

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PROCUREMENT  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 525 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 4**  
 to  
**CONTRACT NO. 071B2200049**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Bell & Howell 2791 S. Alston Ave. Durham, NC 27713	Stephen Taylor	Stephen.taylor@bhemail.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	517-349-6967	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Tom Goodine	517-322-6469	goodinet@michigan.gov
BUYER	DTMB	Melissa Sambiago	517-284-7016	sambiagiom@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: <b>Combination Letter/Flat Mailing Sorting Machines and Maintenance – DTMB</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
11/10/2011	07/31/2013	2, one-year	09/30/2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	Delivered	90 Days ARO	Various
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1 Year	09/30/2015
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$110,000.00		\$450,975.00		

Effective September 30, this Contract is exercising the second option year, is increased by \$110,000.00, and pricing is updated per amended Attachment B. The revised contract expiration date is September 30, 2015. All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, and DTMB Procurement approval.

**ATTACHMENT B  
PRICING - Revised**

**Contract No. 071B2200049 - FlexiSorter Equipment and Maintenance  
Bell & Howell - Change Notice 8**

<b>Description</b>	<b>Pricing</b>
Equipment Maintenance - FlexiSorter	\$ 70,176.08
Equipment Maintenance - Waymark	\$ 12,032.80
Equipment Maintenance - Bowjet Printer	\$ 2,410.00
Software - FlexiSorter	\$ 19,110.00
Software - Waymark	\$ 10,000.00
<b>TOTAL</b>	<b>\$ 113,728.88</b>

Sabre Plus Click Charge - Each \$0.015

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PROCUREMENT  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 525 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 3**  
 to  
**CONTRACT NO. 071B2200049**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Bell & Howell 2791 S. Alston Ave. Durham, NC 27713	Stephen Taylor	Stephen.taylor@bhemail.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	517-349-6967	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Tom Goodine	517-322-6469	goodinet@michigan.gov
BUYER	DTMB	Melissa Sambiagio	517-284-7016	sambiagiom@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: <b>Combination Letter/Flat Mailing Sorting Machines and Maintenance – DTMB</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
11/10/2011	07/31/2013	2, one-year	07/31/2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	Delivered	90 Days ARO	Various
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	60 days	09/30/2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$340,975.00		

Effective August 1, 2014, revise the Contract end date to match existing maintenance agreement, per Agency request, and to allow time for maintenance agreement negotiations. New contract end date is 9/30/14. Please note, the buyer has been changed to Melissa Sambiagio; the Vendor's primary contact has been changed to Stephen Taylor. All other terms, conditions, specifications, and pricing remain the same. Per vendor and agency agreement, DTMB Procurement approval.

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

**CHANGE NOTICE NO. 2**  
 to  
**CONTRACT NO. 071B2200049**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Bell and Howell, LLC 3791 S. Alston Avenue Durham, NC 27713	Marilyn Allen	Marilyn.allen@bhmail.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(919) 767-7637	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Tom Goodline	517-322-6469	goodinet@michigan.gov
BUYER	DTMB	William C. Walsh	517-373-6535	walshw@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: <b>Combination Letter/Flat Mailing Sorting Machine and Maintenance - DTMB</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 10, 2011	July 31, 2013	2, one year	July 31, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	Delivered	90 Days ARO	Various
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1 year	July 31, 2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$75,000.00		\$340,975.00		
Effective June 4, 2014, the first option year is exercised and the contract is increased by \$75,000.00. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement and DTMB Procurement approval.				

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

July 2, 2012

**CHANGE NOTICE NO. 1**  
 to  
**CONTRACT NO. 071B2200049**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Bell and Howell, LLC 3791 S. Alston Avenue Durham, NC 27713	Blake Eaddy	<a href="mailto:Blake.eaddy@bhemail.com">Blake.eaddy@bhemail.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(919) 767-6400	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Will Doxie	(517) 636-0731	<a href="mailto:Doxiew@michigan.gov">Doxiew@michigan.gov</a>
BUYER:	DTMB	William Walsh	(517) 373-6535	<a href="mailto:Walshw@michigan.gov">Walshw@michigan.gov</a>

CONTRACT SUMMARY:			
DESCRIPTION: <b>Combination Letter/Flat Mailing Sorting Machine and Maintenance - DTMB</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS	CURRENT EXPIRATION DATE
November 10, 2011	July 31, 2013	2, 1 Yr. Options	July 31, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	Delivered	90 Days ARO	Various
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MI DEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:		
OPTION EXERCISED: <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES	IF YES, EFFECTIVE DATE OF CHANGE:	NEW EXPIRATION DATE:
<p>Effective June 13, 2012, the Contract Compliance Inspector is hereby CHANGED to:            Will Doxie            (517) 636-0731  <a href="mailto:Doxiew@michigan.gov">Doxiew@michigan.gov</a></p> <p>All other terms, conditions, specifications, and pricing remain the same.</p>		
VALUE/COST OF CHANGE NOTICE:	\$0.00	
ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:	\$265,975.00	

**STATE OF MICHIGAN**  
**DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET** December 20, 2011  
**PROCUREMENT**  
**P.O. BOX 30026, LANSING, MI 48909**  
 OR  
**530 W. ALLEGAN, LANSING, MI 48933**

**NOTICE**  
**OF**  
**CONTRACT NO. 071B2200049**  
 (replaces 071B8200252)

between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR <b>Bell and Howell, LLC</b> <b>3791 S. Alston Avenue</b> <b>Durham, NC 27713</b>	TELEPHONE (919) 767-6400 <b>Blake Eaddy</b> CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-6535 Email: <b>William C. Walsh</b>
Contract Compliance Inspector: <b>Combination Letter/Flat Mailing Sorting Machine &amp; Maintenance - DTMB</b>	
CONTRACT PERIOD: <b>3 yrs. + 2 one-year options</b> From: <b>November 10, 2011</b> To: <b>July 31, 2013</b>	
TERMS <p style="text-align: center;"><b>Net 30 Days</b></p>	SHIPMENT <p style="text-align: center;"><b>90 Days ARO</b></p>
F.O.B. <p style="text-align: center;"><b>Delivered and Installed</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
ALTERNATE PAYMENT OPTIONS: <input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other	
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	
MISCELLANEOUS INFORMATION:	

**The terms and conditions of this contract are attached.**

**Estimated Contract Value: \$265,975.00**

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

**CONTRACT NO. 071B2200049**  
 (replaces 071B8200252)

**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR <b>Bell and Howell, LLC</b> <b>3791 S. Alston Avenue</b> <b>Durham, NC 27713</b>	TELEPHONE (919) 767-6400 <b>Blake Eaddy</b> CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-6535 Email: <b>William C. Walsh</b>
Contract Compliance Inspector: <b>Combination Letter/Flat Mailing Sorting Machine &amp; Maintenance - DTMB</b>	
CONTRACT PERIOD: <b>3 yrs. + 2 one-year options</b> From: <b>November 10, 2011</b> To: <b>July 31, 2013</b>	
TERMS <p style="text-align: center;"><b>Net 30 Days</b></p>	SHIPMENT <p style="text-align: center;"><b>90 Days ARO</b></p>
F.O.B. <p style="text-align: center;"><b>Delivered and Installed</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
ALTERNATE PAYMENT OPTIONS: <input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other	
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	
MISCELLANEOUS INFORMATION: <b>The terms and conditions of this Contract are those of Contract 071B8200252. 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.</b>	
<b>Estimated Contract Value:    \$265,975.00</b>	

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

<b>FOR THE CONTRACTOR:</b>  _____ Bell and Howell, LLC Firm Name  _____ Authorized Agent Signature  _____ Authorized Agent (Print or Type)  _____ Date	<b>FOR THE STATE:</b>  _____ Signature Jeff Brownlee, Chief Procurement Officer Name/Title DTMB Procurement _____ Division  _____ Date
---	---

**STATE OF MICHIGAN**  
**DEPARTMENT OF TECHNOLOGY MANAGEMENT AND BUDGET**      **November 9, 2011**  
**PROCUREMENT**  
**P.O. BOX 30026, LANSING, MI 48909**  
**OR**  
**530 W. ALLEGAN, LANSING, MI 48933**

**CHANGE NOTICE NO.1**  
**TO**  
**CONTRACT NO. 071B8200252**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR		TELEPHONE: Steve Taylor <b>(517) 349-6967</b>
<b>Bowe Bell + Howell Company</b> <b>760 South Wolf Road</b> <b>Wheeling, IL 60090</b>		CONTRACTOR NUMBER/MAIL CODE
<b>Stephen.taylor@bowebellhowell.com</b>		BUYER/CA (517) 241-1145 <b>Lymon Hunter</b>
Contract Compliance Inspector: Steve Cheal <b>Combination Letter/Flat Mailing Sorting Machine + Maintenance – DMB</b>		
CONTRACT PERIOD:                      From: <b>August 1, 2008</b> To: <b>November 10, 2011</b>		
TERMS	<b>Net 30 Days</b>	SHIPMENT <b>90 Days ARO</b>
F.O.B.	<b>Delivered and Installed</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		
MISCELLANEOUS INFORMATION:		

**NATURE OF CHANGE(S):**

**Effective immediately, this contract is hereby CANCELED and REPLACED with 071B2200049, due to a change in Vendor FEIN number.**

**AUTHORITY/REASON(S):**

**Per vendor and agency agreement and DTMB Procurement approval.**

**TOTAL REVISED ESTIAMTED CONTRACT VALUE:      \$0.00**

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

**August 5, 2008**

**NOTICE  
 OF  
 CONTRACT NO. 071B8200252  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF CONTRACTOR  <p style="text-align: center;"><b>Bowe Bell + Howell Company          760 South Wolf Road          Wheeling, IL 60090</b></p> <p style="text-align: center;"><b>Stephen.taylor@bowebellhowell.com</b></p>	TELEPHONE: Steve Taylor <b>(517) 349-6967</b> CONTRACTOR NUMBER/MAIL CODE  BUYER/CA (517) 373-7374 <b>Joan Bosheff</b>
Contract Compliance Inspector: Steve Cheal <p style="text-align: center;"><b>Combination Letter/Flat Mailing Sorting Machine + Maintenance – DMB</b></p>	
CONTRACT PERIOD: From: <b>August 1, 2008</b> To: <b>July 31, 2013</b>	
TERMS <p style="text-align: center;"><b>Net 30 Days</b></p>	SHIPMENT <p style="text-align: center;"><b>90 Days ARO</b></p>
F.O.B. <p style="text-align: center;"><b>Delivered and Installed</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	
MISCELLANEOUS INFORMATION:	

**The terms and conditions of this Contract are those of ITB No. 071I8200117, this Contract Agreement and the vendor's quote dated April 25, 2008. 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.**

**Estimated Contract Value: \$1,098,727.00**

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

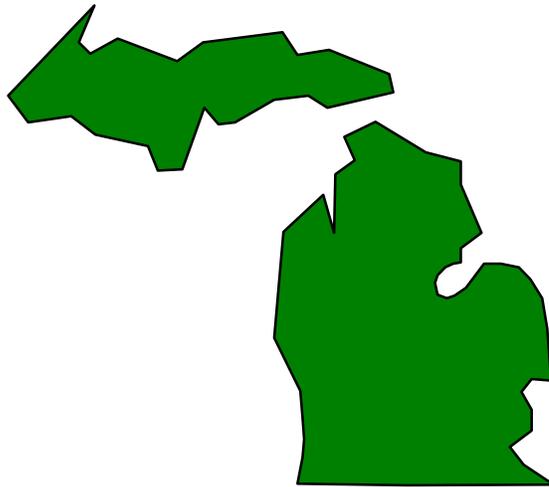
**CONTRACT NO. 071B8200252  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF CONTRACTOR  <b>Bowe Bell + Howell Company          760 South Wolf Road          Wheeling, IL 60090</b>  Stephen.taylor@bowebellhowell.com	TELEPHONE: Steve Taylor <b>(517) 349-6967</b> CONTRACTOR NUMBER/MAIL CODE  BUYER/CA (517) 373-7374 <b>Joan Bosheff</b>
Contract Compliance Inspector: Steve Cheal <b>Combination Letter/Flat Mailing Sorting Machine + Maintenance – DMB</b>	
CONTRACT PERIOD: From: <b>August 1, 2008</b> To: <b>July 31, 2013</b>	
TERMS <p style="text-align: center;"><b>Net 30 Days</b></p>	SHIPMENT <p style="text-align: center;"><b>90 Days ARO</b></p>
F.O.B. <p style="text-align: center;"><b>Delivered and Installed</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	
MISCELLANEOUS INFORMATION: <b>The terms and conditions of this Contract are those of ITB No. 071I8200117, this Contract Agreement and the vendor's quote dated April 25, 2008. 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.</b>  <b>Estimated Contract Value: \$1,098,727.00</b>	

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 071I8200117. Orders for delivery will be issued directly by the Department of Management and Budget through the issuance of a Purchase Order Form.

