

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

November 12, 2008

CHANGE NOTICE NO. 4
TO
CONTRACT NO. 071B4200337
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Rotary Multiforms, Inc. 2104 East Eleven Mile Rd., Suite 400 Warren, MI 48091-1087 Email:bcondon@rmi-printing.com	TELEPHONE: Bill Condon (800) 229-7574 Fax: (616) 447-7550
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7374 Joan Bosheff
Contract Compliance Inspector: Darron Birchmeier Production of Tax Coupon Books - Treasury	
CONTRACT PERIOD: From: August 15, 2004 To: February 28, 2010	
TERMS 2% - 10 Days	SHIPMENT As Required
F.O.B. Delivered	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE (S):

This Contract is hereby **EXTENDED** one (1) year. The new Contract ending date is **February 28, 2010** and **INCREASED \$378,000.00**. In addition, there is a change in production format to the **SUW Coupon Book**, per the attached.

All other terms and conditions remain the same.

AUTHORITY/REASON:

Per DMB Purchasing Operations and State Administrative Board approval of
November 5, 2008

INCREASE: \$378,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$1,675,994.00

Appendix A - 36 month production pricing

071B4200337 Extension Pricing (3/1/09 - 2/28/2010)
Annual Coupon Books

Item	Estimated Quantity	Unit Price (\$/m)	(A) Mfg Price (Qty x Unit Price)	Tonnage (lbs)	(B) Paper Price (cwt)	(A + B) Total Cost	Unit Price BELOW estimated quantity \$/m	Unit Price ABOVE estimated quantity \$/m
M1	40,000	797.25	31890.00	6600	58.58	31,890.00	797.25	797.25
M2	4,000	797.25	3189.00	660	58.50	3,189.00	797.25	797.25
M3	49,000	496.18	24312.82	4500	58.50	24,312.82	496.18	496.18
M4	33,000	496.18	16373.94	1620	58.50	16,373.94	496.18	496.18
Q1	25,000	295.48	7387.00	1100	58.50	7,387.00	295.48	295.48
Q2	42,000	295.48	12410.16	1850	58.50	12,410.16	295.48	295.48
A1	69,000	112.50	7762.50	1380	58.50	7,762.50	112.50	112.50
A2	78,000	112.50	8775.00	1560	58.50	8,775.00	112.50	112.50
Collating/ Inserting	340,000	82.40	28016.00			28,016.00	82.40	82.40
Insert Withhold. Guide	200,000	20.00	4000.00			4,000.00	20.00	20.00
Envelopes	340,000	46.28	15735.20	14,500	53.50	15,735.20	46.28	46.28
Overtime	\$ Per Hour	150.00						
TOTAL FOR ONE YEAR ANNUAL COUPON BOOKS						159,851.62		

Weekly Base Stock Manufacturing & Process

36 month production pricing

Item	Estimated Quantity	Unit Price (\$/m)	(A) Mfg Price (Qty x Unit Price)	Tonnage (lbs)	(B) Paper Price (cwt)	(A + B) Total Cost	Unit price BELOW estimated quantity \$/m	Unit price ABOVE estimated quantity \$/m
Front Cover								
Notice of Change	72,000	117.00	8,424.00	1500	58.50	8,424.00	117.00	117.00
Sales Tax License								
Returns	125,000	117.00	14,625.00	3000	58.50	14,625.00	117.00	117.00
Vouchers	30,000	117.00	3,510.00	750	58.50	3,510.00	117.00	117.00
Collating/Inserting	72000	680.00	48,960.00			48,960.00	680.00	680.00
Insert Withhold. Guide	20,000	20.00	400.00			400.00	20.00	20.00
Envelopes	72,000	46.28	3,332.16	3100	53.50	3,332.16	46.28	46.28
Overtime	\$ Per Hour	150.00						
TOTAL FOR ONE YEAR WEEKLY PROCESS						79,251.16		

MET Coupon Books

Estimated Quantity	Price Per Book *	Total Cost
375	\$500 min or \$ 9.60	TBD

* Price per book includes all printing, paper, inserting, binding, affixing and envelopes. Price also includes the warehousing of base materials.

Manifest Process – Weekly Process Only

Estimated Quantity	Price Per M **	Total Cost
72,000	150.00	10,800.00

** Price per thousand includes all data sorting and processing needed to make SUW Weekly process mail eligible for manifest discounts.

New Business Seminar Flyer

Estimated Quantity	Price Per M ***	Total Cost
7,000	217.14	1520.00 *

*** Price per thousand includes all printing, paper, folding, tabbing and personalization of New Business Seminar materials.

* Based on two drops to the USPS (\$475.00 for each add'l run/drop)

071B4200337 Change Request 4
August 7, 2008
One-Year Contract Extension Request

1. Please provide specifications for the proposed new SUW Coupon book construction. All other terms for annual and weekly coupon book production except sections II-B.1 a, II-B 1 b, and II-B 2 a will remain the same.

