OVERVIEW

Memorandum of Understanding

In 2001, the Office of General Services (OGS) entered into a contract with Hilb, Rogal and Hobbs (HRH), a broker specializing in providing an equipment maintenance program (EMP). This contract expired in December, 2004. After issuing an RFP for a Statewide Equipment Maintenance Program, The Remi Group (TRG), underwritten by Zurich North America, was approved as the new EMP program administrator, beginning on May 25, 2005. This contract will remain in effect for five years. TRG is responsible for assuring that the EMP is both competitively priced and underwritten by a company with high ratings according to industry publications. Both A.M. Best and Standard and Poor's monitor and grade the financial performance and long-term stability of such companies.

In 2003, OGS opened the EMP to other State agencies, and on June 8, 2004, the Division of the Budget (DOB) mandated the EMP.

In order to directly access the TRG contract, agencies need to execute a Memorandum of Understanding (MOU) with OGS. The MOU covers the following areas:

- OGS' responsibilities: contract terms and conditions, contract negotiation and renewal, and overall program oversight.
- Agency's responsibilities: program implementation, daily operations and administration.
- Payment process: agency signs off on bill from TRG, OGS pays TRG bill, and OGS obtains reimbursement from agency on a quarterly basis.

Any questions or issues regarding the MOU may be directed to OGS Bureau of Risk and Insurance Management (BRIM). Proposed changes to the MOU should be discussed and approved by OGS Legal.

The MOU shall be effective when signed by both the agency and OGS, and it shall remain in effect until terminated by either party upon 90 days notice or sooner upon mutual agreement. <u>It is important to note that OGS requires two (2) copies with original signatures of the MOU; one for its records and one to be returned to the agency</u>.

Equipment Maintenance Program Service Agreements

While each agency needs to execute an MOU with OGS in order to use its contract with TRG for the EMP, each agency will have its own service agreement(s) from TRG for the individual pieces of equipment that it has covered under the EMP.

Given that this is one State program, it is important to note that every service agreement will include the same terms and conditions.

RELEVANT REFERENCE MATERIALS

- TRG Contract: Please contact OGS BRIM to review a copy of the TRG contract.
- MOU for Agencies
- MOU for Authorities

QUICK TIPS

- OGS will not accept an MOU that has been altered unless that change has been discussed with OGS BRIM and/or OGS Legal, as appropriate, and it has been initialed by the authorized agency representative.

FREQUENTLY ASKED QUESTIONS

1. What is the difference between the terms "bill" and "invoice?"

The term "bill" refers to the amount an agency owes TRG on a quarterly basis for payment of its EMP program. "Invoice" indicates the amount a service vendor charges for each service call, paid directly to the vendor by TRG (please see Section 5 for additional information regarding vendor service invoices).

2. What is an acceptable EMP agreement bill?

According to the contract between OGS and TRG, only bills from TRG are acceptable. If a bill is received from any other party, such as Zurich North America (Zurich), the underwriter for TRG, an agency should report it immediately to OGS BRIM.

3. What is the process for paying an EMP agreement bill?

TRG will issue a bill for an agency's EMP service agreement to OGS BRIM and the agency simultaneously. The agency will be informed by e-mail when their bill is accessible on My Remi Online. Included with the bill will be the current agreement year's equipment schedule, any endorsements due that quarter with corresponding backup (endorsement equipment schedules), and the billing detail report (a spreadsheet containing all billing amounts and dates). The agency is then responsible for reviewing the TRG bill and giving its approval or disapproval to OGS BRIM within 10 business days.

If the agency approves the TRG bill, it must return a copy of the bill to the TRG on-site representative with an “Okay to Pay” signed and dated by an agency manager. At that point, OGS BRIM will pay TRG on behalf of the agency and seek reimbursement from the agency on a quarterly basis. The agency is responsible for paying OGS within 30 days of its written request for reimbursement.

If the agency disapproves the TRG bill, it must indicate its reasons to OGS BRIM in writing.

If the agency does not respond in the allotted time, OGS BRIM will assume there is no issue and the agency approves the TRG bill.

4. *How frequently will agencies be billed for actual payment?*

Each agency will receive a journal voucher from OGS BRIM on a quarterly basis and is responsible for paying within 30 days of its written request for reimbursement.

5. *Will I be charged an administrative fee by OGS?*

Currently, OGS does not charge an administrative fee for oversight of the EMP. However, as the MOU indicates, at the direction of the DOB, OGS may be required to institute an up to 5% administrative charge.

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