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

<p><b>FOR THE CONTRACTOR:</b></p> <p style="text-align: center;"><b>Bowe Bell + Howell Company</b>          _____          Firm Name</p> <p style="text-align: center;">_____          Authorized Agent Signature</p> <p style="text-align: center;">_____          Authorized Agent (Print or Type)</p> <p style="text-align: center;">_____          Date</p>	<p><b>FOR THE STATE:</b></p> <p style="text-align: center;">_____          Signature  <b>Anthony Des Chenes, Director</b>          _____          Name/Title  <b>Commodities Division. Purchasing          Operations</b>          _____          Division</p> <p style="text-align: center;">_____          Date</p>
---	---



**STATE OF MICHIGAN  
Department of Management and Budget  
Purchasing Operations**

**Contract No. 071B8200252  
Combination Letter / Flat Mail Sorting Machine**

**Buyer Name: Joan Bosheff  
Telephone Number: (517) 373-7374  
E-Mail Address: [bosheffj@michigan.gov](mailto:bosheffj@michigan.gov)**

## Combination Letters / Flats Mail Sorting Machine

Article1 – Statement of Work (SOW)	1
<b>1.0 Introduction</b>	<b>1</b>
1.001 PROJECT TITLE AND DESCRIPTION	1
1.002 PROJECT CONTROL	1
<b>1.1 Product Quality</b>	<b>2</b>
1.101 SPECIFICATIONS	2
1.102 RESEARCH AND DEVELOPMENT	2
1.103 QUALITY ASSURANCE PROGRAM	3
1.104 EQUIPMENT INSTALLATION, WARRANTY, MAINTENANCE AND SERVICE	4
<b>1.2 Service Capabilities</b>	<b>6</b>
1.201 CUSTOMER SERVICE/ORDERING	6
1.202 TRAINING	6
1.203 REPORTING	7
1.204 SPECIAL PROGRAMS	8
1.205 SECURITY	8
<b>1.3 Delivery Capabilities</b>	<b>8</b>
1.301 TIME FRAMES	8
1.302 MINIMUM ORDER – “Deleted – Not Applicable”	8
1.303 PACKAGING	8
1.304 PALLETIZING - “Deleted – Not Applicable”	8
1.305 DELIVERY TERM	9
1.306 RESERVED FOR ACCEPTANCE OF DELIVERABLES/PARE EXPLANATION	9
<b>1.4 Project Price</b>	<b>9</b>
1.401 PRICING	9
1.402 QUICK PAYMENT TERMS – Deleted, Not Applicable	9
1.403 PRICE TERM	9
<b>1.5 Quantity term</b>	<b>9</b>
<b>1.6 Equipment Options</b>	<b>9</b>
Article 2 – General Terms and Conditions	11
<b>2.0 Introduction</b>	<b>11</b>
2.001 GENERAL PURPOSE	11
2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR	11
2.003 NOTICE	11
2.004 CONTRACT TERM	11
2.005 GOVERNING LAW	12
2.006 APPLICABLE STATUTES	12
2.007 RELATIONSHIP OF THE PARTIES	13
2.008 HEADINGS	13
2.009 MERGER	13
2.010 SEVERABILITY	13
2.011 SURVIVORSHIP	13
2.012 NO WAIVER OF DEFAULT	13
2.013 PURCHASE ORDERS	13
<b>2.1 Vendor/Contractor Obligations</b>	<b>13</b>
2.101 ACCOUNTING RECORDS	13
2.102 NOTIFICATION OF OWNERSHIP	13
2.103 SOFTWARE COMPLIANCE	14
2.104 RESERVED	14
2.105 PERFORMANCE AND RELIABILITY EVALUATION (PARE)	14
2.106 PREVAILING WAGE	16
2.107 PAYROLL AND BASIC RECORDS	17
2.108 COMPETITION IN SUBCONTRACTING	17
2.109 CALL CENTER DISCLOSURE – “Deleted – Not Applicable”	17
<b>2.2 Contract Performance</b>	<b>17</b>
2.201 TIME IS OF THE ESSENCE	17
2.202 CONTRACT PAYMENT SCHEDULE	18
2.203 POSSIBLE PROGRESS PAYMENTS – “Deleted – Not Applicable”	18

2.204	<a href="#">POSSIBLE PERFORMANCE-BASED PAYMENTS – “Deleted – Not Applicable”</a>	18
2.205	<a href="#">ELECTRONIC PAYMENT REQUIREMENT</a>	18
2.206	<a href="#">PERFORMANCE OF WORK BY CONTRACTOR – “Deleted – Not Applicable”</a>	18
<b>2.3</b>	<b><a href="#">Contract Rights and Obligations</a></b>	<b>18</b>
2.301	<a href="#">INCURRING COSTS</a>	18
2.302	<a href="#">CONTRACTOR RESPONSIBILITIES</a>	18
2.303	<a href="#">ASSIGNMENT AND DELEGATION</a>	18
2.304	<a href="#">TAXES</a>	19
2.305	<a href="#">INDEMNIFICATION</a>	19
2.306	<a href="#">LIMITATION OF LIABILITY</a>	21
2.307	<a href="#">CONTRACT DISTRIBUTION</a>	21
2.308	<a href="#">FORM, FUNCTION, AND UTILITY</a>	22
2.309	<a href="#">ASSIGNMENT OF ANTITRUST CAUSE OF ACTION</a>	22
2.310	<a href="#">PURCHASING FROM OTHER STATE AGENCIES – “Deleted – Not Applicable”</a>	22
2.311	<a href="#">TRANSITION ASSISTANCE – “Deleted – Not Applicable”</a>	22
2.312	<a href="#">RESERVED</a>	22
2.313	<a href="#">RESERVED</a>	22
2.314	<a href="#">WEBSITE INCORPORATION</a>	22
2.315	<a href="#">LIABILITY INSURANCE</a>	22
2.316	<a href="#">CONFIDENTIALITY</a>	25
2.317	<a href="#">WORKPLACE DISCRIMINATION</a>	26
<b>2.4</b>	<b><a href="#">Contract Review and Evaluation</a></b>	<b>27</b>
2.401	<a href="#">CONTRACT COMPLIANCE INSPECTOR</a>	27
2.402	<a href="#">PERFORMANCE REVIEWS</a>	27
2.403	<a href="#">AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS</a>	27
<b>2.5</b>	<b><a href="#">Quality and Warranties</a></b>	<b>27</b>
2.501	<a href="#">PROHIBITED PRODUCTS</a>	27
2.502	<a href="#">QUALITY ASSURANCE – “Deleted – Not Applicable”</a>	27
2.503	<a href="#">INSPECTION</a>	27
2.504	<a href="#">GENERAL WARRANTIES</a>	28
2.505	<a href="#">CONTRACTOR WARRANTIES</a>	28
2.506	<a href="#">STAFF</a>	30
2.507	<a href="#">RESERVED</a>	30
2.508	<a href="#">EQUIPMENT WARRANTY</a>	30
2.509	<a href="#">RESERVED</a>	30
<b>2.6</b>	<b><a href="#">Breach of Contract</a></b>	<b>30</b>
2.601	<a href="#">BREACH DEFINED</a>	30
2.602	<a href="#">NOTICE AND THE RIGHT TO CURE</a>	31
2.603	<a href="#">EXCUSABLE FAILURE</a>	31
<b>2.7</b>	<b><a href="#">Remedies</a></b>	<b>31</b>
2.701	<a href="#">CANCELLATION</a>	31
2.702	<a href="#">RIGHTS UPON CANCELLATION</a>	33
2.703	<a href="#">LIQUIDATED DAMAGES – “Deleted – Not Applicable”</a>	33
2.704	<a href="#">STOP WORK</a>	33
2.705	<a href="#">SUSPENSION OF WORK</a>	34
<b>2.8</b>	<b><a href="#">Changes, Modifications, and Amendments</a></b>	<b>34</b>
2.801	<a href="#">APPROVALS</a>	34
2.802	<a href="#">TIME EXTENTIONS</a>	34
2.803	<a href="#">MODIFICATION</a>	35
2.804	<a href="#">AUDIT AND RECORDS UPON MODIFICATION</a>	35
2.805	<a href="#">CHANGES</a>	35

**ATTACHMENT A-- SPECIFICATIONS**  
**ATTACHMENT B -- PRICING**



Article1 – Statement of Work (SOW)

1.0 Introduction

1.001 PROJECT TITLE AND DESCRIPTION

This Contract is for the purchase of one (1) new out-bound combination letters / flats mail sorting machine (henceforth known as sorter and equipment), along with maintenance and software services.

1.002 PROJECT CONTROL

**Project Control**

- a. The Contractor will carry out this project under the direction and control of the Department of Management and Budget, Agency Services, Mail and Delivery Services Division.
- b. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet as required, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems that arise.

*At a minimum BBH's project manager will meet with client agency's project director once a month. The meetings will review progress and discusses any problems or potential problems. In addition to the stakeholders previously mentioned, other team members may be included in the discussions to provide increased responsiveness and thoroughness for the discussions. Depending on the number or risk of the open actions, these meetings may be more frequent.*

- c. Within five (5) working days of the award of the Contract, the Contractor will submit to the Department of Management and Budget, Agency Services, Mail and Delivery Services Division project director for final approval a work plan, which must include the following:

The Contractor's project organizational structure.

- (1) The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
- (2) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
- (3) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.
- (4) The report must be submitted in excel or pdf format.

*BBH will provide a project plan within 5 working days of award that includes Contractor's staffing, project work breakdown structure, subtasks, interdependencies of tasks, timeline and resource loading. The project work breakdown with a timeline will be produced in Microsoft Project and converted to pdf or excel for delivery to the agency's project director. The MS project timeline is graphical and will show tasks, milestones, and task interdependencies.*

*Any action items identified during the program will be recorded and tracked to completion in an Excel format. An action will be assigned an id number, date assigned, description, assignment owner, forecasted/actual action close date, and a mutually agreed closure response.*



## Reports

1. Forty-five days after the state's fiscal year ends, provide Mailing Services a report that itemizes service dates, parts and service hours used to maintain the equipment during the state's just ended fiscal year. The report must be submitted to the state in an electronic format on a compact disc and must be readable using the suite of Microsoft Office products.

*All BBH activities are recorded on our Service Information System. BBH will be glad to provide required reports that will show all service activities that will include service incidents, parts usage and hours of service provided. Our Service Information System tracks every machine, every call, every time. This database system allows BBH personnel to monitor and evaluate potential problems before they become an issue. From understanding repeat call issues, to defective parts, to the need for operator training. Each event is logged to our on-line system generating alert flags to our technicians and service management team. Goals and thresholds are set within the system for everything from response time to parts usage. This ensures that we are conducting our business with maximum efficiencies with a focus toward improved throughput and uptime in your production environment.*

### 1.1 Product Quality 1.101 SPECIFICATIONS

**Definite Specifications - All commodities and/or services to be furnished hereunder shall conform to the specifications as noted on the Item Listing as listed in the Equipment and Service Requirements Section and Additional Requirements and/or copies of specifications attached.**

### 1.102 RESEARCH AND DEVELOPMENT

**Contractor shall discuss their ability to invest in new product development and research to stay current with ongoing demands.**

*BBH feel the mail centers of the future will continue to require smarter, faster and more efficient processes and that new software and hardware technology will be the conduit to achieve this.*

*In order for our partners to maintain and grow their customer relationships we believe communication through vital paths such as statement processing will continue to evolve, making current cost centers future profit centers. In addition to delivering required transactional information these tools will serve as incentives to utilize additional revenue generating products. Dynamic marketing directed towards known customer history combined with more attractive packaging such as color printing can fuel cross marketing efforts and results.*

*Internally organizations will continue to need to validate all customer correspondence in order to meet governmental requirements and provide security to their customer base. This information will need to be internally communicated and retained to provide confirmation and better serve the customer.*

*Research and development in both software and hardware that interact together will play a major role in achieving these goals while reducing costs and eliminating errors. BBH is strategically positioned to continue to develop and provide our partners with emerging solutions. As a worldwide leader in mailroom solutions with a modular design for growth and change in conjunction with an open architecture that will easily integrate with various manufacturers' products, BBH is well suited to lead the industry into the future.*

*BBH has a strong history of developing emerging technologies for the IT, print, inserting and sorting market. We are the innovator of processing milestones such as intelligent inserting; file based inserting, in-line manifesting from the inserter and in-line to the printer inserting. The BBH Sorting division located in Wheeling, IL is the worlds leading commercial provider of USPS mechanical sorting systems and in conjunction with the USPS we design and manufactured the Merlin system. Merlin is the validation process/system that all mailers are required to meet in order to qualify for postal discounting.*



*BBH is fully committed to the support and growth of our mail processing business. Our continued investment towards research and development is driven by one purpose: to produce the most effective, fastest and most flexible solutions that process at the highest efficiencies and the lowest levels of failure.*

Identify three issues that are relevant to your equipment and/or services in which you anticipate significant changes within the mail industry over the next 10 years.