Response To Change

RMI would like to offer a change in the size and construction of the SUW tax coupon books in order to offer a savings to the State. Currently the books are 4" x 9" for "Q and M" filers and a sheet 8-1/2" x 11" for "A" filers. The proposed change we are offering will change the size of all to filer types to 8-1/2" x 11" finished packages.

The new construction removes the need for the removable label on the cover by incorporating the Annual Return populated with the taxpayer specific information as part of each book. The books will be created out of 11" x 17" sheets that are litho printed and perforated allowing the removal of individual coupons and components. These various pre-printed sheets will then be duplex imaged, folded, and stitched in-line to create the final booklet on the Xerox printer. This new equipment automates the stitching process and eliminates the offline stitching, cutting, and affixing required with the current book format. This option will also allow for the removal of pages from the Instruction booklet, at Treasury's discretion, offering additional savings from reduced page count (both printing and paper costs) and postage due to reduced per piece weight.

Book type and configuration

"A" filer packages:

The "A" filers will be a single sheet 11" x 17" folded to 8-1/2" x 11" and inserted into the envelope along with the corresponding instruction book and withholding guide (if required). The sheet will have the same components as the current option; outbound address, sales license (A1 only), and notice of change. These three original components will be on the first page of the 4-page package. On pages 3 and 4 will be the Annual Return for the specific tax year populated with tax payer specific data. This option leaves page 2 open for any information or message that Treasury would like to add (see mock-up sample supplied). These packages will be folded in-line on the Xerox printer and delivered as a finished 4 page 8-1/2" x 11" package.

"M" filer packages:

The "M" filers will either be a 4 or 7 sheet (11" x 17") configuration based on book type. "M1 and M2" filers are the 7 sheet (11" x 17") or 28 (8-1/2" x 11") page booklets where as the "M3 and M4" will be the 4 sheet (11" x 17") or 16

page (8-1/2" x 11") booklets. Like the "A" construction page 1 will be the outbound address, sales license (M1 and M4 only), and notice of change and last 2 pages of the booklet will be the Annual Return for the specific tax year populated with each tax payer's individual data. The "M3 and M4" will have monthly (SUW-160) return payment coupons on pages 3,5,7,9,11, and 13. The "M1 and M2" books will have the monthly returns (SUW-160) on pages 3,5,7,9,11, and 13 and monthly discount vouchers (SUW-161) on pages 15,17,19,21,23, and 25. This construction allows Treasury to add a message on page 2 to convey information or a message to taxpayers. The books will be gathered, folded, and stitched by the Xerox printer in-line prior to the books leaving the printer. These books are then taken and inserted into the outbound envelope with the corresponding instruction book and withholding guide if required. (see mock-up supplied)

"Q" filer packages:

The "Q" filers will be a 2 sheet (11" x 17") or 4 page (8-1/2" x 11") booklets for both filer types. Page 1 will be the outbound address, sales license (Q1 only), and notice of change and last 2 pages will have the Annual Return for the specific tax year populated with each tax payer's individual data. The books will have monthly (SUW-160) return payment coupons on pages 3 and 5. This construction allows Treasury the option to add a message on page 2 to convey a message or information to taxpayers. The books will be gathered, folded, and stitched in-line by the Xerox printer prior to the books leaving the printer. These books are then inserted into the outbound envelope with the corresponding instruction book and withholding guide if required. (see mock-up supplied)

Additional Information

Xerox equipment:

In order to produce the books in this new format and reduce the cost to the State we have to lease additional equipment. We are submitting prices (Appendix A) for both 24 and 36 month leases options of the in-line folder/stitcher. These prices reflect either a 24 or 36 months of production on this equipment which will include the balance of this year that we can be produce in this format and the extension time approved.

Time requirement:

We can have the equipment on-site within 2 weeks and require an additional 2 to 3 weeks to complete programming and testing.

2. Treasury's New Business Seminar invitations have been printed on a 4 1/4" x 6" postcard in the past. A 5.5" x 8.5" self-mailing postcard is requested for future

years. Please provide production details for printing this postcard, with the customer's name/address printed on the outside of the postcard. Approximate print quantity = 7,000.

Response To Change

RMI understands that Treasury wants to change the over size to an 8-1/2" x 11" folded to 5-1/2" x 8-1/2" to meet standard size requirements of the postal DMM. These will be printed (litho) and then imaged (inkjet) with the names and addresses of filers that meet Treasury's requirements from the weekly transmissions.

The forms will be printed on mailable (7pt) Canary stock printed in black ink face and back. The forms will be perforated at 5-1/2" to create a return postcard and folded on the perforation and wafer sealed. The forms will then be inkjet addressed with the qualified filers' information and dropped at the Detroit USPS under Treasury's permit.

