Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET **April 22, 2010**
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B0200073
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **Corporate Security Solutions, Inc.** **8066 E. Fulton Street** **Ada, MI 49301** **ashaffer@gocss.com**	TELEPHONE (866) 462-7786 **Andrew Shaffer** BUYER/CA (517) 241-1145 **Lymon Hunter, CPPB**
Contract Compliance Inspector: Pat Mark (989) 773-7921 Ext. 2010 **Unarmed Security Guard Services – MRO – Bay/North Region – Mt. Pleasant - DCH**	
CONTRACT PERIOD: **3 yrs. + 2 one-year options** From: **November 15, 2009** To: **March 1, 2011**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
MINIMUM DELIVERY REQUIREMENTS **N/A**	

NATURE OF CHANGE(S):

Effective March 2, 2010, the one year option is hereby being exercised on this Contract. The new Contract end date is March 1, 2011. Additionally, funds in the amount of $115,000.00 have been added to this Contract.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per vendor agreement (letter dated 3/25/2010), Ad Board approval on 4/20/2010, and DTMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: $158,904.00

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
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STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

November 24, 2009

NOTICE
TO
CONTRACT NO. 071B0200073
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **Corporate Security Solutions, Inc.** **8066 E. Fulton Street** **Ada, MI 49301** **ashaffer@gocss.com**	TELEPHONE (866) 462-7786 **Andrew Shaffer** BUYER/CA (517) 241-1145 **Lymon Hunter, CPPB**
Contract Compliance Inspector: Pat Mark (989) 773-7921 Ext. 2010 **Unarmed Security Guard Services – MRO – Bay/North Region – Mt. Pleasant - DCH**	
CONTRACT PERIOD: **3 yrs. + 2 one-year options** From: **November 15, 2009** To: **March 1, 2010**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
MINIMUM DELIVERY REQUIREMENTS **N/A**	

The terms and conditions of this Contract are those of RFP #071I9200212, this Contract Agreement and the vendor's quote dated 11/12/2009. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.

Current Authorized Spend Limit: $43,904.00

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CONTRACT NO. 071B0200073
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **Corporate Security Solutions, Inc.** **8066 E. Fulton Street** **Ada, MI 49301** **ashaffer@gocss.com**	TELEPHONE (866) 462-7786 **Andrew Shaffer** BUYER/CA (517) 241-1145 **Lymon Hunter, CPPB**
Contract Compliance Inspector: Pat Mark (989) 773-7921 Ext. 2010 **Unarmed Security Guard Services – MRO – Bay/North Region – Mt. Pleasant - DCH**	
CONTRACT PERIOD: **3 yrs. + 2 one-year options** From: **November 15, 2009** To: **March 1, 2010**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
MINIMUM DELIVERY REQUIREMENTS **N/A**	

MISCELLANEOUS INFORMATION:

The terms and conditions of this Contract are those of RFP #071I9200212, this Contract Agreement and the vendor's quote dated 11/12/2009. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.

Current Authorized Spend Limit: $43,904.00

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the RFP #071I9200212. Orders for delivery may be issued directly by the Department of Community Health through the issuance of a Purchase Order Form.

All terms and conditions of the invitation to bid are made a part hereof.

FOR THE CONTRACTOR:	**FOR THE STATE:**
Corporate Security Solutions, Inc. Firm Name	Signature
Authorized Agent Signature	**Lymon C. Hunter CPPB, Buyer Specialist** Name/Title
Authorized Agent (Print or Type)	**Services Division, Purchasing Operations** Division
Date	Date

STATE OF MICHIGAN
Department of Management and Budget
Purchasing Operations

Contract No. 071B0200073

Unarmed Security Guard Services – Bay & North Regions

Buyer Name: Lymon C. Hunter, CPPB
Telephone Number: 517.241.1145
E-Mail Address: HunterL@michigan.gov

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ATTACHEMENTS

Location Specification Sheets

DEFINITIONS

“Days” means calendar days unless otherwise specified.

“24x7x365” means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).

“Additional Service” means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.

"Agency" means the unit of State government covered by this Contract.

“Audit Period” has the meaning given in **Section 2.112.**

“Business Day,” whether capitalized or not, must mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.

“Blanket Purchase Order” is an alternate term for Contract and is used in the States computer system.

“Business Critical” means any function identified in any Statement of Work as Business Critical.

“Chronic Failure” is defined in any applicable Service Level Agreements.

"Contractor" means a person, firm or corporation licensed by the Michigan Department of Labor & Economic Growth (DLEG) to provide security services.

“Deleted – Not Applicable” means that section is not applicable or included in this Contract. This is used as a placeholder to maintain consistent numbering.

“Deliverable” means physical goods and/or commodities as required or identified by a Statement of Work.

“DMB” means the Michigan Department of Management and Budget.

"Department" means the Department of Management and Budget of the State of Michigan.

"Director" means the State Purchasing Director.

“Environmentally preferable products” means a product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to, those which contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.

“Excusable Failure” has the meaning given in **Section 2.244.**

“Incident” means any interruption in Services.

“RFP” is a generic term used to describe a Request for proposal. The RFP serves as the document for transmitting the RFP to potential Bidders.

“Key Personnel” means any Personnel designated in **Section 1.031** as Key Personnel.

“New Work” means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.

“RFP” means a Request for Proposal designed to solicit proposals for services.

"Representative" means the person designated by the agency to coordinate and supervise the security service.

"Security Guard" means a person employed by the contractor, who provides protection as described in paragraph 1 above, and who also meets the requirements of Act 330 of the Public Acts of l968, as amended, and the requirements of these specifications.

“Services” means any function performed for the benefit of the State.

"State" means the State of Michigan.

“State Location” means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.

“Subcontractor” means a company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.

“Unauthorized Removal” means the Contractor’s removal of Key Personnel without the prior written consent of the State.

“Work in Progress” means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

“Work Product” refers to any data compilations, reports, and other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of an in furtherance of performing the services required by the Contract.

Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

This Contract is for unarmed security guard service for various State of Michigan facilities as detailed on the attached Location Specification Sheets (LSS). Article 1 is designed to provide contractors with information requirements associated with this Contract.

1.002 BACKGROUND

Legislated Requirements

All Contractors and their employees must comply with all requirements set forth under Public Act 330 of 1968, as amended, and any regulatory legislation enacted during the term of this contract. Wherein the State's specifications and requirements exceed those of Public Act 330 of 1968, for the purpose of this contract the State's specifications and requirements take precedence.

www.michigan.gov/documents/mcoles/mcl-Act-330-of-1968_253580_7.pdf

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

The Contractor will be required to furnish properly trained and equipped security guards to maintain order, protect clients, staff, visitors and property from harassment, injury, damage or theft and take appropriate action as specified in the Procedure Manual for each building and/or location.

1.102 OUT OF SCOPE

Contractor staff must not:

- provide transportation for agency staff or visitors
- perform personal chores for anyone
- carry a firearm or other weapon
- detain by force or arrest persons

1.103 ENVIRONMENT

Recognition of Purpose

The Contractor must insure that all security guards are aware that their primary purpose is to maintain order, protect clients, staff, visitors and property from harassment, injury, damage or theft and take appropriate action as specified in the Procedure Manual for each building and/or location.