- 1. Improved address quality initiatives by USPS to reduce undeliverable as addressed (UAA) mail.*
- 2. Implementation of Full IMB Service.*
- 3. Increased need to track individual mail pieces throughout production and delivery BÖWE BELL + HOWELL is currently engaged in each of the above initiatives. We are working with the USPS and private industry to provide solutions that address these and other common goals.*

#### 1.103 QUALITY ASSURANCE PROGRAM

Contractor shall provide detail regarding any Quality Assurance Program(s) that are currently in place within their organization.

##### *Quality Assurance Program—Scope:*

- BBH Quality Manual and Quality procedures will be used to define the quality activity requirements conveyed by the State of Michigan through the Statement of Work (SOW), for the production of the equipment. Company policies and procedures will be augmented by a Quality / Test Plan to meet contract requirements and ensure customer satisfaction with the quality of the contract execution.*
- BBH's Wheeling facility maintains a Quality Management System (QMS) that is certified and registered to the ISO 9001-2000 standard (certificate A7909). The registrar is Underwriters Laboratory.*

##### *Quality Objectives:*

- BBH is committed to meeting the State's requirements in support of the BBH Quality Policy stated in the Quality Manual. The Plan-Do-Check-Act cycle will be followed. This document and the actions it will drive, in concert with BBH policies and procedures, constitutes the quality planning aspects of the program. Verification activities, including cross-functional reviews, first articles, inspections, tests, independent audits, and management reviews will ensure process and product outputs meet requirements. Facts and data will drive decisions and actions. Appropriate responses, including failure analysis, root cause analysis, containment and corrective actions, will be completed in a timely manner when performance deviates from expectations. Records will be maintained and control of documents subject to change enforced.*

##### *Responsibilities:*

- The VP of Quality and Supply Chain Management reports directly to the CEO and President of the company and is a peer of the president of the business unit responsible for program execution. The Quality Systems Manager and Corporate Director of Supply Chain Management report directly to the VP and are corporate employees.*

##### *Quality Systems:*

- BBH has documented its corporate command media (policies, processes, work level instructions, forms, records) following the process-oriented ISO 9001: 2000 international standard for quality systems. This system has been deployed to all employees via the Company intranet and independently certified by Underwriters Laboratory as compliant to the ISO 9001:2000 standard. BBH focuses on bringing together the Voices of the customer and the business. Corporate, business unit, system, and process dashboard metrics are aligned to ensure effectiveness of the quality system in practice.*

**Quality Assurance:**

**BBH pursues a defect prevention and minimal quality loss strategy. Numerous initiatives covering the entire life cycle of products have been deployed in support of this strategy. Some are briefly described below:**

**Advanced Product Quality Planning:**

**New products are developed with strict adherence to a formal Life Cycle Process, a disciplined cross-functional phased approach that begins by incorporating the Voice of the Customer into product design decisions. The Life Cycle Process requires a Quality Plan that is patterned after the automotive industry's Advanced Product Quality Planning model. This includes application of the following proven disciplines:**

- **Quality Function Deployment**
- **Design For Six Sigma**
- **Machinery and Process Failure Mode and Effects Analysis**
- **Design for Reliability & Maintainability**
- **Design for Manufacture & Assembly**
- **Design for Serviceability**

1.104 EQUIPMENT INSTALLATION, WARRANTY, MAINTENANCE AND SERVICE

1. Contractor will be responsible to provide for shipping, unloading, set-up, calibration, and training (FOB Destination). The State will not coordinate shipment or unloading of the equipment from delivery truck.
2. Installation is preferred within 90 days after the contract is awarded, but must commence no later than 120 days after the contract is awarded. Prior to the installation of the new equipment, the State will ensure that any modifications to the building are completed (ex: power and air lines are installed in accordance with the footprint provided by the contractor). The Contractor will provide a project plan that includes a schedule and time frame for all aspects of installation.
3. The installation period is defined as: *the period of time beginning with the installation of the equipment and ending with the equipment being successfully operated according to the requirements in the ITB (including achieving presorted postage savings) for 10 consecutive State of Michigan work days.*
4. The warranty period shall begin immediately following the completion of the installation period. The installation period and warranty period cannot run concurrently. Warranty period is 90 days parts and labor.
5. Contractor must have multiple factory trained technicians that have had field experience on the proposed equipment and are capable of providing service.

***BBH has many trained technicians on sorting equipment currently assigned to the state. All BBH Technicians who support the State's sites are required to attend technical training on your specific machine configurations at the "BÖWE BELL + HOWELL University" in Durham, North Carolina. If necessary, we will bring our University instructors to your facility to supplement the initial training session. This allows for immediate impact when considering a transition to BBH service. All Technical Training is coordinated with your production schedule to ensure continuity of your production goals.***

***In six of the last seven years Training Magazine has named BBH as one of the Top 125 companies for employee training and development. We treasure this accomplishment and view the long-term investment in intellectual capital of our staff to be the differentiator when considering alternative service providers.***

***There are 5 trained technicians in the Lansing area with an average of 18 years experience on the sorters. The local Michigan District Customer field Service Engineer team is comprised of 36 customer service engineers. 23 members of this team are factory trained on the BBH sorting***



*products and have a combined 181 years of sorting experience. In addition to our local team you will be supported by our Technical Assistance Center (TAC).*

6. **Full Maintenance Services** – Full maintenance services must include the contractor providing all repairs and parts for one cost per year. This includes at a minimum, providing one preventative maintenance repair per month for a total of 12 per year, any non-routine repairs as requested by the State and all parts associated with all types of repairs so that the equipment is able to maintain its optimal operating capabilities. Contractor must also provide a 5-year cost schedule for the equipment full maintenance services plan (See Appendix 1 – PRICING RESPONSE #2 Maintenance Costs).

The contractor will guarantee a one (1) hour “response” time from the time the service call is placed for any type of maintenance. Response time is defined as the time from which a service call is placed until a service technician or other authorized individual contacts the State to ascertain the nature of the service call. The state and the service technician will agree to an acceptable repair time.

*Please refer to the Appendix A, Pricing, for 5 year cost schedule.*

***Full Service Pre-Planned Preventative Maintenance***

*BBH is the market leader in service support. This did not happen overnight and with over sixty years service experience, we find that preventative maintenance is the key to efficiency, productivity, and uptime. We know that Sorting systems are created in a myriad of configurations. Some are individual modules, while others are connected to one another, providing for a specific machine configuration.*

***Pre-Scheduled Preventative Maintenance***

*BBH works with your production staff in an effort to pre-schedule preventative maintenance sessions up to a year in advance (the Schedule). It is our mission to detect problems within the sorting system before it occurs and affect corrective action before it becomes an issue. We ask our clients for the ability to perform preventative maintenance each month and/or each machine, with that said, we are taking a preventative approach looking carefully at all modules within the sorting system on a pre-scheduled basis. This approach has been used on BBH manufactured equipment for years.*

***“Full On-Call Service” - During Regular Business Hours, if requested by State, BBH shall dispatch a technician to perform, pursuant to the Schedule, Preventive Maintenance inspections and Remedial Maintenance calls. During any Remedial Maintenance call or Preventive Maintenance call, the technician shall replace, without additional charge to Customer, subject to exclusions for negligence and abuse, Non-Consumable Parts. Operator error, routine set-up, and repeated operator training are not included in the number of inspections or calls listed on the Schedule. BBH shall bill Customer, (at BBH’s then current rates for labor plus BBH’s list price for any Equipment parts) for any Services required as a result of operator error, routine set-up and repeated operator training.***

7. Contractor must provide software maintenance and upgrade **program that will enable the equipment to operate in accordance with the stated requirements and the requirements of the DMM and a 5-year cost schedule for the software maintenance program. This shall include any software subscription fees the State must pay in order for the equipment to operate in the way it’s designed including being in compliance with all USPS regulations.**
  - a. ***Primary WinSort First Class Flats – We provide WinSort Operating software that includes all sort software and all the associated reporting and postage rate levels as defined by the USPS. Any modifications that come from the USPS are included in releases of WinSort software. There is also zip + 4 data directories that are supplied with primary software. This is updated monthly and includes all changes made by the USPS during this period.***
  - b. ***Secondary WinSort First Class Letters – This software supports all of the postage and reporting function associated with first class letter sorting. All changes made by the USPS are updated with this software.***



- c. *Compass FASTForward Primary and Secondary – This software supports all the functions associated with the USPS FASTForward move update program. Weekly updates of all moves that are provided by the USPS are included as part of this software maintenance.*

*The 5-year cost associated with this software maintenance program is shown on Appendix A. Please note, the software cost for years one through five are frozen and will not increase for the term of the Agreement.*

1.2 Service Capabilities

1.201 CUSTOMER SERVICE/ORDERING

Contractor shall have the capacity to receive orders electronically, by phone, facsimile, and by written order. The Contractor shall provide a statewide toll-free phone number for phone orders. Contractor shall have internal controls, approved by Purchasing Operations, to insure that authorized individuals with the State place orders. The Contractor shall verify orders that have quantities that appear to be abnormal or excessive.

*Currently the State of Michigan is capable of placing service calls and parts orders electronically or by calling (800) 7X24SVC. To be able to sign up for WEB, access the State merely goes to mybowebellhowell.com and clicks Sign Up: Then it will fill out the application form and The User selects a login name. This tells us who they are and what site to connect to their login. When they submit it, someone verifies the information as matching what we have on record and an account is created. This step takes 1 business day. We assign a password they can change upon first login or any time thereafter. After that, the customer uses their login and password to access their account, can order parts, open service orders and lots more.*

*When the customer orders parts, the Service Order (SO) is created directly by the web application. The Created By in the SO is displayed as Web\_ "username" (e.g.Web\_tiers) using the customer's mybowebellhowell login name. Otherwise it looks like any other customer parts order.*

The Contractor shall have an accessible customer service department with an individual specifically assigned to State of Michigan accounts. The Contractor shall have experienced sales representatives make timely personal visits to State accounts. The Contractor's customer service must respond to State agency inquiries promptly. The Contractor shall provide a statewide toll-free number for customer service calls.

Any supplies and services to be furnished under this contract shall be ordered by issuance of delivery orders or task orders by the individuals or activities designated in the Schedule.

All delivery orders or task orders are subject to the terms and conditions of this contract. In the event of conflict between a delivery order or task order and this contract, the contract shall control.

If mailed, a delivery order or task order is considered "issued" when the Government deposits the order in the mail. Orders may be issued orally, by facsimile, or by electronic commerce methods.

*BBH is open 7 days a week, 24 hours a day to support our customers. With one number, the State of Michigan has access to the BBH management team and technical support regardless of your stipulated contract coverage. This allows the State of Michigan the security of knowing that even when you run into the unforeseen circumstances, we are ready willing and able to respond to your site in the event of an emergency. In addition, the Customer Care Center provides sound database analysis for all call tracking and escalations. Regardless of the need, they will place you in contact with the appropriate personnel for Parts, Technical Escalations, Service, or Sales Management. Just call (800) 7X24SVC!*

1.202 TRAINING

1. Operator training on the new equipment must be included in the pricing and must take place at Mailing Services facility. The training must begin no later than the completion of the installation. The training should involve extensive one-on-one training for at least 4 operators



and should be a minimum of one full week/40 hours. The expectation is that the trainers are skilled and knowledgeable in the processes and techniques necessary to perform technical training on this equipment.

*Operator training is conducted by a qualified BBH trainer at the customer site. With the purchase of a system the customer receives one training session for up to 4 operators. Class size is limited to 4 operators to facilitate adequate hands-on for each operator. The training will be conducted at the customer site with their actual equipment. The trainer will cover the theory of operation for the system and demonstrate proper use. Then allow the students an opportunity to get hands-on individually to build their confidence on the system. With the experience level of the operators at the State of Michigan the training will not take 40 hours. It should only take 2-3 days to complete this training and give every operator a significant amount of hands-on experience with the sorter. It should also be noted that the software used for flats sortation uses the same user interface as the existing letters sorters. The result being an inherent knowledge of system navigation and an effective cross-utilization of operators from one sorter to any other without having to learn an entirely new software package.*

2. On-going training and support for the use of the equipment is also crucial. As technology and DMM requirements change, the state needs an on-going commitment of training and re-training from the successful contractor.

