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EXECUTIVE DIRECTOR

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**FLORIDA DEPARTMENT *of*  
ECONOMIC OPPORTUNITY**

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June 15, 2012

John Hugill, Principal  
Deloitte Consulting LLP  
1203 Governors Square Blvd.  
Suite 400  
Tallahassee, FL 32301

RE: UC Solution, Contract C0369  
Notice of Intent to Terminate

Dear Mr. Hugill:

Pursuant to contract general condition 23, as supplemented by special condition 10, the Department of Economic Opportunity (Department) hereby notifies Deloitte Consulting, LLP (Deloitte) of the Department's intent to terminate the referenced contract for cause.

The Department and Deloitte have had detailed discussions since last year, when it became apparent that Deloitte would not meet the December 16, 2011, interim schedule milestone for completion of the design phase gate. The parties have also exchanged numerous writings, including the Department's request for a corrective action plan (CAP) dated February 23, 2012, Deloitte's final CAP response dated June 8, 2012, and the Department's rejection of the CAP dated June 13, 2012.

The contract requires completion of the implementation phase (go-live) in December 2012. Currently, Deloitte anticipates a go-live date of October 2013. This currently-estimated ten-month delay is more than the parties bargained for. Moreover, it is apparent that the go-live date will be even later, because the Department has rejected the final design deliverables submitted on May 23, 2012, and the CAP.

Deloitte promised that the uFACTS solution, with modifications, would meet the business needs specified in the contractual Requirements Definition Document. The struggles during the design phase have cast the solution into doubt. Furthermore, Deloitte's demonstrated inability to implement the solution in other jurisdictions has undermined the Department's confidence that Deloitte will successfully complete the implementation phase in Florida. The Department contracted for a viable, proven solution. It now appears that the Department is being asked to fund a software development project with limited prospects for success.

As noted in the contract, Rule 60A-1.006 governs the procedure and consequences of default. This letter serves as the initial notice of the Department's intended action. The Department will take the next step in the process unless, within 30 days from the date of this letter, Deloitte cures its failures and demonstrates to the Department the reasonable likelihood of successful,

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timely, project completion. If Deloitte fails to do so, the Department will issue a second notice finding Deloitte in default and removing Deloitte from the Department's approved vendor list. Before the Department's decision becomes final agency action, Deloitte will have an opportunity to petition for an administrative hearing pursuant to section 120.57, Florida Statutes.

Sincerely,



Tom McCullion  
Project Director

cc: Jessica Blume  
Kevin McCarter  
Travelers Casualty and Surety Company of America (Bond No. 105578433)