1.104 WORK AND DELIVERABLE

Security guard duties must be provided per the LSS for each specific state location.

The security guard duties are:

a. Report to the designated Client agency representative(s) who will have immediate supervision over this contractual service. The state may waive this requirement and delegate time and attendance to the Contractor.

b. Be familiar with site specific procedures at their respective location(s).

c. Log all unusual events, found articles and hazardous conditions in writing. The log book will be the official record of the activity. The log book must be available at all times for inspection by the Contractor or by the representative.

d. Receive, safely keep and turn over to appropriate persons, official mail, messages and telegrams when so authorized.

e. Be alert to any emergency and take appropriate action such as calling the Fire Department in event of Fire. In the event of injury to or illness of an employee or client, render first aid until professional help is obtained. Notify the CLIENT AGENCY representative immediately.

f. Report potentially hazardous conditions and items in need of repair including lighting, plumbing, wet floors, etc., and must include this in the log book.

g. Require all employees to visibly display their employee identification before allowing access to the building.

h. Require all employees who do not have valid employee identification and ALL VISITORS to sign in when entering the building.

i. Where guard services are provided during non-office hours, employees entering the building must stop at the security desk, show their employee identification to the security officer on duty and sign in/out when entering and leaving the building in a logbook provide by the agency.

j Question and, when necessary, detain persons gaining unauthorized access to the area and notify proper authorities. All employees authorized to enter the building during other than working hours must have the proper identification on their person.

k. Be responsible for monitoring the surveillance equipment on site, if applicable.

l. Be responsible for surveillance of parking facilities as determined by the Contract Compliance Inspector.

m. Provide surveillance of State employees entering/exiting the building when requested by the Contract Compliance Inspector.

n. Must be bound to confidentiality of any information they may become aware of during the course of performance of their contracted tasks.

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES AND RESPONSIBILITIES

1. Educational Requirements

Each security guard must possess a high school diploma or a G.E.D. certificate. However, it is desirable that guards have completed course-work at the College or University level.

On-Site Supervisors must have completed a minimum of 24 semester credit hours of course-work at the College or University level, preferably in law enforcement and/or personnel management, two (2) years experience as a security guard, police office or active military duty, or two (2) years of relevant supervisory experience (as deemed acceptable by the State of Michigan) will also suffice.

2. Physical Requirements

Security guards may be required to sit or stand for extended periods of time; walk long distances; use hands and fingers to handle or feel objects, tools, or controls; and be able to speak and hear. Guards must also be able to reach with hands and arms, and to hold objects. Guards must also be able to lift up to 50 pounds.

3. Work Hours

Security guards and supervisors must not work more than 16 consecutive hours without a 12 hour rest period. SECURITY GUARDS PROVIDED UNDER THIS CONTRACT MUST NOT BE ASSIGNED TO PROVIDE SERVICE AT OTHER LOCATIONS WHICH WOULD RESULT IN FAILURE TO PROVIDE ALL HOURS SPECIFIED IN THIS CONTRACT.

Security guards that report to or depart from work during non-standard business hours (outside of Mon. – Fri., 8:00 a.m. to 5:00 p.m. excluding legal State holidays) must contact their supervisor upon arrival and departure. The security guard supervisor must maintain a log of locations, security guard's name and reporting times.

4. Uniform Requirements

Each security guard must wear a consistent uniform prescribed by the Contractor with no ornamentation; specifically, political buttons, tags, union badges, etc., which are not related to the performance of security work. Garments must be worn buttoned, shoes polished, caps or hats straight on head. The uniform and related equipment of all security guards must be kept neat, clean and in good repair. Winter weight uniforms must be coordinated with the standard duty uniform. During warm temperatures, indoors or outdoors, security guards must not roll up long-sleeve shirts. Short-sleeve shirts and removal of the necktie in warmer temperatures and removal of the cap or hat when seated, are optional. Shoes must be dark in color, preferably black or brown. Platforms, 1" or higher heels, or tennis shoes must not be worn on duty. The Contractor must supply all weather gear (raincoat and overcoat) to each location for the use of the security guards for exterior patrolling. Any deviations from uniform requirements listed above, must be requested from the State to the Contractor (for each individual site) in writing. The Contractor must present the request to the Contract Compliance Inspector for approval prior to implementation of any changes.

5. Guard Equipment

The Contractor guarantees that each duty security guard will possess, at all times, on his or her person:

a. One (1) current identification card, with photograph no more than two (2) years old and expiration date signifying that the security guard is employed by the Contractor. The I.D. card must be worn clipped to the outer duty uniform if required by the representative.

b. One (1) nameplate with legible 1/4" letters, of uniform size and colors, worn on the outer garment over the right breast pocket.

c. One (1) operating timepiece.

d. One (1) operable pen and one (1) operable pencil.

6. Site Equipment

The Contractor must:

a. Provide each security guard with one operable portable FM transceiver, capable of transmitting and receiving throughout the property covered by this Contract. The Contractor must also supply the agency with one (1) identical transceiver. The agency will be responsible for damages to its assigned transceiver. The Contractor must supply rechargeable batteries and/ or rechargers, which must be kept at the location and must make available to the department, upon request, a photostat copy of the F.C.C. Certificate of licensure to operate on assigned frequency.

b. Maintain a telephone number for a contact person(s) that is accessible 24 hours per day, seven (7) days per week, 365 days per year that may be contacted in case of an emergency. The Contractor must have the capability of dispatching a security guard(s) upon notification.

c. Supply at least one (1) operable 3-cell D-type battery flashlight or approved alternate to each location covered by this contract, for security guard use only.

d. Guarantee that security guards must NOT carry weapons.

7. Supervision by Contractor
   The Contractor must:

   a. Guarantee that, at least once per week, or upon call, a security supervisor must appear in person during normal business hours to discuss security issues with the Contract Compliance Inspector. Contractor must provide the Contract Compliance Inspector with a 12 month meeting schedule within two (2) weeks of award of contract.

      Contractor must respond within eight (8) hours of request from Contract Compliance Inspector for on-site meeting with a supervisory representative from corporate headquarters.

      Contractor must provide a written plan to resolve problems within 24 hours upon request by Contract Compliance Inspector.

   b. **It is mandatory that, if three** or more guards are on duty simultaneously, the Contractor must designate one of the guards as a lead worker or supervisor with respect to the other guard(s). SUCH LEAD WORKER MUST BE COMPENSATED BY THE CONTRACTOR AT AN INCREASED HOURLY RATE COMMENSURATE WITH THE EXTRA RESPONSIBILITY represented by such designation and assignment.

   c. Provide another trained security guard when one, while in the line of duty and/or result of same, is required to appear in court or at an employee grievance hearing on behalf of the agency. Payment will be made by the agency for the number of hours required for appearance in court, less witness fees.

   d. Provide at the request of the Contract Compliance Inspector, additional temporary security guards **at the earliest opportunity, but not more than 24 hours after notification. This includes those guards** required to secure additional properties needing protection for an interim period of time, including 24 hour assignment, should that be required. ANY PERMANENT INCREASE IN NUMBER OF GUARDS OR HOURS OF SERVICE AT A GIVEN LOCATION MUST BE AUTHORIZED BY PURCHASING OPERATIONS, INCLUDING any additional security guards for covered properties or other additional properties which may require protection. Such additional security guards must be provided when the suitable agreement is reached by the State and the Contractor. Such manpower additions, as well as general orders, must be based on a case by case survey of the properties in question.