*Additional operator training will be available to the State of Michigan for a rate of \$880 per day plus expenses for a group of no more than 4 operators. However, training is included with any new hardware purchase, including upgrades to the system to meet new DMM requirements. BBH also provides detailed instructions with each new software issue describing changes in mail preparation, sorter operation as well as mail submission. This is included as part of your subscription fee.*

The Contractor shall provide training to individual agencies, when necessary, on aspects of ordering, shipping, billing, and receiving. At the request of the Contract Administrator, the Contractor shall provide in-service training to agency personnel on products, installation, and product safety issues. The Contractor shall also provide agency training jointly with the State as needed during the period covered by the contract at no additional charge.

*Additional operator training will be available to the State of Michigan for a rate of \$880 per day plus expenses for a group of no more than 4 operators.*

#### 1.203 REPORTING

Minimum reports shall be required as defined in section 1.003.

*BBH will provide the following project reporting reports during the performance of the project:*

- *Monthly Status*
- *Project Schedule- MS Schedule*
- *Action Item List*

*The Monthly Status will consist of key points discussed at the meetings occurring during the month and any accomplishments along with planned accomplishments for the upcoming month.*

*The Project Schedule with work breakdown and timeline will be produced in Microsoft Project and converted to pdf or excel for delivery to the agency's project director. The MS Project timeline is graphical and will show tasks, milestones, and task interdependencies. This document will be updated monthly with completion percentages.*

*Action Item List in an Excel format will contain any identified open action during the project where it recorded and tracked to completion. An action will be assigned an id number, date assigned, description, assignment owner, forecasted/actual action close date, and a mutually agreed closure response. This document will be updated as items are identified or completed a most current version will be provided with each monthly report.*



## 1.204 SPECIAL PROGRAMS

## OBTAINING U.S. MAIL POSTAGE DISCOUNTS

1. Assist the State with the development of a strategic plan for mail sorting that includes joint quarterly reviews of mail sort schemes so that the state maximizes mail-sorting savings. This includes, but is not limited to, analyzing the previous sort schemes, assisting in the modification of the current sort scheme, assessing and if necessary recommending modifications to the current employee work schedules. Mail-sorting savings is defined as the net savings resulting from the U.S. postage savings achieved and the costs of labor and equipment necessary to achieve that savings.

*BBH complies. More importantly, we are willing to train your staff, to perform these reviews independently. The rate is \$880 per day plus expenses during normal business hours (8:30 a.m.- 5:00 p.m., Monday through Friday).*

## 1.205 SECURITY

The Contract may require frequent visitations to State of Michigan facilities. The State may decide to perform a security background check. If so, contractors will be required to provide to the State a list of all delivery people that will service State of Michigan facilities, including name and date of birth (social security number of driver license number would also be helpful).

The Contractor and its subcontractors shall comply with the security access requirements of individual State facilities. The successful contractor and their subcontractors repair personnel must sign a Michigan Department of Treasury confidentiality agreement Form 3337(rev. 2-08), which will be provided.

*BBH has a mandatory background check and drug test for all new hires. BBH utilizes The Reference Company to conduct its background checks and administer the drug tests.*

## 1.3 Delivery Capabilities

## 1.301 TIME FRAMES

All orders shall be delivered and installed within 90 calendar days after receipt of order, and no later than 120 calendar days after receipt of order. Prior to installation, the State will ensure that any modifications to the building are completed (ex: power and air lines are installed in accordance with the footprint provided by the contractor.)

*The Flexisort will be installed in the requested time frame.*

## 1.302 MINIMUM ORDER – “Deleted – Not Applicable”

## 1.303 PACKAGING

Packaging and containers, etc., shall be in accordance with supplier's commercial practice and shall meet the requirements of Department of Transportation (D.O.T.) and rail and motor carrier freight classifications in effect at time of shipment, which will permit application of the lowest freight rate.

## 1.304 PALLETIZING - “Deleted – Not Applicable”



## 1.305 DELIVERY TERM

Prices are "F.O.B. Delivered and Installed" with transportation charges prepaid.

## 1.306 RESERVED FOR ACCEPTANCE OF DELIVERABLES/PARE EXPLANATION

1. The State and contractor agree to a 20-day evaluation period that commences on the day the warranty period begins and ends 20 State of Michigan working days later. Payment for the equipment will not be made until the evaluation period is completed and the State agrees that the equipment is continuing to operate according to the requirements in the Contract.
2. The State requires that all billing errors be corrected prior to the next billing period.
3. Specific billing cycle dates must be authorized by the State.
4. Contractor shall submit invoices for annual hardware and software maintenance, fees and subscriptions 30 days prior to the beginning of the state's fiscal year and accept quarterly payments of annual hardware and software maintenance, fees and subscriptions commencing with the beginning of the state's first fiscal year quarter and then following at the beginning of each subsequent fiscal year quarter (currently the state's fiscal year is October to September)

Accept payment through the use of electronic funds transfer (EFT) upon the request of the State. Payments may be made directly to you or to a bank account established to receive payments from the State.

## 1.4 Project Price

## 1.401 PRICING

See attached Item Listing for pricing.

## 1.402 QUICK PAYMENT TERMS – Deleted, Not Applicable

## 1.403 PRICE TERM

Prices are firm for the entire length of the Contract.

## 1.5 Quantity term

**(X) Requirements – Vendor agrees to supply all that the state requires**

## 1.6 Equipment Options

For each option, provide a description of the option, addressing the information requested in the statements below. State your responses, including pricing and acquisition terms associated with each equipment option your offering in APPENDIX A - 5. Equipment Options - Descriptions and Costs.

1. State the equipment's ability to have added to it at a later date, the software and hardware that will result in mail integrity tracking functionality such as the ability to capture images of the mail-pieces including the delivery address, return address, postage mark, delivery point barcode of each envelope, and a date and time stamp. Do you currently have software and hardware that can be added to the equipment that will allow for the tracking of mail-pieces from document creation, though document insertion into envelopes and also capture an image of the mail-pieces at the mail sorter for the purpose of mailing verification, mail piece integrity, and late pulls.
2. Describe any additional hardware and/or software features that can be installed on the equipment being offered, including the benefits and pricing. The pricing should include installation and any annual maintenance costs and annual subscription costs and fees. State the length of time that the pricing is guaranteed (ex: Pricing in the proposal is guaranteed for 180 days after the award date of the contract).



- *The use of a modular equipment design with software-based control systems and readers, allows easy upgrade to add additional features such as the ability to capture images during mail processing. The SABRE camera has an option available today to allow capture of the image during the OCR process. If the State of Michigan wishes to capture an image of the mailpiece after the POSTNET barcode has been applied, mail could either be run in a second pass, or an additional image lift device could be added to the transport to capture a mailpiece image after the application of the POSTNET barcode. Software and hardware is currently available to track mailpieces from document creation thru sorting. This software can be used both to verify mailings and to "cull" envelopes from the sorter during the sortation process. Culling software allows you to outsort last minute mail pieces by 11- digit zip code during sorting operations. Any mail piece that needs to be pulled from the mailing can be done on the sorter with Culling Software. Culling Software has a list price of \$25,000 and an annual subscription of \$3,000 per machine.*
- *Track and Trace provides the State with mailpiece accountability throughout the mail delivery lifecycle. The solution combines BBH hardware and software with the USPS Confirm program and Planet Code. This will optimize your business mailing operations and enhance the performance and service response to your customers. Your investment will be dependent upon the service and option required.*
- *Weighing & marking device that is a sorter-based alternative postage payment system. This option allows for integration with existing or new sorters and significantly lowers costs of applying postage and increases sorter productivity. The weighing and marking device also decreases labor costs while allowing for permit application and transaction dating. Pricing is based on options purchased. The price is \$82,000 for the in-line scale module; the optional permit printer is \$35,000; and the annual technology use agreement is \$10,000. This price is only valid if purchased with initial sorter order. The price to add at a later date is TBD.*
- *Incoming application software and hardware including*
  1. *PO Box, Zip Code and barcode*
  2. *Customer database lookup*
  3. *Check detection*
  4. *Thickness, length and height*
  5. *Metal detection, marking and opening**\* Pricing is available upon request for these options.*

Article 2 – General Terms and Conditions

## 2.0 Introduction

## 2.001 GENERAL PURPOSE

The Contract is for the acquisition of one (1) new out-bound combination letters / flats mail sorting machine (henceforth known as sorter and equipment), along with maintenance and software services. Exact quantity to be purchased is one unit. Orders for delivery will be issued directly to the Contractor by various State Agencies on the Purchase Order Contract Release Form.

Indicated on the Item Listing is the "ship to" address for the participating agency.

## 2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

The Contract is issued by Purchasing Operations, State of Michigan, Department of Management and Budget, hereinafter known as Purchasing Operations, for the Mailing Services Section of the Mail and Delivery Services Division of the Office of Agency Services, Michigan Department of Management and Budget, hereinafter known as *Mail Services*. Where actions are a combination of those of Purchasing Operations and the *Mail Services*, the authority will be known as the State.

Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the commodities and/or services described herein. Purchasing Operations is the only office authorized to negotiate, change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of the Contract. Purchasing Operations will remain the **SOLE POINT OF CONTACT** throughout the procurement process.

Contractor proceeds at its own risk if it takes negotiation, changes, modification, alterations, amendments, clarification, etc., of the specifications, terms, or conditions of the contract from any individual or office other than Purchasing Operations and the listed contract administrator:

All communications covering this procurement must be addressed to contract administrator indicated below:

Department of Management and Budget  
Purchasing Operations  
Attn: [Joan Bosheff](#)  
2nd Floor, Mason Building  
P.O. Box 30026  
Lansing, Michigan 48909  
Phone: (517) 373-7374  
Email: [bosheffj@michigan.gov](mailto:bosheffj@michigan.gov)

## 2.003 NOTICE

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such 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 (3rd) 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.

## 2.004 CONTRACT TERM

The term of this Contract will be for five (5) years and will commence with the issuance of a Contract. This will be approximately August 1, 2008 through July 31, 2013.

Option. The State reserves the right to exercise two one-year options, at the sole option of the State. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Purchasing Operations to exercise an option year.



Extension. At the sole option of the State, the contract may also be extended. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Purchasing Operations to exercise an option year.

Written notice will be provided to the Contractor within thirty (30) days, provided that the State gives the Contractor a preliminary written notice of its intent to extend at least sixty (60) days before the contract expires. The preliminary notice does not commit the Government to an extension. If the Government exercises this option, the extended contract shall be considered to include this option clause.

#### 2.005 GOVERNING LAW

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. By signing this agreement, vendor consents to personal jurisdiction in the state of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

#### 2.006 APPLICABLE STATUTES

The following statutes, rules, and laws are applicable to the performance of this contract; some statutes are reflected in the clauses of this contract. This list is NOT exhaustive.

MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)

MI OSHA MCL §§ 408.1001 – 408.1094

Freedom of Information Act (FOIA) MCL §§ 15.231, et seq.

Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.

MI Consumer Protection Act MCL §§ 445.901 – 445.922

Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.

Department of Civil Service Rules and regulations

Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.

Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.

MCL §§ 423.321, et seq.

MCL § 18.1264 (law regarding debarment)

Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.

Contract Work Hours and Safety Standards Act (CWHSSA) 40 USCS § 327, et seq.

Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795

Rules and regulations of the Environmental Protection Agency

Internal Revenue Code

Rules and regulations of the Equal Employment Opportunity Commission (EEOC)

The Civil Rights Act of 1964, USCS Chapter 42

Title VII, 42 USCS §§ 2000e et seq.

The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.

The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.

The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.

The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.

The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.

Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106

Sherman Act, 15 U.S.C.S. § 1 et seq.

Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.

Clayton Act, 15 U.S.C.S. § 14 et seq.



## 2.007 RELATIONSHIP OF THE PARTIES

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The 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.

## 2.008 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 this Contract.

## 2.009 MERGER

This document constitutes the complete, final, and exclusive agreement between the parties. All other prior writings and negotiations are ineffective.

## 2.010 SEVERABILITY

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

## 2.011 SURVIVORSHIP

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of the Contract for any reason.

## 2.012 NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term or any other term of the Contract.

## 2.013 PURCHASE ORDERS

Orders for delivery of commodities and/or services may be issued directly by the State Departments through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Contractor is asked to reference the Purchase Order Number on all invoices for payment.

## 2.1 Vendor/Contractor Obligations

## 2.101 ACCOUNTING RECORDS

The Contractor and all subcontractors shall maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on the Contract or extension thereof.

## 2.102 NOTIFICATION OF OWNERSHIP

The Contractor shall make the following notifications in writing:



1. When the Contractor becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify Purchasing Operations within 30 days.
2. The Contractor shall also notify the 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.

The Contractor shall:

1. Maintain current, accurate, and complete inventory records of assets and their costs;
2. Provide Purchasing Operations or designated representative ready access to the records upon request;
3. Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership or officer changes; and
4. Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership or officer change.