3. Complete Appendix A and submit with proposal.

Response To Change

See attached

SUW Coupon Book Contract Extension Price Comparison
8/15/2008

ANNUAL PROCESS

Item	CURRENT		PROPOSED - 24 MO. EXT.		PROPOSED - 12 MO. EXT	
	Quantity	Cost/M	Total Cost	Cost/M	Total Cost	Total Cost
A1	69,000	\$129.73	\$8,951.37	\$112.50	\$7,762.50	\$13,558.50
A2	78,000	\$112.04	\$8,739.12	\$112.50	\$8,775.00	\$15,327.00
M1	40,000	\$664.27	\$26,570.80	\$797.25	\$31,890.00	\$35,250.00
M2	4,000	\$645.73	\$2,582.92	\$797.25	\$3,189.00	\$3,525.00
M3	49,000	\$422.03	\$20,679.47	\$496.18	\$24,312.82	\$28,428.82
M4	33,000	\$440.57	\$14,538.81	\$496.18	\$16,373.94	\$19,145.94
Q1	25,000	\$291.45	\$7,286.25	\$295.48	\$7,387.00	\$9,487.00
Q2	42,000	\$272.90	\$11,461.80	\$295.48	\$12,410.16	\$15,938.16
Collating/Inserting	340,000	\$130.38	\$44,329.20	\$82.40	\$28,016.00	\$28,016.00
Envelopes	340,000	\$46.28	\$15,735.20	\$46.28	\$15,735.20	\$15,735.20
Insert WHG	200,000	\$24.00	\$4,800.00	\$20.00	\$4,000.00	\$4,000.00
TOTAL			\$165,674.94		\$159,851.62	\$188,411.62

WEEKLY BASE STOCK MANUFACTURING AND PROCESS

	CURRENT		PROPOSED 24 MO EXT		PROPOSED 12-MO. EXT	
	Quantity	Unit Price/M	Total Price	Weekly Unit Price/M	Weekly Total Cost	Weekly Total Cost
Front Cover	72,000	\$131.21	\$9,447			
Notice of Change	72,000	\$72.12	\$5,193			
Sales Tax License	57,000	\$72.14	\$4,112			
SUBTOTAL			\$18,752	\$117	\$8,424	\$8,424
Returns	500,000	\$72.12	\$36,060			
Vouchers	125,000	\$72.55	\$9,069			
Collating/Inserting	72,000	\$331.25	\$23,850			
Insert WHG	20,000	\$104.00	\$2,080			
Envelopes	72,000	\$46.28	\$3,332			
Back Cover	72,000	\$87.50	\$6,300			
TOTAL			\$99,443			

SUMMARY

	Current	24-Month Ext.	12-Month Ext.
Annual Process	\$165,674.94	\$159,851.62	\$188,411.62
Weekly Process (Weekly Mailir	\$99,442.65	\$79,251	\$93,723
GRAND TOTAL	\$265,117.59	\$239,102.78	\$282,134.78

Quantity	PROPOSED 24 MO EXT		PROPOSED 12-MO. EXT	
	Weekly Unit Price/M	Weekly Total Cost	Weekly Unit Price/M	Weekly Total Cost
72,000	\$117	\$8,424	\$117	\$8,424
		\$8,424		\$8,424
125,000	\$117	\$14,625	\$117	\$14,625
30,000	\$117	\$3,510	\$117	\$3,510
72,000	\$680	\$48,960	\$764	\$55,008
20,000	\$20	\$400	\$20	\$400
72,000	\$46.28	\$3,332.16	\$46.28	\$3,332
0	0	0	0	0
TOTALS		\$79,251	TOTALS	\$93,723

Instruction Book Print Savings

48-page book	\$85,720
32-page book	\$59,614
Print/Paper Savings	\$26,106

Postage Savings

Reduce to 32-page Inst. Bk	\$10,300
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Pages Reduction Total Savings	\$36,406
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	CURRENT	24-Month Ext.	12-Month Ext.
OVERALL COST	\$350,838	\$288,416.78	\$331,448.78
SAVINGS		\$62,421	\$19,389

Prepared By: Forms and Document Services

Filename: C:\DOCUME~1\HEUSIN~1\LOCALS~1\Temp\XPgrpwise\071B4200337 Change 4 Savings Comparison.xls\$Sheet1
Updated: 8/18/08 3:31 PM
Printed: 9/9/08 11:23 AM

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

October 29, 2007

CHANGE NOTICE NO. 3 (REVISED)
TO
CONTRACT NO. 071B4200337
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Rotary Multiforms, Inc. 2104 East Eleven Mile Rd., Suite 400 Warren, MI 48091-1087 Email:bcondon@rmi-printing.com	TELEPHONE: Bill Condon (800) 229-7574 Fax: (616) 447-7550
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7374 Joan Bosheff
Contract Compliance Inspector: Darron Birchmeier Production of Tax Coupon Books - Treasury	
CONTRACT PERIOD: From: August 15, 2004 To: February 28, 2009	
TERMS 2% - 10 Days	SHIPMENT As Required
F.O.B. Delivered	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

*****Revision to Net Increase**

NATURE OF CHANGE (S):

Effective immediately this Contract is EXTENDED until February 28, 2009.