   e. Submit a package containing names of all guards and each guard's certification of training, whether temporary or permanent, who will be performing duties under this Contract, **prior to C**ontract taking effect to the CLIENT AGENCY Contract Compliance Inspector and Purchasing Operations. In addition, the packages provided must also include results of pre-employment drug testing.

   f. **A minimum of 48 hours prior** to introduction of new personnel, temporary or permanent, Contractor must provide replacement guard's name and certification of training to the CLIENT AGENCY Contract Compliance Inspector. In addition, the CLIENT AGENCY Contract Compliance Inspector must also be provided the results of pre-employment drug testing.

   g. Replace any employee immediately upon notification by Department of Labor and Economic Growth that a criminal history exists, disqualifying employee from employment based on the requirements of Act 330 PA 1968. Such employee may not be reassigned to any State location.

   h. Maintain copies of each guard's application and investigative reports and provide a training package for each guard as described in item 1.201(7) e. Each guard must present a training package to the CLIENT AGENCY Contract Compliance Inspector prior to starting work at the facility. The agency reserves the right to accept or reject a given guard based on the information available. Contractor must update each guard's information for agency files as necessary during the life of this Contract.

i. The Contractor must certify in writing to the on-site Contract Compliance Inspector, that guards assigned to locations encompassed within this Contract have successfully passed urine drug(s) testing both pre-employment and random. The testing must include, but is not limited to the following analytes (drug groups): Amphetamines, Cannabinoids, Cocaine Metabolites, Opiates, and Phencyclidine. Random drug screens must be conducted at least twice per year. Written verification from the laboratory that each assigned guard, due to be tested, has successfully passed the drug screen, must be presented at the monthly meeting between the CLIENT AGENCY Contract Compliance Inspector and staff from the Contractor's administrative office. In addition, the State reserves the right to see copies of actual test results from the laboratory. The Contractor must replace any employee immediately upon notification that they have failed their random drug screen. Such employee may not be reassigned to any other State location.

j. The security supervisor will be responsible for training all on-site personnel in the proper use of the emergency procedure manual at each location. Certification of such training must be provided to the CLIENT AGENCY Contract Compliance Inspector prior to the introduction of personnel to the work site. Additionally, quarterly training updates must be conducted by the security supervisor for all employees located at the work site. Certification of quarterly training must be provided to the Contract Compliance Inspector.

8. Training Requirements

a. Security guards, including additional staff that will provide security in the absence of assigned guards or an emergency, must be paid their hourly rate for all training hours. **TRAINING HOURS, IN-HOUSE AND ON-THE-JOB, REQUIRED TO COMPLY WITH THIS CONTRACT MUST NOT BE BILLED TO THE STATE BUT MUST BE PART OF CONTRACTOR'S OPERATIONAL OVERHEAD.** Upon award of this Contract a schedule of all training must be provided to the CLIENT AGENCY Contract Compliance Inspector. A representative from the agency may attend training sessions at their discretion.

b. All security guards must have a minimum of 16 hours classroom training prior to providing security for the State of Michigan. Guards must be compensated for training at the wages stipulated in this Contract (Article 1.6); however, training hours must not be billed to the State of Michigan, training costs must be incurred by the Contractor. Classroom training must include, but not be limited to, the following subjects:

1) Company and Position Orientation - MINIMUM 6 HOURS
   - Minimum uniform requirements and appearance
   - Limits of authority and employment
   - Persons or authorities to be contacted in emergencies or unusual occurrences
   - Licensee or parent company structure which affect guard's duties
   - Guard courtesy and public demeanor
   - Report writing

2) Defensive Tactics - MINIMUM 8 HOURS
   - Self-defense
   - Correct use of restraining devices
   - Pressure point training
   - Verbal/Sensitivity training

3) Emergency Preparedness - MINIMUM 2 HOURS
   - General responsibilities regarding: medical emergencies-
   - response, crowd control, exposure to bodily fluid, fire
   - prevention & safety, bomb threats, searches & types, weather
   - emergencies, chemical spills, leaks & related waste and
   - evacuation procedures.

4) Additionally, no less than 16 hours on-the-job training for their specific site will be required during which time the new guard will be under the immediate supervision of an experienced guard service supervisor.

Alternatively, the above requirements (2-3) may be waived by the State (at the State's discretion) for experienced security guards with documented training meeting the hours as specified. On-the-job training may be waived by the State (at the State's discretion) for guards who have been providing adequate service at the site(s) in question.

c. The Contractor must allow security guards to participate in special training programs which may be offered by the department, during normal work hours.

d. The Contractor is encouraged to participate in maintenance training of the above requirements 2-4 on an annual basis.

The Contractor must certify to the Purchasing Operations and CLIENT AGENCY that the above training requirements have been met, by completing the Attachment “A” Certification, listing the names of all guards who will be assigned to this contract. This certification must also indicate the areas of instruction, the date of instruction and the names of instructor(s).

The Contractor must also certify to the Purchasing Operations and CLIENT AGENCY that the drug screening requirements have been met, by submitting to the CLIENT AGENCY Contract Compliance Inspector and Purchasing Operations the results from the urine drug screen (both pre-employment and random) prior to the execution of this Contract.

A training package must be maintained and provided, within twenty-four (24) hours of request from the State, for each employee used to fulfill this Contract. The training package must contain at a minimum, the following information:

1. A copy of Appendix "A" which was submitted to the CLIENT AGENCY and Purchasing Operations.

2. Copy of a valid drivers license.

3. Sufficient resume information about named guard to show evidence of compliance with educational and physical requirements of this Contract.

4. List of classes taken by this individual, together with the dates of completion of each subject covered in the training provided by employing guard company, and names of instructors providing that training, showing fulfillment of training requirements.

5. Any other information considered pertinent to this position, i.e., optional first aid card & dates of training.

6. Guard identification card, together with a schedule for the completion of the required on-the-job training.

   NOTE: CLIENT AGENCY on site Contract Compliance Inspector will retain copies of each assigned guard's training package on file at the location, so that verification of specification compliance is available to any State inspector at whatever time an unscheduled inspection may be required by Purchasing Operations or Department of State Police Private Security and Investigator Section.

1.202 STATE STAFF, ROLES AND RESPONSIBILITIES

General and specific orders detailing security guard duties at contract locations must be provided to the Contractor by the Contract Compliance Inspector prior to the term of the contract. These orders must be deemed a portion of this contract and failure to carry out these orders must be considered a violation of this contract.

The Contract Compliance Inspector or designee may give additional written or oral instructions.

The CLIENT AGENCY and/or Purchasing Operations reserves the right to meet with potential security officers and/or security supervisors prior to their assignment at any CLIENT AGENCY location.

CLIENT AGENCY reserves the right to conduct a back-ground investigation on potential security officers and/or security supervisors prior to their assignment at a CLIENT AGENCY location. In addition, CLIENT AGENCY reserves the right to conduct additional back-ground investigation(s) on security officers and/or supervisors during the course of the contract as deemed necessary by CLIENT AGENCY. The agency reserves the right to accept, reject, or have replaced a given guard based on the information available. Name, drivers license number, and date of birth must be provided for guard or supervisor proposed for this service.