#### 2.103 SOFTWARE COMPLIANCE

The vendor warrants that all software for which the vendor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure year 2000 compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

#### 2.104 RESERVED

#### 2.105 PERFORMANCE AND RELIABILITY EVALUATION (PARE)

When the State requires that a performance and reliability evaluation (PARE) is to be performed, the standard of performance for the PARE will be closely monitored during the acceptance period.

In the event that the PARE is for components only, all references to systems (processors) should be changed to components.

The Performance and Reliability Evaluation will consist of two phases.

##### **PHASE I**

The first phase shall be comprised of a specification compliance review of the equipment listed on the ordering documents. Such equipment shall be checked for total compliance with all required specifications of the RFQ. In the event that the State determines that any component or feature of the delivered equipment or software does not comply with the



mandatory specifications of the RFQ, the State shall so notify the Contractor, allowing 14 calendar days for rectification by the Contractor. Should the Contractor be unable to rectify the deficiency, the State reserves the right to cancel the ordering document. Should the equipment and software pass the specification conformance review, the equipment shall enter Phase II of the PARE.

### **PHASE II**

#### **a. Determination of System Readiness**

- 1) Prior to the PARE, a committee of three persons will be formed to evaluate the system's performance on a daily basis. The committee will consist of one Contractor representative and two State personnel.
- 2) The PARE will begin on the installation dates when the Contractor certifies that the equipment is ready for use by the State.

#### **b. During the PARE:**

All rerun times resulting from equipment failure and preventive maintenance shall be excluded from the performance hours.

- 1) All reconfiguration and reload time shall be excluded from the performance hours.
- 2) If files are destroyed as a result of a problem with Contractor equipment and must be rebuilt, the time required to rebuild the files will be considered "down-time" for the system.
- 3) If the Contractor requests access to failed equipment and the State refuses, then such maintenance will be deferred to a mutually agreeable time and the intervening time will not count against the PARE.
- 4) A functional benchmark demonstration will be run for the PARE Committee to confirm that the installed system is capable of performing the same functions that were demonstrated. This run must be completed to the satisfaction of the PARE Committee.

### **STANDARD OF PERFORMANCE**

- a. The performance period (a period of twenty consecutive calendar days) shall commence on the installation date, at which time the operational control becomes the responsibility of the State. It is not required that one thirty day period expire in order for another performance period to begin.
- b. If each component operates at an average level of effectiveness of 95 percent or more for a period of 20 consecutive days from the commencement date of the performance period, it shall be deemed to have met the State's standard of performance period. The State shall notify the Contractor in writing of the successful completion of the performance period. The average effectiveness level is a percentage figure determined by dividing the total operational use time by the total operational use time plus associated down-time. In addition, the equipment shall operate in substantial conformance with the Contractor's published specifications applicable to such equipment on the date of this Agreement. Equipment added by amendment to this contract shall operate in conformance with the Contractor's published specifications applicable to such equipment at the time of such amendment.



- c. During the successful performance period, all rerun time resulting from equipment failure and preventive maintenance time shall be excluded from the performance period hours. All reconfigurations and reload time shall be excluded from the performance hours. Equipment failure down-time shall be measured by those intervals during the performance period between the time that the Contractor is notified of equipment failure and the time that the equipment is returned to the State in operating condition.
- d. During the successful performance period, a minimum of 80 hours of operational use time on each component will be required as a basis for computation of the average effectiveness level. However, in computing the effectiveness level, the actual number of operational use hours shall be used when in excess of the minimum stated above.
- e. No more than one hour will accrue to the performance hours during any one wall-clock hour.
- f. Equipment shall not be accepted by the State and no charges will be paid by the State until the standard of performance is met.
- g. When a system involves on-line machines, which are remote to the basic installation, the required effectiveness level shall apply separately to each component in the system.
- h. Promptly upon successful completion of the performance period, the State shall notify the Contractor in writing of acceptance of the equipment and authorize the monthly payments to begin on the first day of the successful performance period.
- i. If successful completion of the performance period is not attained within 90 days of the installation date, the State shall have the option of terminating the Contract, or continuing the performance tests. The State's option to terminate the contract shall remain in effect until such time as a successful completion of the performance period is attained. The Contractor shall be liable for all outbound preparation and shipping costs for contracted items returned under this clause.
- j. The PARE will be complete when the equipment has met the required effectiveness level for the prescribed time period.

***BBH complies. BBH will develop Quality Test Plans with Test Cases for the two PARE Phases. A Requirements Traceability Matrix will be developed to list all the RFQ requirements are then verify each to ensure compliance. A benchmark functional demonstration/test will be performed.***

***Once installed, the benchmark functional test case will be run to ensure demonstrated functionality is retained. Upon successful completion of the installed benchmark, operational control will be the State's responsibility and the Standard of Performance Period will be conducted as described.***

#### 2.106 PREVAILING WAGE

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Consumer and Industry Service, Bureau of Safety and Regulation, Wage/Hour Division schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.



The Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Consumer and Industry Services, the office responsible for enforcement of the wage rates and fringe benefits. You shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

#### 2.107 PAYROLL AND BASIC RECORDS

Payrolls and basic records relating to the performance of this contract shall be maintained by the Contractor during the course of the work and preserved for a period of 3 years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made, and actual wages paid. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

The Contractor shall submit a copy of all payrolls to the Contract Administrator upon request. The payrolls submitted shall set out accurately and completely all of the information required to be maintained as indicated above.

The Prime Contractor is responsible for the submission of copies of payrolls by all subcontractors upon request from the Contract Administrator

The Contractor or subcontractor shall permit the Contract Administrator or representatives of the Contract Administrator or the State of Michigan to interview employees during working hours on the job.

If the Contractor or subcontractor fails to submit required records or to make them available, the Contract Administrator may, after written notice to the Contractor, take such action as may be necessary to cause the suspension of any further payment. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment.

#### 2.108 COMPETITION IN SUBCONTRACTING

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the contract.

#### 2.109 CALL CENTER DISCLOSURE – “Deleted – Not Applicable”

### 2.2 Contract Performance

#### 2.201 TIME IS OF THE ESSENCE

Contractor/Vendor is on notice that time is of the essence in the performance of this contract. Late performance will be considered a material breach of this contract, giving the State a right to invoke all remedies available to it under this contract.



## 2.202 CONTRACT PAYMENT SCHEDULE

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) will mutually agree upon the result of this RFP. The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 15th day of the following month.

2.203 POSSIBLE PROGRESS PAYMENTS – “Deleted – Not Applicable”

2.204 POSSIBLE PERFORMANCE-BASED PAYMENTS – “Deleted – Not Applicable”

## 2.205 ELECTRONIC PAYMENT REQUIREMENT

Electronic transfer of funds is available to State contractors. Contractor is required to register with the State electronically at <http://www.cpexpress.state.mi.us>. Public Act 533 of 2004 requires all payments be transitioned over to EFT by October 2005.

2.206 PERFORMANCE OF WORK BY CONTRACTOR – “Deleted – Not Applicable”

## 2.3 Contract Rights and Obligations

### 2.301 INCURRING COSTS

The State of Michigan is not liable for any cost incurred by the Contractor prior to signing of the Contract. The State fiscal year is October 1st through September 30th. The Contractor(s) should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.

### 2.302 CONTRACTOR 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 the anticipated 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 the Contract. Any change in subcontractors must be approved by the State, in writing, prior to such change.

### 2.303 ASSIGNMENT AND DELEGATION

The Contractor shall not have the right to assign this Contract, to assign its rights under this contract, or delegate any of its duties or obligations under the Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Purchasing Operations.

The Contractor shall not delegate any duties or obligations under the Contract to a subcontractor other than a subcontractor named and approved in the bid unless the Director of Purchasing Operations has given written consent to the delegation.

Contractor must obtain the approval of the Director of Purchasing Operations before using a place of performance that is different from the address that contractor provided in the bid.



## 2.304 TAXES

**Sales Tax:** For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

**Federal Excise Tax:** The State of Michigan may be exempt for Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to the Contractor upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.

The State's Tax Exempt Certification is available for vendor viewing upon request to the Contract Administrator.

## 2.305 INDEMNIFICATION

**General Indemnification**

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

1. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract.
2. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
5. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

**Patent/Copyright Infringement Indemnification**

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements 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 such 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 such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such 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.

#### Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

#### Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall 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 benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in sub clauses, 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 sub clause.

#### Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect notwithstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

#### Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract.

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such 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 so notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall 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 prior to the State receiving Contractor's Notice of

Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.



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

#### 2.306 LIMITATION OF LIABILITY

Except as set forth herein, neither the Contractor nor the State shall be liable to the other party for indirect or consequential damages, even if such party has been advised of the possibility of such damages. Such limitation as to indirect or consequential damages shall not apply to claims for infringement of United States patent, copyright, trademarks 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; to Contractor's indemnification obligations (2.305); or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract or \$200,000 (*for low risk contracts – Select a higher amount for moderate to high risk contracts*) which ever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks 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; to Contractor's indemnification obligations (2.305); or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor shall be limited to the value of the Contract.

#### 2.307 CONTRACT DISTRIBUTION

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



## 2.308 FORM, FUNCTION, AND UTILITY

If the Contract is for use of more than one State agency and if the good or service provided under this Contract do not meet the form, function, and utility required by a State agency, that agency may, subject to State purchasing policies, procure the good or service from another source.

## 2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the contractor hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.

## 2.310 PURCHASING FROM OTHER STATE AGENCIES – “Deleted – Not Applicable”

## 2.311 TRANSITION ASSISTANCE – “Deleted – Not Applicable”

## 2.312 RESERVED

## 2.313 RESERVED

## 2.314 WEBSITE INCORPORATION

State expressly states that it will not be 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 such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

## 2.315 LIABILITY INSURANCE

A. Insurance

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor’s performance of services under the terms of this Contract, whether such 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 pursuant to this Contract.

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

The insurance shall 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 shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. Companies that have been approved to do business in the State shall issue all policies of insurance required in this Contract.

See [www.michigan.gov/cis](http://www.michigan.gov/cis)



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

Before both parties sign the Contract or before the purchase order is issued by the State, the Contractor must furnish to the Director of Purchasing Operations, certificate(s) of insurance verifying insurance coverage (“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) shall contain a provision indicating that coverage afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (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 and be mailed to: Director, Purchasing Operations, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State’s sole option, result in this Contract’s termination.

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
\$500,000	Fire Damage Limit (any one fire)

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 in accordance with applicable laws governing the employees and employers work activities in the state of the Contractor’s domicile. If a self-insurer provides the applicable coverage, 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 shall 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 shall 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 such office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to the replacement value thereof, where such office space and its contents are under the care, custody and control of Contractor. Such policy shall 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 shall be endorsed on the policy as a loss payee as its interests appear.

B. Subcontractors

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall 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) shall 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.

C. Certificates of Insurance and Other Requirements

Contractor shall furnish to the Office of Purchasing Operations certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds, but only to the extent of liabilities assumed by Contractor as set forth in Indemnification Section of this Contract, 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.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above



are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If 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, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

#### 2.316 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 shall mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) that is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State shall mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State pursuant to applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State pursuant to its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. In the case of information of either Contractor or the State "Confidential Information" shall exclude any information (including this Contract) that is publicly available pursuant to the Michigan FOIA.

##### Protection of Confidential Information

The State and Contractor will each use at least the same degree of care to prevent its closing 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 this 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 thereto in order 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) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such 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 such Confidential Information from unauthorized use or disclosure.

##### News releases

News releases (including promotional literature and commercial advertisements) pertaining to the ITB and Contract or project to which it relates shall 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 the ITB and Contract are to be released without prior written approval of the State and then only to persons designated.

**Exclusions**

Notwithstanding the foregoing, the provisions of this Section 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 such 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 this Section will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose such 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 such disclosure as reasonably requested by the furnishing party.

**No Implied Rights**

Nothing contained in this Section shall 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.

**Remedies**

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).

**Survival**

The parties' respective obligations under this Section shall survive the termination or expiration of this Contract for any reason.

**Destruction of Confidential Information**

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

## 2.317 WORKPLACE DISCRIMINATION

The Contractor represents and warrants that in performing services for the State pursuant to this Contract, the Contractor agrees not to discriminate against any employee or applicant for employment, with respect to their 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 handicap or disability. The Contractor further agrees that every subcontract entered into for the performance of any Contract or purchase order resulting here from will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2201, et seq., and the Persons With Disabilities Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, et seq., and any breach thereof may be regarded as a material breach of the Contract or purchase order.

Contractor hereby represents that in performing this contract it will not violate The Civil Rights Act of 1964, USCS Chapter 42, including, but not limited to, Title VII, 42 USCS §§ 2000e et seq.; the Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.; or The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.; the Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626 et seq.; the Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.; or the Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.



