PIA.

8.2 **INSURANCE**

8.2.1 **Required Coverage**

For the duration of any Contract resulting from this Solicitation, Respondent shall acquire insurance, bonds or both, with financially sound and reputable independent insurers, in the type and amount listed on Exhibit G (Insurance). Failure to maintain insurance coverage or acceptable alternative methods of insurance shall be deemed a breach of Contract.
8.2.2 Alternative Insurability

Notwithstanding the preceding, the System Agency reserves the right to consider reasonable alternative methods of insuring the Contract in lieu of the insurance policies customarily required. It will be the Respondent's responsibility to recommend to the System Agency alternative methods of insuring the Contract. Any alternatives proposed by Respondent should be accompanied by a detailed explanation regarding Respondent's inability to obtain the required insurance and/or bonds. The System Agency shall be the sole and final judge as to the adequacy of any substitute form of insurance coverage.

8.3 BONDS

HHSC is not requiring the awarded Respondent to acquire bonds for this solicitation.

8.4 PROTEST

Title 1 of the Texas Administrative Code, Part 15, Chapter 391, Subchapter D,\(^9\) outlines the protest procedures for this procurement. These rules provide a formal protest procedure to be used by any Respondent who is allegedly aggrieved in connection with the solicitation, evaluation, or award of a contract by HHSC.

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ARTICLE IX. SUBMISSION CHECKLIST

This checklist is provided for Respondent's convenience only and identifies documents are requested in this Solicitation.

**Original Solicitation Response Package**

The Solicitation Package must include the “ORIGINAL” Solicitation Response in hard-copy consisting of two (2) parts described in detail below, each under separate cover but packaged together and clearly labeled “ORIGINAL” on each.

1. **Proposal and Respondent Information**
   a. Narrative Proposal (Section 5.1)
   b. Technical Proposal (Section 5.2)
   c. Company Information (Section 6.1)
   d. References (Section 6.2)
   e. Major Subcontractor Information (Section 6.3)
   f. Litigation and Contract History (Section 6.4)
   g. Conflicts of Interest (Section 6.5)
   h. Affirmations and Certifications (Section 6.6)
   i. Exceptions (Sections 3.6.5)
   j. Corporate Guarantee (Section 6.8)

2. **Cost Proposal** (Article VII)

**Copies to be provided (all clearly labeled as “COPY”)**

2. Electronic copy of Cost Proposal in Excel Format with active formulas on a USB Drive
# Article X. RFO Exhibit List

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Affirmations and Solicitation Acceptance – Version 1.5</td>
</tr>
<tr>
<td>B</td>
<td>HHSC Uniform Terms and Conditions – Vendor, Version 3.0</td>
</tr>
<tr>
<td>C</td>
<td>Pricing Sheet</td>
</tr>
<tr>
<td>D-1</td>
<td>HHS Data Use Agreement, Version 8.5 October 23, 2019</td>
</tr>
</tbody>
</table>
| D-2     | Security and Privacy Inquiry (SPI)  
  - Texas HHS System -Data Use Agreement -Attachment 2  
  - Specs: SPI Version 2.1 (06/2018) |
| E       | Exceptions Form |
| F       | Vendor Information and Disclosures |
| G       | Insurance Requirements |
| H-1     | SOW Specs  
  - *Statement of Work/Specifications* |
| H-2     | SOW Atch 1  
  - *Gemplus Card Series Specification Resource Document* |
| H-3     | USDA-FNS Federal Provisions |
| H-4     | Questionnaire |
| I       | Certification Regarding Lobbying |
| J       | Federal Assurances – Non-Construction |
| K       | Federal Funding Accountability and Transparency Act (FFATA) Certification |
| L       | Evaluation Tool with Best Value Criteria |