The agency may require the Contractor to immediately remove any of its employees from the agency's premises for just cause. Any and all such removals must be made in the name of the Contractor and all responsibilities will be assumed by the contractor. Any such guard must not be placed in another State agency.

1.The agency must supply, if applicable:

a. All reporting forms as necessary, for the contract locations. For example:
- Major incident report.
- Register for authorized building entry/departure.
- Removal of physical property report.
- Lost and found envelope.
- Shift security summary.

b. All necessary keys, a receipt for same to be signed by the contractor. Keys must not be loaned or used for purposes other than official State business. Keys issued must remain on the premises and not be taken home by an individual security guard.

c. Lighting, sanitary facilities and necessary telephone communications. **NOTE:** Contractor must reimburse the State for all personal call expenses incurred by their employees.

d. Names and telephone numbers of authorized personnel, including police, fire, etc., to be notified in the event of mechanical failure or emergencies.

e. Designation of an on-site CLIENT AGENCY Contract Compliance Inspector(s) for the day to day administration of the services provided under the proposed contract.

f. The CLIENT AGENCY on-site Contract Compliance Inspector(s) will meet monthly with staff from the contractor's administrative office to review reports, discuss the service level(s) provided, discuss the proficiency of security guards assigned, and discuss potential modification(s) to operating procedures.

g. In the event that the Contractor has issues that need to be discussed with CLIENT AGENCY, the designated CLIENT AGENCY Contract Compliance Inspector will meet with the Contractor within three (3) days of request.

h. Training must be provided by the designated CLIENT AGENCY Contract Compliance Inspector, if applicable, in:

- The correct operation of any security alarm system used at site.
- Supervisors in the proper use of on-site procedure manuals. Training updates must be conducted as necessary, but not less than quarterly.

- Administration of written test to all supervisors and guards assigned to location(s) covered under this contract within two (2) weeks of guards assignment to facility. Random testing of procedures will be given at the Contract Administrator's discretion. CLIENT AGENCY reserves the right to have guards and/ or supervisors who do not demonstrate an acceptable level of performance on the test to be removed from the site.

- The correct operation of security surveillance equipment used at site, if applicable.

i. All other equipment and supplies necessary to meet the specifications of this contract must be furnished by the contractor.

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

Contractor must present a project management plan, identifying methods, tools and processes proposed to oversee the services provided, address issues/changes as they may arise, and keep the appropriate parties apprised of progress.

1.302 REPORTS

The Contractor must submit an operational; report on a monthly basis to the Agency Contract Compliance Inspector. The monthly report must include but is not limited to:

- Summary of Incident Reports
- Summary of Emergency Management Reports
- Assignment of Personnel (i.e. which guards are at which location, if applicable,)
- Re-Assignment of Personnel (i.e. when a guard is moved from one location to another, if applicable)
- Time and Attendance Reports
- Personnel Disciplinary Reports

1.4 Project Management

1.401 ISSUE MANAGEMENT

When issues or discrepancies against the specifications and terms of the contract occur, the Contract Compliance Inspector will contact the contractor's designated representative.

All issues or discrepancies must be taken care by a mutually agreed time period between the agency and the contractor. Agencies reserve the right to initiate vendor performance documentation in MAIN to record relevant performance activities.

If issues are not resolved in the designated time, the Contract Compliance Inspector will follow their agency's procedures for vendor performance resolution.

1.403 CHANGE MANAGEMENT

If a proposed contract change is approved by the Contract Compliance Inspector, the Contract Compliance Inspector will submit a request for change to the Department of Management and Budget, Purchasing Operations Buyer, who will make recommendations to the Director of Purchasing Operations regarding ultimate approval/disapproval of change request. If the DMB Purchasing Operations Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Purchasing Operations Buyer will issue an addendum to the Contract, via a Contract Change Notice. **Contractors who provide products or services prior to the issuance of a Contract Change Notice by the DMB Office of Purchasing Operations, risk non-payment for the out-of-scope/pricing products and/or services.**

1.5 Acceptance

1.501 CRITERIA

The following criteria will be used by the State to determine Acceptance of the Services provided under this SOW.

The Contractor must provide security guards who possess demonstrated ability to:

a. Speak and understand English fluently.

b. Understand and carry out oral and written instructions.

c. Provide instruction on necessary rules, duties and functions.

d. Recognize dangerous conditions about buildings and grounds and respond as necessary.

e. Meet and deal courteously and effectively with the public.

f. Have a knowledge of safety precautions and of fire prevention methods.

g. Prepare clear, concise and complete written reports as required by building and/or location.

h. Complete necessary forms in performance of duties as required by the State.

i. Solve problems and de-escalate situations in a non-confrontational manner.

j. Possess the ability to perform basic mathematical calculations, such as addition, subtraction, multiplication, and division as a minimum.

k. Possess a valid Michigan Drivers License or valid Michigan I.D.

1.502 FINAL ACCEPTANCE - DELETED N/A

1.6 Compensation and Payment

Contractors are to quote the net hourly wage to be paid by the state as full compensation to perform the specified work. The total price of the bid will be the total estimated number of hours for the location(s) listed multiplied by the net hourly wage**.**

In the event that additional service is required, the contractor will be paid at the **premium** rate of one and one-half times the net hourly wage quoted for the first 48 hours of new service requested if less than 48 hours' advance notice had been given to the contractor. At the end of the 48 hour period, the rate of payment will revert to the net hourly wage quoted. **If more than two guards are needed, then the premium rate will be charged for less than 72 hours notice and remain in effect until the appropriate hiring, uniforms, and training can be accomplished, for no more than ten (10) business days at which time the quoted net hourly wage will apply.**

BY COMPLETING AND SIGNING THIS QUOTATION (page 64 of RFP), EACH CONTRACTOR PLEDGES AND AFFIRMS THAT NO GUARD IN THE EMPLOY OF CONTRACTOR COMPANY WILL BE COMPENSATED AT LESS THAN $9.00 PER HOUR. EACH CONTRACTOR FURTHER PLEDGES AND AFFIRMS THAT ANY OFFICER EMPLOYED AS A SUPERVISOR WILL BE PAID AT LEAST $9.50 PER HOUR DURING THE LIFE OF THE CONTRACT, UNLESS OTHERWISE SPECIFIED AT A DIFFERENT HOURLY RATE INDICATED ON THE INDIVIDUAL PRICING PAGE(S).

Employees must be compensated at the minimum hourly rates stipulated in the contract.
Payroll deductions for uniforms or other miscellaneous operating expenses will not be permitted.
The Contractor must comply with Michigan's Payment of Wages and Fringe Benefits Act, Public Act 390 of 1978, as amended, being MCL 408.471 to 408.490. The Contractor's failure to pay wages required by this Contract and/or comply with Public Act 390 of 1978, as amended, must be considered a material breach of this Contract. The State reserves the right to audit Contractor's records to verify that payment of wages is in compliance with this Contract and the Act. Unless otherwise notified by Purchasing Operations, the Contractor must submit to the appropriate buyer at Purchasing Operations, on a basis consistent with the guards payroll schedule, proof that the employees assigned by the Contractor to the location(s) covered by this Contract have been paid wages in compliance with this Contract and the Act.
Invoices must be for actual hours of security service provided. Separate invoices must be issued for each building and/or location, if applicable. Invoices must include contract number, hours billed, hourly rate and building and/or location name. Any additional hours must be itemized on the invoice. Contractor must attach documentation showing each guard's name, hours worked per day and total hours worked for billing period.