2.4 Contract Review and Evaluation  
2.401 CONTRACT COMPLIANCE INSPECTOR

Upon receipt at Purchasing Operations of the properly executed Contract Agreement(s), the person named below will be allowed to oversee the Contract performance on a day-to-day basis during the term of the Contract. However, overseeing the Contract implies no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Purchasing Operations. The Contract Compliance Inspector for this project is:

Steven Cheal  
Department of Management and Budget  
Mail and Service Division  
7461 Crouner Drive  
Lansing, MI 48913  
Phone: (517) 322-6956  
Email: [cheals@michigan.gov](mailto:cheals@michigan.gov)

2.402 PERFORMANCE REVIEWS

Purchasing Operations in conjunction with the *Mail Services* may review with the Contractor their performance under the Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Contractor's past performance with the State. Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.

Upon a finding of poor performance, which has been documented by Purchasing Operations, the Contractor shall be given an opportunity to respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by Purchasing Operations, the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS

The Contractor agrees that the State may, upon 24-hour notice, perform an audit at Contractor's location(s) to determine if the Contractor is complying with the requirements of the Contract. The Contractor agrees to cooperate with the State during the audit and produce all records and documentation that verifies compliance with the Contract requirements.

2.5 Quality and Warranties

2.501 PROHIBITED PRODUCTS

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Purchasing Operations has approved a change.

2.502 QUALITY ASSURANCE – “Deleted – Not Applicable”

2.503 INSPECTION

All goods are subject to inspection and testing. In the event goods are defective in material or workmanship, or otherwise fail to meet the requirements of the Contract, the State shall have the right to reject the goods or retain the goods and correct the defects. The Contractor shall pay the



State for expenses incurred in correcting defects. Rejected goods will be held for 45 days after delivery. The Contractor must arrange for the return of said goods, including paying for handling, packing, and transportation costs. The State has the authority to dispose of the goods without further liability to the State in the event the Contractor fails to make arrangements within the specified time period.

#### 2.504 GENERAL WARRANTIES

***Warranty of Merchantability*** – Goods provided by vendor under this agreement shall be merchantable. All goods provided under this contract shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the vendor or on the container or label.

***Warranty of fitness for a particular purpose*** – When vendor has reason to know or knows any particular purpose for which the goods are required, and the State is relying on the vendor's skill or judgment to select or furnish suitable goods, there is a warranty that the goods are fit for such purpose.

***In lieu of the foregoing warranties of merchantability and fitness for a particular purpose, BBH provides as follows:***

**LIMITED WARRANTY. (A) Software:** BB+H warrants that the Software will operate in substantial conformity with its documentation for a period of 90 days from the date of installation. BB+H's sole obligation for a breach of this warranty shall be to modify or, at its option, replace the Software to eliminate the non-conformity. BB+H does not warrant that the Software will operate uninterrupted or error-free. Computing hardware provided with the Software shall have the warranty provided by the original equipment manufacturer. **(B) New Sorting Products:** BB+H warrants to Customer that newly manufactured inserting or sorting based Products will be free from defects in material and workmanship for a period of 90 days beginning on installation. BB+H will provide labor and parts to repair or replace any defects in the Product at no charge to the Customer Monday through Friday, 8:30 am to 5:00 pm local time, excluding BB+H holidays. **(C) EXCLUSIONS:** The parties agree that during the warranty period: (a) warranty service will include necessary adjustments and repairs, including the replacement of unserviceable parts (but excluding expendable parts) at no charge. Parts replaced during the warranty period will become the property of BB+H; and, (b) the warranty period assumes one shift of operation (40 hours per week). Multiple shifts of usage will result in a prorated reduction in the warranty period. All warranties made in this section apply to the original Customer only. This warranty excludes any malfunction or defect in the Product caused or contributed by normal wear and tear, misuse, abuse, lack of maintenance, modifications to the Product not approved in writing by BB+H. **THE FOREGOING WARRANTIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED, OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NOTWITHSTANDING THE FOREGOING STATED WARRANTY PERIODS, USED OR REFURBISHED EQUIPMENT IS PROVIDED "ASIS" WITHOUT ANY WARRANTIES, EXPRESS, IMPLIED OR OTHERWISE.**

***Warranty of title*** – Vendor shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by vendor shall be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by vendor, under this agreement, shall be delivered free of any rightful claim of any third person by or infringement or the like.

#### 2.505 CONTRACTOR WARRANTIES

The Contract will contain customary representations and warranties by the Contractor, including, without limitation, the following:

1. The Contractor will perform all services in accordance with high professional standards in the industry;



2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;
3. The Contractor will use its best efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;
4. The Contractor will use its best efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
5. The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;
6. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
7. The Contractor has duly authorized the execution, delivery and performance of the Contract;
8. The Contractor is capable in all respects of fulfilling and shall fulfill all of its obligations under this contract.
9. The contract appendices, attachments, and exhibits identify all equipment and software services necessary for the deliverable(s) to perform and operate in compliance with the contract's requirements.
10. The Contractor is the lawful owner or licensee of any Deliverable licensed or sold to the state by Contractor or developed by Contractor under this contract, and Contractor has all of the rights necessary to convey to the state the ownership rights or license use, as applicable, of any and all Deliverables.
11. If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items as set forth in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
12. The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter this contract, on behalf of Contractor.
13. The Contractor is qualified and registered to transact business in all locations where required.
14. Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall 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 shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
15. All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the ITB 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 such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor. All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, it true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.



## 2.506 STAFF

The State reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State.

The Contractor shall not remove or reassign, without the State's prior written approval any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the State may be considered by the State to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment.

## 2.507 RESERVED

## 2.508 EQUIPMENT WARRANTY

To the extent Contractor is responsible under this Contract for maintaining equipment/system(s), Contractor represents and warrants that it will maintain such equipment/system(s) in good operating condition and will undertake all repairs and preventive maintenance in accordance with the applicable manufacturer's recommendations for the period specified in this Contract.

The Contractor represents and warrants that the equipment/system(s) shall be in good operating condition and shall operate and perform to the requirements and other standards of performance contained in this Contract, when installed, at the time of Final Acceptance by the State, and for a period of 90 days commencing upon the first day following Final Acceptance.

Within one business days of notification from the State, the Contractor shall adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor shall assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

The Contractor shall provide a toll-free telephone number to allow the State to report equipment failures and problems to be remedied by the Contractor.

The Contractor agrees that all warranty service it provides under this Contract shall be performed by original equipment manufacturer (OEM) trained, certified and authorized technicians.

The Contractor shall act as the sole point of contact for warranty service. The Contractor warrants that it shall pass through to the State any and all warranties obtained or available from the original equipment manufacturer, including any replacement, upgraded, or additional equipment warranties.

All warranty work shall be performed on the State of Michigan worksite(s).

## 2.509 RESERVED

## 2.6 Breach of Contract

## 2.601 BREACH DEFINED

Failure to comply with articles, sections, or subsections of this agreement, or making any false statement in this agreement will be considered a material breach of this agreement giving the state authority to invoke any and all remedies available to it under this agreement.

In addition to any remedies available in law and by the terms of this contract, if the Contractor breaches Sections 2.508, 2.509, or 2.510, such a breach may be considered as a default in the performance of a material obligation of this contract.



## 2.602 NOTICE AND THE RIGHT TO CURE

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. This section

requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature 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.

## 2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); 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 such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such 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. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.
2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive 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 from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. 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 as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the 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.

## 2.7 Remedies

## 2.701 CANCELLATION

The State may cancel this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents, and employees for any of the following reasons:

1. **Material Breach by the Contractor.** In the event that the Contractor breaches any of its material duties or obligations under the Contract, which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State



may, having provided written notice of cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all costs incurred by the State in canceling the Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any additional costs the State may incur to procure the services required by this Contract from other sources. All excess re-procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.

In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.

2. **Cancellation For Convenience By the State.** The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.
3. **Non-Appropriation.** In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The 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 project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.
4. **Criminal Conviction.** In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.
5. **Approvals Rescinded.** The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. 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 such written notice.



## 2.702 RIGHTS UPON CANCELLATION

Termination Assistance. If this Contract (or any Statement of Work issued under it) is terminated for any reason prior to completion, Contractor agrees to provide for up to six (6) months after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of this Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. Such termination assistance shall be at no additional charge to the State if the termination is for Contractor's Default pursuant to Section 2.602; otherwise the State shall compensate Contractor for such termination assistance on a time and materials basis in accordance with the Amendment Labor Rates identified within this Contract agreement.

2.703 LIQUIDATED DAMAGES – “Deleted – Not Applicable”

## 2.704 STOP WORK

1. The State may, at any time, by written stop work order to the Contractor, require that the Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to the Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this section. Upon receipt of the stop work order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of 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 shall either:
  - a) Cancel the stop work order; or
  - b) Cancel the work covered by the stop work order as provided in the cancellation section of this Contract.
2. If a stop work order issued under this section is canceled or the period of the stop work order or any extension thereof expires, the Contractor shall resume work. The State shall make an equitable adjustment in the delivery schedule, the contract price, or both, and the Contract shall be modified, in writing, accordingly, if:
  - a) The stop work order results in an increase in the time required for, or in the Contractor's costs properly allocable to the performance of any part of this Contract; and
  - b) The Contractor asserts its right to an equitable adjustment within 30 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 proposal submitted at any time before final payment under this Contract.
3. If the stop work order is not canceled and the work covered by the stop work order is canceled for reasons other than material breach, the State shall allow reasonable costs resulting from the stop work order in arriving at the cancellation settlement.
4. If a stop work order is not canceled and the work covered by the stop work order is canceled for material breach, the State shall not allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop work order.

An appropriate equitable adjustment may be made in any related contract of the Contractor that provides for adjustment and is affected by any stop work order under this section. The State shall not be liable to the Contractor for loss of profits because of a stop work order issued under this section.



## 2.705 SUSPENSION OF WORK

The Contract Administrator may order the Contractor, in writing, to suspend, delay, or interrupt all or any part of the work of this contract for the period of time that the Contract Administrator determines appropriate for the convenience of the Government.

If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of the Contract Administrator in the administration of this contract, or (2) by the Contract Administrator's failure to act within the time specified in this contract (or within a reasonable time if not specified), an adjustment shall be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the contract modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Contractor, or for which an equitable adjustment is provided for or excluded under any other term or condition of this contract.

A claim under this clause shall not be allowed:

- (1) For any costs incurred more than 20 days before the Contractor shall have notified the Contract Administrator in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order); and
- (2) Unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under the contract.

## 2.8 Changes, Modifications, and Amendments

## 2.801 APPROVALS

The Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

## 2.802 TIME EXTENTIONS

Time extensions for contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of performance as described in the statement of work. The change order granting the time extension may provide that the contract completion date will be extended only for those specific elements related to the changed work and that the remaining contract completion dates for all other portions of the work will not be altered. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.



## 2.803 MODIFICATION

Purchasing Operations reserves the right to modify this contract at any time during the contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases. **IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.**

The State reserves the right to add an item(s) that is not described on the item listing and is available from the Contract vendor. **The item(s) may be included on the Contract, only if prior written approval has been granted by Purchasing Operations.**

## 2.804 AUDIT AND RECORDS UPON MODIFICATION

**DEFINITION: records includes books, documents, accounting procedures and practices, and other data, regardless of whether such items are in written form, electronic form, or in any other form**

Contractor shall be required to submit cost or pricing data with the pricing of any modification of this contract to the Contract Administrator in Purchasing Operations. Data may include accounting records, payroll records, employee time sheets, and other information the state deems necessary to perform a fair evaluation of the modification proposal. Contract Administrator or authorized representative of the state shall have the right to examine and audit all of the contractor's records, including computations and projections, related to:

1. The proposal for modification;
2. The discussions conducted on the proposal, including those related to negotiation;
3. Pricing of the modification; or
4. Performance of the modification.

Contractor shall make available at its office at all reasonable times the materials described in the paragraphs above.

If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

## 2.805 CHANGES

(a) The Contract Administrator may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the contract, including changes:

- (1) In the specifications (including drawings and designs);
- (2) In the method or manner of performance of the work;
- (3) In the Government-furnished facilities, equipment, materials, services, or site; or
- (4) Directing acceleration in the performance of the work.

(a) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contract Administrator that causes a change shall be treated as a change order under this clause; Provided, that the Contractor gives the Contract Administrator written notice stating:

- (1) The date, circumstances, and source of the order; and
- (2) That the Contractor regards the order as a change order.

(b) Except as provided in this clause, no order, statement, or conduct of the Contract Administrator shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment.



**ATTACHMENT A**

**SPECIFICATIONS**

**ALL REQUIREMENTS:**

The equipment must meet the requirements listed in the EQUIPMENT AND SERVICE REQUIREMENTS section and the ADDITIONAL REQUIREMENTS section.