TRAINING HOURS, IN-HOUSE AND ON-THE-JOB, REQUIRED TO COMPLY WITH THIS CONTRACT MUST NOT BE BILLED TO THE STATE BUT MUST BE PART OF CONTRACTOR'S OPERATIONAL OVERHEAD.

1.062 PRICE TERM

Prices quoted are the maximum for a period of 365 days from the date the Contract becomes effective.

Prices are subject to change at the end of each 365-day period. Such changes must be based on changes in actual costs incurred. Documentation of such changes must be provided with the request for price change in order to substantiate any requested change. Purchasing Operations reserves the right to consider various pertinent information sources to evaluate price increase requests (such as the CPI and PPI, US City Average, as published by the US Department of Labor, Bureau of Labor Statistics). Purchasing Operations also reserves the right to consider other information related to special economic and/or industry circumstances, when evaluating a price change request. Changes may be either increases or decreases, and may be requested by either party. Approved changes must be firm for the remainder of the contract period unless further revised at the end of the next 365-day period. Requests for price changes must be RECEIVED IN WRITING AT LEAST 10 DAYS PRIOR TO THEIR EFFECTIVE DATE, and are subject to written acceptance before becoming effective. In the event new prices are not acceptable, the CONTRACT may be cancelled. **The Contractor remains responsible for performing according to the Contract terms at the Contract price for all orders received before price revisions are approved or before the Contract is cancelled.**

1.7 Additional Terms and Conditions Specific to this SOW - Deleted N/A

APPENDIX A
CERTIFICATION OF COMPLIANCE TO SPECIFICATIONS
SECURITY GUARD SERVICE
STATE OF MICHIGAN

CONTACT NUMBER: 071B0200

FACILITY LOCATION: - (County/District Name)

THE UNDERSIGNED DOES HEREBY CERTIFY THAT ALL SERVICES PROVIDED TO THE STATE OF MICHIGAN MUST BE IN FULL COMPLIANCE WITH THE PUBLISHED SPECIFICATIONS OF THE CONTRACT AGREEMENT AND, FURTHER, THAT ALL GUARDS ASSIGNED TO ANY STATE FACILITY FULLY MEET THE TRAINING REQUIREMENTS OF THE CONTRACT SPECIFICATIONS.

CONTRACTORACKNOWLEDGES THAT ALL INFORMATION PROVIDED HEREIN MUST BE AVAILABLE FOR REVIEW BY THE MICHIGAN DEPARTMENT OF STATE POLICE, PRIVATE SECURITY AND INVESTIGATIVE SECTION. ANY FALSIFICATION OF TRAINING RECORDS OR FAILURE TO PERFORM SERVICES IN ACCORDANCE WITH THE SPECIFICATIONS OF THE CONTRACT AGREEMENT MAY RESULT IN ENFORCEMENT ACTION BY THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH AGAINST THE GUARD SERVICE LICENSE HOLDER IN ACCORDANCE WITH PUBLIC ACT 330 OF 1968, AS AMENDED.

NAME OF GUARD BIRTH DATE TRNG. COMPL. DATE INSTRUCTOR'S NAME*

1)_____
2)_____
3)_____
4)_____
5)_____
6)_____
7)_____
8)_____
9)_____
10)_____
11)_____
12)_____
13)_____
14)_____
15)_____
16)_____
17)_____
18)_____
19)_____
20)_____

LICENSE NUMBER_____
COMPANY NAME_____
LICENSE HOLDER SIGNATURE_____DATE_____

Upon award of Contract, a copy of this certification must be sent to the agency Contract Compliance Inspector and to the DMB Buy

_____ DMB, Purchasing Operations Mason Building, P.O. 30026 Lansing, Mi. 48909	_____ Contract Compliance Inspector (Location) Office (Address)

*A current resume of qualification and background must be attached for each named instructor.

Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term
This contract is from November 15, 2009 through March 1, 2010. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002 Renewal(s)
This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to one additional one year period.

2.003 Legal Effect
Contractor must show acceptance of the Contract by signing two copies of the Contract and returning them to the Contract Administrator. The Contractor must not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under the Contract, until Contractor is notified in writing that the Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

2.004 Attachments & Exhibits
All Attachments and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing this Contract, are incorporated in their entirety and form part of the Contract.

2.005 Ordering
The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under the Contract. All orders are subject to the terms and conditions of the Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order's or Blanket Purchase Order's accompanying Statement of Work.

2.006 Order of Precedence
(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005.**

(b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of the Contract, which may be modified or amended only by a formal Contract amendment.

2.007 Headings
Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of the Contract.

2.008 Form, Function, & Utility
If this Contract is for use of more than one State agency and if the Deliverable/Service does not the meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

2.009 Reformation and Severability
Each provision of this Contract is severable from all other provisions of this Contract and, if one or more of the provisions of this Contract is declared invalid, the remaining provisions of this Contract remain in full force and effect.

2.010 Consents and Approvals
Except as expressly provided otherwise in this Contract, if either party requires the consent or approval of the other party for the taking of any action under this Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

2.011 No Waiver of Default
If a party fails to insist upon strict adherence to any term of this Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of this Contract.

2.012 Survival
Any provisions of this Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of this Contract for any reason. Specific references to survival in this Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.020 Contract Administration

2.021 Issuing Office
This Contract is issued by the Department of Management and Budget, Purchasing Operations (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to this Contract. Purchasing Operations **is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contractor Administrator within Purchasing Operations for this Contract is:

Lymon C. Hunter, CPPB
Purchasing Operations
Department of Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
HunterL@Michigan.gov
517.241.1145

2.022 Contract Compliance Inspector (CCI)
After DMB-Purchasing Operations receives the properly executed Contract, it is anticipated that the Director of Purchasing Operations will direct the person named below, or any other person so designated, to monitor and coordinate the activities for this Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of this Contract as that authority is retained by DMB Purchasing Operations**. The CCI for each location is noted on the LSS and will be included in this Contract.

2.023 Project Manager – Deleted N/A

2.024 Change Requests
The State reserves the right to request from time to time any changes to the requirements and specifications of this Contract and the work to be performed by the Contractor under this Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like this Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the Contractor does not so notify the State, the Contractor has no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable.

Change Requests:

(a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under the Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").

(b) No proposed Change must be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Management and Budget, Purchasing Operations.

(c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect this Contract.

2.025 Notices

Any notice given to a party under this Contract must be deemed effective, if addressed to the party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

State:
State of Michigan
Purchasing Operations
Attention: Lymon C. Hunter, CPPB
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Either party may change its address where notices are to be sent by giving notice according to this Section.

2.026 Binding Commitments

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in this Contract. Contractor may change the representatives from time to time upon written notice.

2.027 Relationship of the Parties

The relationship between the State and Contractor is that of client and independent Contractor. No agent, employee, or servant of Contractor or any of its Subcontractors must be or must be deemed to be an employee, agent or servant of the State for any reason. Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of this Contract.

2.028 Covenant of Good Faith

Each party must act reasonably and in good faith. Unless stated otherwise in this Contract, the parties will not unreasonably delay, condition or withhold the giving of any consent, decision or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under this Contract.

2.029 Assignments

(a) Neither party may assign this Contract, or assign or delegate any of its duties or obligations under this Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign this Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign this Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform this Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on this Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under this Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties, and the requirement under this Contract that all payments must be made to one entity continues.

(c) If the Contractor intends to assign this Contract or any of the Contractor's rights or duties under this Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

2.030 General Provisions

2.031 Media Releases

News releases (including promotional literature and commercial advertisements) pertaining to this Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with this Contract are to be released without prior written approval of the State and then only to persons designated.

2.032 Contract Distribution

Purchasing Operations retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operations.

2.033 Permits – Deleted N/A

2.034 Website Incorporation

The State is not bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

2.035 Future Bidding Preclusion

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any Bidder if the State determines that the Bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a competitive advantage on the RFP.

2.036 Freedom of Information

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

2.037 Disaster Recovery

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under the Contract will provide the State with priority service for repair and work around in the event of a natural or man-made disaster.

2.040 Financial Provisions

2.041 Fixed Prices for Services/Deliverables – Deleted N/A

2.042 Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties must negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

2.043 Services/Deliverables Covered
For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under this Contract, the State must not be obligated to pay any amounts in addition to the charges specified in this Contract.

2.044 Invoicing and Payment – In General
(a) Each Statement of Work issued under this Contract must list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.

(b) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.

(c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.

(d) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the Contract Compliance Inspector and the Contractor after this Contract Agreement has been signed and accepted by both the Contractor and the Director of Purchasing Operations, Department of Management & Budget. This activity will occur only upon the specific written direction from Purchasing Operations.

2.045 Pro-ration
To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services must be pro-rated for any partial month.

2.046 Antitrust Assignment
The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

2.047 Final Payment
The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under this Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract must constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.048 Electronic Payment Requirement
Electronic transfer of funds is required for payments on State Contracts. Contractors are required to register with the State electronically at http://www.cpexpress.state.mi.us. As stated in Public Act 431 of 1984, all contracts that the State enters into for the purchase of goods and services must provide that payment will be made by electronic fund transfer (EFT).

2.050 Taxes

2.051 Employment Taxes
Contractors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes.

2.052 Sales and Use Taxes
Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two or more trades or businesses under common control" the term "organization" means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

2.060 Contract Management

2.061 Contractor Personnel Qualifications
All persons assigned by Contractor to the performance of Services under this Contract must be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and must be fully qualified to perform the work assigned to them. Contractor must include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of this Contract, independent contractors engaged by Contractor solely in a staff augmentation role must be treated by the State as if they were employees of Contractor for this Contract only; however, the State understands that the relationship between Contractor and SubContractor is an independent Contract relationship.

2.062 Contractor Key Personnel – Deleted N/A

2.063 Re-assignment of Personnel at the State's Request
The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted for a time as agreed to by the parties.

2.064 Contractor Personnel Location
All staff assigned by Contractor to work on this Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel will, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.065 Contractor Identification – Deleted N/A

2.066 Cooperation with Third Parties
Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other Contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor will provide to the State's agents and other Contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with the Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with the requests for access.

2.067 Contractor Return of State Equipment/Resources
The Contractor must return to the State any State-furnished equipment, facilities and other resources when no longer required for this Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

2.068 Contract Management Responsibilities
The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from this Contract. If any part of the work is to be subcontracted, the Contract must include a list of Subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve Subcontractors and to require the Contractor to replace Subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the SubContractor to all provisions of this Contract. Any change in Subcontractors must be approved by the State, in writing, prior to such change.

2.070 Subcontracting by Contractor

2.071 Contractor Full Responsibility
Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under this Contract, including payment of any and all charges for Services and Deliverables.

2.072 State Consent to Delegation
Contractor must not delegate any duties under this Contract to a SubContractor unless the Department of Management and Budget, Purchasing Operations has given written consent to such delegation. The State must have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed SubContractor must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed SubContractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work will not be counted for a time agreed upon by the parties.

2.073 SubContractor Bound to Contract
In any subcontracts entered into by Contractor for the performance of the Services, Contractor ```must require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any SubContractor will be the responsibility of Contractor, and Contractor must remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor must make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any SubContractor engaged by Contractor to perform any obligation under the Contract will not relieve Contractor of any obligations or performance required under this Contract.

2.074 Flow Down
Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.003, 2.060, 2.090, 2.110, 2.120, 2.200, 2.250** in all of its agreements with any Subcontractors.

2.075 Competitive Selection
The Contractor must select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of this Contract.

2.080 State Responsibilities

2.081 Equipment
The State will provide only the equipment and resources identified in the Statements of Work and other Contract Exhibits.

2.082 Facilities
The State will designate space as long as it is available and as provided in the Statement of Work, to house the Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). The Contractor must have reasonable access to and, unless agreed otherwise by the parties in writing, must observe and comply with all rules and regulations relating to each of the State Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor agrees that it will not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

2.090 Security

2.091 Background Checks
On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See http://www.michigan.gov/dit. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.092 Security Breach Notification
If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by this Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

2.093 PCI Data Security Requirements – Deleted N/A

2.100 Confidentiality

2.101 Confidentiality
Contractor and the State each acknowledge that the other possesses and will continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) which is marked confidential, restricted, proprietary or with a similar designation. "Confidential Information" of the State must mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. "Confidential Information" excludes any information (including this Contract) that is publicly available under the Michigan FOIA.

2.102 Protection and Destruction of Confidential Information
The State and Contractor will each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by the Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other,

or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of this Contract. Disclosure to, and use by, a SubContractor is permissible where (A) use of a SubContractor is authorized under this Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the SubContractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any SubContractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

Promptly upon termination or cancellation of this Contract for any reason, Contractor must certify to the State that Contractor has destroyed all State Confidential Information.

2.103 Exclusions
Notwithstanding the foregoing, the provisions of **Section 2.250** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain;
(ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.250** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 No Implied Rights
Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

2.105 Respective Obligations
The parties' respective obligations under this Section must survive the termination or expiration of this Contract for any reason.

2.110 Records and Inspections

2.111 Inspection of Work Performed
The State's authorized representatives must at all reasonable times and with 10 days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and must have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon 10 Days prior written notice and at all reasonable times, the State's representatives must be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that the access will not reasonably interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives.

2.112 Examination of Records
For seven years after the Contractor provides any work under this Contract (the "Audit Period"), the State may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with this Contract and with applicable laws and rules. The State must notify the Contractor 20 days before examining the Contractor's books and records. The State does not have the right to review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any SubContractor of Contractor performing services in connection with this Contract.

2.113 Retention of Records
Contractor must maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to this Contract and to the Services, equipment, and commodities provided under this Contract) pertaining to this Contract according to generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records must be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

2.114 Audit Resolution
If necessary, the Contractor and the State will meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within 30 days from receipt of the report, unless a shorter response time is specified in the report. The Contractor and the State must develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in the audit report.

2.115 Errors
(a) If the audit demonstrates any errors in the documents provided to the State, then the amount in error must be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of this Contract, whichever is earlier.