EQUIPMENT AND SERVICE REQUIREMENTS:

<u>Basis Specifications</u>	<u>Contractor's Offering</u>
<p>1. Equipment must consist of one <b>Sorter</b>. Make &amp; Model Offered</p>	<p><i>The system being offered is One (1) Bowe Bell + Howell Flexisort ( Flats and Letter Sorter) The system includes a 5 year license for software pursuant to BBH's license agreement.</i></p>
<p>2. Sorter must have a minimum of 60 mail bins. State number of sort bins (ex: sorter has 60 bins).</p>	<p><i>BBH complies. The sorter is configured with 60 standard sort bins.</i></p>
<p>3. Equipment must fit in an area no larger than 15 feet in width by 80 feet in length. Contractor must provide a footprint drawing that indicates the dimension and location of the equipment's components such as: mail sorter, transporter, tray staging area(s), computers, printers and any other components that the contractor is offering. The contractor should also include a document that states the equipment's, power and air requirements (ex. air temperature, dryness, flow rate, pressure, and purity) and any modifications necessary to the State's facility to accommodate the equipment.</p>	<p><i>See attached footprint drawing of the Flexisort System (FlexiSort 60 Bins with Labeler). Power The FlexiSort will operate within the electrical power requirements as shown below: 120/208 WYE VAC (+6%, -10%), 3-phase, 4-wire plus ground, 60 Hz (+ 2 Hz) When the final configuration is: 10 through 20 bins -- Supply Current = 32 amps 30 through 40 bins -- Supply Current = 50 amps 50 through 60 bins -- Supply Current = 63 amps 70 through 80 bins -- Supply Current = 80 amps 90 through 100 bins -- Supply Current = 100 amps 110 through 120 bins- Supply Current = 125 amps</i></p> <p><i>Compressed Air FlexiSort requires instrument quality compressed air, filtered, dried and oil free, delivered @ 5 SCFM, 100 PSI. Compressed air capacity must support an additional 2.5 SCFM at 100 psi (dry and oil free) for each new inkjet printer.</i></p>
<p>4. Equipment must be able to perform outbound mail sortation including being able to apply an 11-digit barcode and an Intelligent Mail barcode (as defined by the USPS) to automated letter-size mail and flat-size mail per Domestic Mail Manual (DMM) regulations. (State the equipment's capability of sorting postcards. State whether or not the sorter can sort a mixture of letters and postcards without pausing operation. State the minimum / maximum dimensions and weights of letter-size mail and flat-size mail that can be sorted.)</p>	<p><i>BBH complies. The FlexiSort has an enhanced design that increases throughput and efficiency by utilizing a Vacuum assisted friction picker with standard-gap feeding. This allows for letter and postcards to be on the same system and you will follow the same procedure as sorting postcards on your existing letter sorter. The Flexisort is capable of running thin and thick pieces. (0.025" to 0.500" thickness).</i></p> <p><i>Minimum 5.0"L x 3.5" H x 0.009" T 0.007 oz wgt. Maximum 15.0" x 12.0" H x 0.500" T 16 oz. wgt.</i></p>
<p>5. Mail-sorting bins must be programmable for sorting purposes.</p>	<p><i>BBH complies. The bins are programmable to accommodate specific sort schemes as defined by the user.</i></p>



<u>Basis Specifications</u>	<u>Contractor's Offering</u>
<p>6. Mail-sorting schemes must be programmable to accommodate different schemes. Describe the ways mail sort schemes can be changed.</p>	<p><i>BBH complies. The sort scheme for first pass is automatically associated with the job that is selected. A mailstream can be selected in the run screen by either selecting from a list or by using an optional hand held scanner to read a preprinted barcode job ticket. To change a sort scheme, the operator can select the Import Scheme button then import scheme into Job. System automatically creates second pass scheme, provides a list of the available schemes, and prompts operator to select a scheme. WinSort includes a Windows based scheme editor that allows easy modification of ZIP assignments. All USPS tables are present to assist the user in assigning USPS sort to scheme, and other rate categories.</i></p>
<p>7. The equipment must have the ability to process combined mailings that include different postage payment methods (ex: metered mail and permit mail) per DMM regulations.</p>	<p><i>BBH complies. The system can support metered and permit methods of postage payment per DMM.</i></p>
<p>8. The equipment must have the capability to read and look-up the delivery address, spray and read the appropriate delivery point barcode and sort mail at a minimum cycling speed of 35,000 #10 envelopes per hour, and 20,000 flat-size mail pieces per hour. (State the minimum cycling speeds for #10 envelopes and flat-size mail. State the length of the mail feeder.)</p>	<p><i>The rated cycling speed of the FlexiSort is 5" postcards (32,000/hr.), # 10 envelopes (25,000/hr.) and 15" flats (15,000/hr.).</i></p> <p><i>The length of the feeder is 66".</i></p>
<p>9. The equipment must possess the ability to track each mail-piece from the OCR or barcode reader to the sort bin. Describe the equipment's process for accomplishing this.</p>	<p><i>BBH complies. BÖWE BELL + HOWELL's WinSort software and tracking system use a patented system to track mailpieces throughout the transport. Our sorters use photo cells and fixed belt speeds to determine when a mailpiece will arrive at and depart any given photo cell. If the system detects a mailpiece in the wrong place or in the right place at the wrong time, the mail piece is "flushed" into a mechanical reject bin at the end of the sorter. This patented system results in a dramatically lower rate of mis-sorted mailpieces than any other system.</i></p>
<p>10. The equipment's mail feeder must be able to minimize and/or eliminate the pulling/picking of multiple mail-pieces Describe this process.</p>	<p><i>BBH complies. The Flexisort incorporates a Vacuum assisted friction style picker/feeder The FlexiSort has an enhanced design that increases throughput and efficiency by utilizing a Vacuum assisted friction picker with standard-gap feeding. This allows for letter and postcards to be run at the same time without the need to segregate the two types of mail. The Flexisort is capable of running thin and thick pieces. (0.009" to 0.500" thickness).</i></p>



<u>Basis Specifications</u>	<u>Contractors Offering</u>
<p>11. The equipment must be compatible with FASTforward including:</p> <ul style="list-style-type: none"> <li>a. the ability to interface with outbound software for automatic FASTforward mode selection.</li> <li>b. The ability for the operator activate / deactivate the FASTforward system between mail streams.</li> </ul>	<p><i>BBH complies.</i></p> <ul style="list-style-type: none"> <li><i>a. You can selectively program job files to operate in the FASTForward mode. When a job is selected the system will perform or not perform FASTForward as indicated by the pre-programmed instructions.</i></li> <li><i>b. The operator can activate or deactivate FASTForward at anytime between mailstreams.</i></li> </ul>
<p>12. The equipment must be equipped with a POSTNET® barcode ink jet printer that can spray an 11-digit Delivery Point Barcode and an Intelligent barcode (as defined by the USPS) for all mail pieces successfully matched and verified from the ZIP+4 National Directory per DMM regulations.</p>	<p><i>BBH complies. The Flexisort is an MLOCR configured with a Videojet 37 PC IJP system that will spray Postnet and Intelligent Mail Barcodes (IMB). The system is certified by the USPS under Cass/Mass rules.</i></p>
<p>13. The installed equipment must be DPV/CASS/MASS certified, meeting all USPS sorting and reporting requirements. This includes being able to provide the appropriate audit trails for the USPS and generate and print the current required USPS documentation as specified in the DMM. <i>Note that the contractor is responsible for the cost (if any) of the initial DPV/CASS certification testing, including the postage associated with returning the ‘test decks’ to the USPS.</i></p>	<p><i>BBH complies. The Flexisort is fully DPV/Cass/Mass certified and supports all required documentation and reporting as specified by the DMM and the USPS.</i></p>
<p>14. The equipment’s operating platform must be a Windows open data base system.</p>	<p><i>BBH complies. BBH offers Criterion based software with a Windows Operating System that has an open database.</i></p>
<p>15. The equipment must have the ability to import and export file types including comma delimited and tab delimited. Describe the import / export capabilities.</p>	<p><i>BBH complies. You can import raw ZIP or mailstream data in comma separated format. The system can automatically export customer qualified data counts in a comma separated format. All reports are easily exportable in all common file types included comma and tab delimited, excel, etc.</i></p>
<p>16. The equipment must provide the functionality to allow an operator to download sort data including mail stream billing data onto compact disk or to a networked personal computer into a format, which can be imported into the suite of Microsoft Office products for a PC. <i>Note: A mail stream is defined as a unique identifier for mail processed for individual clients.</i></p>	<p><i>BBH complies. All reports, including client billing reports are exportable via your existing network or removable media.</i></p>



<u>Basis Specifications</u>	<u>Contractors Offering</u>
17. The operator must be able to select a mail stream from a drop down menu, including keying the first character of the mail stream so that the program goes to the first mail stream of the character entered.	<i>BBH complies. This is an enhanced keying feature that is resident in WinSort.</i>
18. The equipment’s reporting software must be able to produce management reports that measure the equipment’s performance.	<i>BBH complies. Productivity reports record and report run time statistics by operator, sorter and customer stream.</i>
19. The equipment must have a laser printer that is capable of printing necessary USPS documentation, as required by the DMM and any other reports generated by the sorter’s report software.	<i>BBH complies. The system will include a laser printer.</i>
20. The operator must be able to select and print only certain pages of reports rather than having to print an entire report.	<i>BBH complies. Specific sections of a report are selectable.</i>
21. The mail bin sections must have emergency shut-off buttons located every four feet so that the operators are able to reach one while operating the machine.	<i>BBH complies. This ensures that the machine can be stopped manually quickly and easily.</i>
22. The equipment must include tray label printers that interface with the sorter software so that individual labels or a range of labels can be printed while the sorter is operating and so that one or multiples of labels can be selected /specified and printed.	<i>BBH complies. The label printer will perform print on demand functionality.</i>
23. Each printed tray label must meet the USPS tray label requirements per DMM regulations.	<i>BBH complies. The labels comply to USPS regulations per DMM.</i>
24. The equipment must have two printers capable of printing labels (one to print tray tag labels and one to print container labels) so that the labels meet DMM regulations.	<i>BBH complies. The system will come with two printers to comply with both tray and container requirements.</i>
25. The equipment must include tray label holders that are installed adjacent to or over the bins, or adjacent to or over the corresponding trays that are on the tray transporter. Specify the location of holders, how the holders will be attached to the equipment, the approximate holder dimensions, the material the holders are made from and the number of labels a holder can contain.	<i>BBH complies. The holder will be located on the post. The holder will not exceed 4” wide x 2” deep and will hold in excess of 15 labels.</i>



<u>Basis Specifications</u>	<u>Contractors Offering</u>
<p>26. The mail sorter must have a mail-piece labeling device so that labels can be placed over bad bar codes or the clear area in the 'postnet' clear zone on the mail-pieces. This may be either an in-line labeler that simultaneously applies a label while the equipment is processing 'first-pass' mail or an off line labeler(s). Provide the type of and requirements for the labeler(s) you're proposing, including the number of mail pieces per hour the labeler can affix to: 1) #10 envelopes and 2) flat-size envelopes. Note: The State recognizes a financial value in having an in-line labeler that is able to apply labels as the mail is being processed through the sorter versus an off-line labeler(s) that applies labels. In order to take into consideration the productivity loss when using an off-line labeler(s) versus an in-line labeler, and based on the estimated number of mail pieces to be processed per day that the State estimates could require labels and thus qualify for postage discounts, the State will add \$93,750 to a contractors bid for bidding an off-line labeler versus an in-line labeler as described above (1 production hour per day (\$37.50 an hour), times 250 annual work days, times 10 year equipment life = \$93,750).</p>	<p><i>BBH complies. The labeler is an in-line labeler. The speed of the labeler is consistent with the speed of the sorter. There is no degradation of speed when the labeler is engaged.</i></p>
<p>27. The equipment must be of modular and upgradeable design so that optional hardware and software components and functionality can be added as needed.</p>	<p><i>BBH complies. System hardware upgrades are performed using modules. These modules are easily added to the existing system at the State of MI. facility. Software upgrades are performed on site as well through network connections or disk.</i></p>
<p>28. The equipment must be UL listed (or an equivalent recognizable listing) for operator safety. Contractor must submit accreditation certificates showing compliance.</p>	<p><i>BBH complies. The system is UL certified and certificate is attached .</i></p>
<p>29. The equipment must be equipped with an Uninterrupted Power Supply (UPS) system. Contractor must describe UPS system.</p>	<p><i>BBH complies. The system includes an uninterruptible power supply to power all computers and Ink Jets. The system provides power filtering for the PCs and Ink Jets and provides adequate time to allow all computers to be shut down in a controlled manner in the event of a power failure. At the time of the bid submission, BBH uses a Powerware 9120 UPS in its Flexisort sorters.</i></p>