(b) In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than 10%, then the Contractor must pay all of the reasonable costs of the audit.

2.120 Warranties

2.121 Warranties and Representations
The Contractor represents and warrants:

(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.

(b) Deleted - N/A

(c) Deleted N/A

(d) Deleted – N/A

(e) The Contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.

(f) It is qualified and registered to transact business in all locations where required.

(g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.

(h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.

(i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.

(j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other Bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other Bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.

(k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.

(l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.

(m) It is not in material default or breach of any other Contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any Contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of this Contract.

(n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after Contract award, the Contractor is required to report those changes immediately to the Department of Management and Budget, Purchasing Operations.

2.122 Warranty of Merchantability – Deleted N/A

2.123 Warranty of Fitness for a Particular Purpose – Deleted N/A

2.124 Warranty of Title – Deleted N/A

2.125 Equipment Warranty – Deleted N/A

2.126 Equipment to be New – Deleted N/A

2.127 Prohibited Products – Deleted N/A

2.128 Consequences For Breach
In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, the breach may be considered as a default in the performance of a material obligation of this Contract.

2.130 Insurance

2.131 Liability Insurance
The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of the Contract, whether the services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain under this Contract.

All insurance coverage's provided relative to this Contract/Purchase Order are PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance must be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor must have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if the ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract must be issued by companies that have been approved to do business in the State. See www.michigan.gov/dleg.

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State must be entitled to coverage to the extent of the higher limits.

The Contractor is required to pay for and provide the type and amount of insurance checked ☑ below:

☑ 1. Commercial General Liability with the following minimum coverage:

$2,000,000 General Aggregate Limit other than Products/Completed Operations
$2,000,000 Products/Completed Operations Aggregate Limit
$1,000,000 Personal & Advertising Injury Limit
$1,000,000 Each Occurrence Limit

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

☑ 2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

☑ 3. Workers' compensation coverage must be provided according to applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision must not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

☑ 4. Employers liability insurance with the following minimum limits:

$100,000 each accident
$100,000 each employee by disease
$500,000 aggregate disease

☐ 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars ($1,000,000.00) with a maximum deductible of fifty thousand dollars ($50,000.00).

☐ 6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars ($10,000,000.00), which must apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.

☑ 7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars ($3,000,000.00) each occurrence and three million dollars ($3,000,000.00) annual aggregate.

☐ 8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State must be endorsed on the policy as a loss payee as its interests appear.

2.132 SubContractor Insurance Coverage
Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) must fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

2.133 Certificates of Insurance and Other Requirements
Contractor must furnish to DMB-Purchasing Operations, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) must contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected. Before this Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

The Contractor must maintain all required insurance coverage throughout the term of this Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must secure tail coverage for at least three years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and must not be construed, to limit any liability or indemnity of Contractor under the Contract to any indemnified party or other persons. Contractor is responsible for all deductibles with regard to the insurance. If the Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, then the State may, after the State has given the Contractor at least 30 days written notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.

2.140 Indemnification

2.141 General Indemnification
To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its Subcontractors, or by anyone else for whose acts any of them may be liable.

2.142 Code Indemnification – Deleted N/A

2.143 Employee Indemnification
In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its Subcontractors, the indemnification obligation under this Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its Subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

2.144 Patent/Copyright Infringement Indemnification
To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its Subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if the option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

2.145 Continuation of Indemnification Obligations
The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of this Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

2.146 Indemnification Procedures
The procedures set forth below must apply to all indemnity obligations under this Contract.

(a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

(c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

2.150 Termination/Cancellation

2.151 Notice and Right to Cure

If the Contractor breaches this Contract, and the State in its sole discretion determines that the breach is curable, then the State will provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

2.152 Termination for Cause

(a) The State may terminate this Contract, for cause, by notifying the Contractor n writing, if the Contractor(i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State

(b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.

(c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

(d) If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of Contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in this Contract for a termination for convenience.

2.153 Termination for Convenience
The State may terminate this Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in this Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

2.154 Termination for Non-Appropriation
(a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).

(b) If funding for this Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

(c) If the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.155 Termination for Criminal Conviction
The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

2.156 Termination for Approvals Rescinded
The State may terminate this Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State will pay the Contractor for only the work completed to that point under this Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

2.157 Rights and Obligations upon Termination
(a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of this Contract and which are resulting from this Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

(c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.158 Reservation of Rights
Any termination of this Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

2.160 Termination by Contractor

2.161 Termination by Contractor
If the State breaches this Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.

The Contractor may terminate this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.260** before it terminates this Contract.

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities
If the State terminates this Contract, for convenience or cause, or if this Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 24 hours. These efforts must include, but are not limited to, those listed in **Sections 2.141, 2.142, 2.143, 2.144, and 2.145.**

2.172 Contractor Personnel Transition
The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's Subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's Subcontractors or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.

2.173 Contractor Information Transition
The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of the Contract through the date on which the Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

2.174 Contract Software Transition – Deleted N/A

2.175 Transition Payments
If the transition results from a termination for any reason, reimbursement must be governed by the termination provisions of this Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after Contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 State Transition Responsibilities
In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
(a) Reconciling all accounts between the State and the Contractor;
(b) Completing any pending post-project reviews.

2.180 Stop Work

2.181 Stop Work Orders
The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.180**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.180**.

2.182 Cancellation or Expiration of Stop Work Order
The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and this Contract must be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of this Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under this Contract. Any adjustment will conform to the requirements of **Section 2.024**.

2.183 Allowance of Contractor Costs
If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.153**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State will not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.180.**

2.190 Dispute Resolution

2.191 In General
Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to this Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under this Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.192 Informal Dispute Resolution

(a) All disputes between the parties must be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DMB, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:

(i) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.

(ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other's position.

(iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.

(iv) Following the completion of this process within 60 calendar days, the Director of Purchasing Operations, DMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

(b) This Section will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.190**.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under this Contract.

2.193 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of this Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.194 Continued Performance

Each party agrees to continue performing its obligations under this Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate this Contract as provided in **Section 2.150**, as the case may be.

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination

In the performance of this Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of this Contract.

2.202 Unfair Labor Practices
Under 1980 PA 278, MCL 423.321, et seq., the State must not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under Section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to this Contract, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under Section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of this Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.203 Workplace Safety and Discriminatory Harassment
In performing Services for the State, the Contractor must comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor must comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html.

2.210 Governing Law

2.211 Governing Law
This Contract must in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.212 Compliance with Laws
Contractor must comply with all applicable state, federal and local laws and ordinances in providing the Services/Deliverables.

2.213 Jurisdiction
Any dispute arising from this Contract must be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.220 Limitation of Liability

2.221 Limitation of Liability
Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation
(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor(and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of this Contract and extensions, to which Contractor(or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any SubContractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor must disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence.

Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.

(b) Assurances. If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of the Contract would cause a reasonable party to be concerned about:

(i) the ability of Contractor(or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or

(ii) whether Contractor(or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:

(a) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and

(b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

(c) Contractor must make the following notifications in writing:

(1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DMB Purchasing Operations.

(2) Contractor must also notify DMB Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.

(3) Contractor must also notify DMB Purchasing Operations within 30 days whenever changes to company affiliations occur.