<u>Basis Specifications</u>	<u>Contractors Offering</u>
<p>30. Reports mentioned in requirements in all sections of the ITB plus any additional reports included in the equipment's reporting software must be downloadable onto compact disk or to a networked personal computer, which can then be imported into the suite of Microsoft Office products.</p>	<p><i>BBH complies.</i></p>
<p><b>READER:</b> The equipment you're offering must meet the requirement. Describe the way it meets the requirement. <b>Make &amp; Model Offered</b></p>	
<p>31. The Reader must have the ability to process automated letter-size mail and flat-size mail per DMM regulations.</p>	<p><i>BBH complies. The Sabre OCR has a 10" field of view. The reader will scan this area for an address and apply the barcode per DMM regulations. Flats regulations allow for the address to be anywhere on the mail piece. The DMM regulation covers up to a 12" X 15" piece. It is very unlikely that the address would fall outside of the 10" scan zone. If the address were applied at the very top or bottom of a 12" piece it could fall out of the scan zone.</i></p>
<p>32. The Reader must be capable of reading mixed upper and lower case proportional and serif fonts, and Para scrip for hand written addresses.</p>	<p><i>BBH complies. The Sabre Plus system reads hundreds of fonts and also incorporates Parascript for handwritten and machine print.</i></p>
<p>33. The Reader's read area must meet the current DMM regulations for automated letter-size mail and flat-size mail.</p>	<p><i>BBH complies.</i></p>
<p>34. The Reader must have the capability to adjust reflectance contrast within a specified area on the mail piece by "highlighting" specific X-Y coordinates. Contractor must describe adjustment parameters and process of adjustment.</p>	<p><i>BBH complies. The SABRE Reader has the ability to set an overall contrast setting and also to set a contrast setting for the address block. The address block can be locked to specific X-Y coordinates. This method provides maximum flexibility while maintaining maximum performance.</i></p>
<p>35. The Reader must have the capability to block out a specific area that's not to be read (i.e. KILL ZONE).</p>	<p><i>BBH complies. The Sabre can choose specific area's to target to read and also area's to ignore.</i></p>
<p>36. The Reader must be able to read alpha, numeric, and 11-digit barcodes and also read the "Intelligent Mail Barcode" as defined by USPS.</p>	<p><i>BBH complies. Sabre also has the ability to read other symbologies such as 2D, 2 of 5, code 128 and 3 of 9 barcodes.</i></p>



<u>Basis Specifications</u>	<u>Contractors Offering</u>
<p>37. The Reader must be able to validate the zip assignment on the mail-piece so that the mail-piece is placed in the appropriate mail bin thus ensuring that the state’s daily mailing passes the tests performed by USPS’ mail acceptance Mail Evaluation Readability Lookup Instrument (MERLIN) equipment.</p>	<p><i>BBH complies. Every mailpiece that receives a sprayed POSTNET or IMB barcode gets its POSTNET or IMB barcode verified by a barcode verifier. The piece will be sorted only if the barcode is readable and matches the data the system determines was supposed to be sprayed on that particular mailpiece. The most common causes for failure of MERLIN are poor barcode quality and the placement of improper mail in a tray. The system will come with a barcode verifier with analysis software ( SBV-A). The SBV-A will monitor barcode quality and will greatly reduce the risk of a MERLIN failure associated with barcode quality.</i></p>
<p>38. The equipment must possess software-based address recognition equipment that allows it to read a U.S. address and convert it into the appropriate delivery point POSTNET® bar code and “Intelligent Mail Barcode” as defined by USPS.</p>	<p><i>BBH complies. The Sabre Plus will read an address and compare it to the USPS Zip + 4 data directory and spray the 11-digit postnet or IMB barcode if the match is found.</i></p>
<p>39. The software-based architecture must be modular, to accommodate software enhancements and upgrades.</p>	<p><i>BBH complies. BBH uses a software architecture that allows us to easily update our software and add features. Throughout its history, WinSort has seen periodic improvements that include new efficiency improving features.</i></p>
<p>40. Contractor to describe the reader’s recognition processes. Of interest are: illumination and digital photograph technologies; character recognition and CASS database look-up processes.</p>	<p><i>BBH complies. BBH current Sabre 10” utilizes a 200 DPI time delay integration ( TDI) camera with LED illumination. The camera reads Omni-Directional and can read in any or all of the 4-axis ( 0, 90, 180 or 270 degrees).</i></p> <p><i>The LED illumination provides a diffused light source with significantly less reflection and “blooming” problems then caused by older halogen light sources. The images are captured by the camera and sent to a frame grabber. The frame grabber then converts the image to a format usable by the computer(s) and software. SABRE uses multiple OCR engines that are tightly integrated to reap the maximum benefit from the strengths of each engine. For example, one engine might be able to read the font, but may have trouble finding the address block. By tightly integrating the engines, the engine that can find the address block, but not read the characters, would pass the address block information to the other engine. By working together, SABRE creates a reader that is the sum of all its strengths, rather than just as strong as it’s best engine. SABRE uses both mask based and feature base recognition engines. A mask based OCR engine actually applies a character template to each character and determines if the character it is reading matches the mask or not. A feature base OCR engine actually looks at lines, curves, and angles to determine if a character being read has the features of a specific character. SABRE’s OCR</i></p>



	<p><i>module has multiple steps. The first step is locating the address block. Once the address block is located, the OCR then breaks the address block into lines. Each of the lines is broken into words, and each word is broken into individual characters. The characters are then compared to masks and feature definitions and the system determines what the most likely results are for each character. In those cases where the character cannot be clearly determined, the system performs "subclassing" to determine which characters it might be (for example, the letter O and number 0 look similar, so the OCR may say the character is either an O or a 0). All the characters are then assembled back into words, and the words are looked up against SABRE's lexicon database. The lexicon database provides a list of all the valid words that should be considered.</i></p> <p><i>The OCR data is then looked up against the USPS database, and the system looks for the proper 11-Digit zip code data match. It uses a combination of OCR and valid city/state/address combinations to perform this look up. Using the example above, if the street address is either 100 O'Reilly Street or 1000 Reilly Street, the directory lookup will check to see if one or the other is invalid with the city state it read. If one is invalid, and the other isn't, it knows to use the valid address. The directory lookup result is then provided to WinSort and the appropriate ZIP code is sprayed on the mailpiece.</i></p>
<p>Miscellaneous</p>	
<p>41. The equipment must be new and completely fit and prepared at the factory for delivery prior to the delivery date. <i>Note: Prototypes, Demonstration Models, or Machines Used in Trade Shows are NOT ACCEPTABLE.</i></p>	<p><i>BBH complies. The system is a new unit.</i></p>
<p>42. Has an ergonomic study been performed for the equipment being offered? If YES, please provide a copy of the study. If NO, provide any other information about the ergonomics of the equipment being offered.</p>	<p><i>No.</i></p>

**OPTIONAL EQUIPMENT FEATURES:**

The following items are requests for information and pricing about optional equipment features that will enhance the operation of the equipment and/or generate additional postage and/or labor savings.

	<p><b>Comments including Pricing</b></p>
<p>1. Can the equipment sort post cards and parcels (such as metal license plates) in the same manner as required in Requirement #4? State the minimum / maximum dimensions and weights of post cards and parcels that can be sorted.).</p>	<p><i>BBH complies. BBH can sort License plates with the FlexiSorter. The flexisort system has a straight path machine layout allowing the ability to feed, process, and sort rigid pieces. BBH can sort all letter mails sizes.</i></p> <p><i>The size specs are: Maximum – 12" H x 15" L - .500" thick – 16.00 oz.</i></p>



	<p><i>Minimum – 3.5” H x 5” L - .009” thick - .07 oz.</i></p> <p><i>There is no additional cost.</i></p> <p><i>Although the system has the capability to physically handle a portion of the parcel processing category, the system does not currently sort parcels. Handling a larger portion of the parcel processing range to take advantage of parcel sorting would significantly impact the system’s ability to handle letter and flat mail at the specified performance.</i></p>
<p><b>2. Can the equipment read and look-up the delivery address, spray and read the appropriate delivery point barcode and sort post cards and parcels? (State the minimum cycling speeds for post cards and parcels.)</b></p>	<p><i>BBH complies. The rated cycling speed of the Flexisort is 5” postcards (32,000/hr.), 9 ½ “ envelopes (25,000/hr.) and 15” flats (15,000/hr.) – There is no additional cost.</i></p> <p><i>Although the system has the capability to physically handle a portion of the parcel processing category, the system does not currently sort parcels. Handling a larger portion of the parcel processing range to take advantage of parcel sorting would significantly impact the system’s ability to handle letter and flat mail at the specified performance.</i></p>
<p><b>3. Can the Reader process automated post cards and parcels per DMM regulations?</b></p>	<p><i>BBH complies. If it can be put on the machine, it will be read. – There are no additional costs.</i></p>
<p><b>4. Does the Reader’s read area meet the current DMM regulations for automated post cards and parcels?</b></p>	<p><i>BBH complies. There is no additional cost.</i></p>
<p><b>5. Can the equipment identify different mail streams by some means other than operator intervention (ex: a bar coded separator card is placed at the front of mail and is read by the equipment as the mail is run)? If Yes, please describe.</b></p>	<p><i>BBH complies. The Flexisort will include a Scan-All system. This system consists of handheld barcode readers that allow a mailstream to be scanned via a barcode instead of the operator keying in a job/mailstream via the keyboard. You can also utilize a 2D bar code on mail pieces.</i></p>



	Comments including Pricing
6. Does each bin section have its own tray label printer and is each bin networked to the tray label printer that's in that bin section so that the tray label printer can print the tray labels for the bins in that section?	<i>BBH complies. With the optional tray tag and display option. The bin displays can be added for \$150 per bin. You can add as many as two printers per section, this is selectable by the customer and each printer is \$1,500.</i>
7. Does the equipment include tray transporters that transport the mail from the mail bins to a staging area at the end of the mail bin sections?	<i>No.</i>
8. Does the equipment have the ability to weigh and mark on the individual mail pieces (letter size mail, flats, parcels) the weight of the mail piece while it's being sorted by the equipment and thus eliminating the need to meter mail before presorting it?	<i>BBH complies. A Weighing and marking feature is available for the FlexiSort. The system will weight up to a 16 oz. piece. This information is applied by the Postnet IJP to the left of the barcode. The endorsement is P1, P2 for corresponding permit oz categories. The cost to put Weighing on FlexiSort is \$82,000 if purchased on the original order. The rate cycling speed when operating with the scale is 17,000/hr for letters and 15,000/hr for flats.</i>
9. Does the equipment possess a printer that will print a permit indicia on the mail piece while it's being sorted by the equipment?	<i>BBH complies. A permit indicia printer is available with the that can print the permit while running at sorter speed. The cost for the BoweJet indicia printer is \$35,000 if purchased on the original order.</i>
10. Currently, the State operates two Bowe Bell & Howell (BBH) 192-bin Criterion sorters that use BBH WinSort software. Currently the State sends one "Combined mailing" per day to the USPS. When using the sorter being bid as a letter sorter, the State still wants to be able to combine the sort data from the sorter you're offering with the sort data from the BBH sorters. Assuming that the data from the BBH sorters can be exported in a format that can be read by Microsoft software products, explain how the data from the sorter you're offering could be combined with the BBH data along with any costs that would be associated with accomplishing this. Note that your solution must meet all DMM regulations.	<i>BBH complies. The Flexisort will network directly into the existing BBH network. This will allow data to be shared between all the sorting systems via the server. The Flexisort operates the same WinSort software that is currently in use on the Letter sorters. All of the DMB personnel are already trained on the software. This does not cost anything to incorporate. The network is already in place and the node to connect the Flexisort is included in the price of the bid.</i>



**ATTACHMENT B  
PRICING**

<b>Item No.</b>	<b>Description</b>	<b>Unit Cost</b>
1.	Combination Letters/Flat Mail Sorting Machine Bowe Bell & Howell Flexisort	\$ 496,614.00
2.	Weighing & Marking Device	\$ 82,000.00
3.	Optional Bowejet Printer	\$ 35,000.00
4.	IJP 37-PC Printer	\$ 16,100.00
5.	Five-Year Technology Use	\$ 50,000.00
6.	Full Service Maintenance as defined in 6a of 1.104	
	Year 1: \$59,953.00	
	Year 2: \$61,752.00	
	Year 3: \$63,604.00	
	Year 4: \$65,512.00	
	Year 5: \$67,477.00	
	5-Year Total Maintenance Costs	\$ 318,298.00
7.	Software Costs	
	Year 1: \$18,143.00	
	Year 2: \$18,143.00	
	Year 3: \$18,143.00	
	Year 4: \$18,143.00	
	Year 5: \$18,143.00	
	5-Year Total Software Costs	\$ 90,715.00
8.	Click Charge (\$0.015 each) 5-Year Estimate	\$ 10,000.00

**SHIP-TO LOCATION:** Department of Management and Budget  
Mail and Service Division  
7461 Crouner Drive  
Lansing, MI 48913