2.232 Call Center Disclosure

Contractor and/or all Subcontractors involved in the performance of this Contract providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information is a material breach of this Contract.

2.233 Bankruptcy

The State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:

(a) the Contractor files for protection under the bankruptcy laws;

(b) an involuntary petition is filed against the Contractor and not removed within 30 days;

(c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;

(d) the Contractor makes a general assignment for the benefit of creditors; or

(e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process must be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

2.240 Performance

2.241 Time of Performance

(a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.

(b) Without limiting the generality of **Section 2.241(a),** Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.

(c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to the Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

2.242 Service Level Agreements (SLAs) – Deleted N/A

2.243 Liquidated Damages

The parties acknowledge that security guard or supervisor failure to report to jobsite will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any such delay. Failure to report to jobsite is defined as no security guard on post two (2) hours after the scheduled shift start time. Therefore, Contractor and the State agree that in the case of any such security guard or supervisor failure to report to jobsite in respect of which the State does not elect to exercise its rights under **Section 2.305**, the State may assess liquidated damages against Contractor as specified in this Section. If security guard or supervisor failure to report to jobsite occurs, then the State must be entitled to collect liquidated damages in the amount of $500.00 and an additional $100.00 per day for each day Contractor fails to remedy security guard or supervisor failure to report to jobsite.

2.244 Excusable Failure

Neither party will be liable for any default, damage or delay in the performance of its obligations under this Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. But the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b) the State may terminate any portion of the Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a SubContractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.250 Approval of Deliverables

2.251 Delivery Responsibilities
Unless otherwise specified by the State within an individual order, the following must be applicable to all orders issued under the Contract.

(a) Shipment responsibilities - Services performed/Deliverables provided under the Contract must be delivered "F.O.B. Destination, within Government Premises." The Contractor must have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates will be specified on the individual purchase order.

(b) Delivery locations - Services will be performed/Deliverables will be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.

(c) Deleted – N/A

2.252 Delivery of Deliverables
Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable"), a good ("Physical Deliverable") or a Service. All Deliverables must be completed and delivered for State review and written approval and, where applicable, installed according to the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

2.253 Testing – Deleted N/A

2.254 Approval of Deliverables, In General – Deleted N/A

2.255 Process for Approval of Written Deliverables – Deleted N/A

2.256 Process for Approval of Services
The State Review Period for approval of Services is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 Business Days for Services). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Services (or at the State's election, after approval of the Service). If the State delivers to the Contractor a notice of deficiencies, the Contractor will correct the described deficiencies and within 30 Business Days resubmit the Service in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts will be made at no additional charge. Upon implementation of a corrected Service from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Service for conformity and that the identified deficiencies have been corrected.

2.257 Process for Approval of Physical Deliverables – Deleted N/A

2.258 Final Acceptance
Unless otherwise stated in the Article 1, Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable must occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.251-2.257**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

2.260 Ownership

2.261 Ownership of Work Product by State – Deleted N/A

2.262 Vesting of Rights – Deleted N/A

2.263 Rights in Data – Deleted N/A

2.264 Ownership of Materials – Deleted N/A

2.270 State Standards

2.271 Existing Technology Standards – Deleted N/A

2.272 Acceptable Use Policy – Deleted N/A

2.273 Systems Changes – Deleted N/A

2.280 Extended Purchasing

2.281 MIDEAL – Deleted N/A

2.282 State Employee Purchases – Deleted N/A

2.290 Environmental Provision – Deleted N/A

DEPARTMENT OF Management & Budget

MAINTENANCE, REPAIR & OPERATIONS (MRO)

Unarmed Security Guard Services
Bay & North Region
CONTRACT#: 071B0200073

LOCATION SPECIFICATION SHEET (LSS)

SECTION I – PLACE OF SERVICES REQUESTED

LOCATION:

CONTRACT INFORMATION			
ESTIMATED CONTRACT START DATE:	**11-15-09**	***CONTRACT END DATE:***	**03-01-10**
PREVIOUS BPO #:			
CONTRACT INFORMATION:	UNARMED SECURITY GUARD SERVICES		
CONTRACTING AGENCY NAME:	DEPT OF COMMUNITY HEALTH		
BUILDING NAME AND NUMBER:	MOUNT PLEASANT CENTER		
BUILDING ADDRESS:	1400 W. PICKARD ST., MOUNT PLEASANT, MI 48858		
REGION / COUNTY:	BAY REGION / ISABELLA COUNTY		
PROCUREMENT CONTACT INFORMATION			
PROCUREMENT OFFICE NAME:			
PROCUREMENT OFFICE CONTACT NAME:	***Luci Christensen***	***CONTACT PHONE #:***	***989-773-7921 X2370***
PROCUREMENT OFFICE CONTACT E-MAIL:	***CHRISTENSENL@MICHIGAN.GOV***	***CONTACT FAX #:***	*989-773-6520*
CONTRACT COMPLIANCE INSPECTOR (CCI) / FACILITY MANAGER (FM) NAME:	*PAT MARK*	***CONTACT PHONE #:***	*989-773-7921 X2010*
CCI / FM CONTACT E-MAIL:	*MARKP@MICHIGAN.GOV*	***CONTACT FAX #:***	

LOCATION INFORMATION			
OFFICIAL WORKING DAYS OF BUILDING OCCUPANTS:	*MONDAY THRU FRIDAY*	OFFICIAL WORKING HOURS OF BUILDING OCCUPANTS:	7:30 A.M. TO 4:00 P.M.
ESTIMATE OF AREA TO BE SERVICED: **(IF APPLICABLE)**		**(FILL IN IF NEEDED)**	
IDENTIFY DAYS OF SERVICE:	*7 DAYS PER WEEK*	**IDENTIFY HOURS OF SERVICE: [EXAMPLE: 5:30 A.M. TO 5:30 P.M.]**	*4:00 P.M. TO 8:00 A.M. M-F 24/7 ON WEEKENDS*

DEPARTMENT OF Management & Budget

SECTION II – PRICING SHEET SUMMARY

CONTRACT No. 071B0200073

Security Guard Service

DCH-MT. PLEASANT CENTER, ISABELLA COUNTY/BAY REGION

Item #	Unit	Description	Unit Price
001	HR	Guard Service for Mt. Pleasant Center, Isabella County 1400 W. Pickard St., Mt. Pleasant, MI 48858	$12.25

1 guards per day, per shift

7 days per week Sunday through Saturday including legal holidays

One (1) guard 4:00 p.m. to 12:00 a.m. Monday through Friday
One (1) guard 12:00 a.m. to 8:00 a.m. Monday through Friday
One (1) guard 8:00 a.m. to 4:00 p.m. on Saturday and Sunday (only)

Total Guard Hours Per Weekday: 16 hours, 24 hours on Saturday and Sunday

Contact Person for CSS,USA,Inc.:

NAME/TITLE: C. Andrew Shaffer
TELEPHONE: 866.462.7786
FACSIMILE: 616.248.3277
TOLL FREE #: 866.462.7786
E-MAIL: ashaffer@gocss.com

SECTION III – DCH SPECIFIC DUTIES – Mt. Pleasant Center

a) Access control of property, during non-working hours, until site is closed, then 24/7.
b) Patrolling (with Contractor's vehicle) and observation of property for damage control .
c) Working with local authorities for trespassing violators.