In addition, printing of Form 412 Delinquent Sales, Use and Withholding Tax Notice is added to Contract, per the following:

Form 412
Bottom 1/3 of page has Form 160, prints in green/black ink, prints on 24# white OCT long grain bond paper, horizontal microperf 7" from top, wrap 250/package.
Ship to DMB Warehouse, Dimondale
Quantity: 60,000 per year.
Price: \$21.52/M

Also, new pricing for New Business Seminar mailing per the following:

4 1/4" X 6" postcard
75# White reply card
Prints black/black
Postage: First Class Postcard
Price based on quantity of 7,500 pieces & dropping 3 times at USPS
Price: \$1,056.00

In addition, effective March 1, 2008, new pricing for Annual Coupon Books,

weekly base Stock Manufacturing and Process, MET Coupon Books, Manifest Process – Weekly Process Only & New Business Seminar Flyer, per the attached.

All other terms and conditions remain the same.

AUTHORITY/REASON:

Per agency and vendor agreement.

NET INCREASE: \$225,994.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$1,297,994.00

071B4200337 Extension Pricing (3/1/08 – 2/28/09)

Annual Coupon Books

Item	Estimated Quantity	Unit Price (\$/m)	(A) Mfg Price (Qty x Unit Price)	Tonnage (lbs)	(B) Paper Price (cwt)	(A + B) Total Cost	Unit Price BELOW estimated quantity \$/m	Unit Price ABOVE estimated quantity \$/m
M1	40,000	599.60	23984.00	6175	41.90	26571.33	664.27	664.27
M2	4,000	578.58	2314.32	600	44.76	2582.90	645.73	645.73
M3	49,000	383.56	18794.44	4156	45.36	20679.72	422.03	422.03
M4	33,000	395.80	13061.40	3270	45.28	14542.06	440.57	440.57
Q1	25,000	268.18	6704.50	1250	46.55	7286.38	291.45	291.45
Q2	42,000	251.57	10565.94	1910	46.92	11461.80	272.90	272.90
A1	69,000	115.49	7968.81	2000	49.10	8951.37	129.73	129.73
A2	78,000	99.31	7746.18	2500	50.82	8739.12	112.04	112.04
Collating/ Inserting	340,000	130.38	44329.20			44329.20	130.38	130.38
Insert Withhold. Guide	200,000	24.00	4800.00			4800.00	24.00	24.00
Envelopes	340,000	28.01	9523.40	13217	47.00	15735.39	46.28	46.28
Overtime	\$ Per Hour	150.00						
TOTAL FOR ONE YEAR ANNUAL COUPON BOOKS						165679.27		

Weekly Base Stock Manufacturing & Process

Item	Estimated Quantity	Unit Price (\$/m)	(A) Mfg Price (Qty x Unit Price)	Tonnage (lbs)	(B) Paper Price (cwt)	(A + B) Total Cost	Unit price BELOW estimated quantity \$/m	Unit price ABOVE estimated quantity \$/m	
Front Cover	72,000	122.63	8929.36	1180	52.50	9448.12	131.21	131.21	
Notice of Change	72,000	67.50	4860.00	830	40.00	5292.00	72.12	72.12	
Sales Tax License	57,000	67.51	3847.98	660	40.00	4111.98	72.14	72.14	
Returns	500,000	67.02	33510.20	6912	40.00	36275.00	72.55	72.55	
Vouchers	125,000	67.02	8377.55	1728	40.00	9068.75	72.55	72.55	
Back Cover	72,000	79.71	5739.12	1070	52.50	6300.87	87.50	87.50	
Collating/ Inserting	72000	331.25	23850.00			23850.00	331.25	331.25	
Insert Withhold. Guide	20,000	114.00	2280.00			2280.00	114.00	114.00	
Envelopes	72,000	28.01	2016.72	2800	47.00	3332.72	46.29	46.29	
Overtime	\$ Per Hour	150.00							
TOTAL FOR ONE YEAR WEEKLY PROCESS						99959.44			

MET Coupon Books

Estimated Quantity	Price Per Book *	Total Cost
375	9.60	3600.00

* Price per book includes all printing, paper, inserting, binding, affixing and envelopes. Price also includes the warehousing of base materials.

Manifest Process – Weekly Process Only

Estimated Quantity	Price Per M **	Total Cost
72,000	260.00	18,720.00

** Price per thousand includes all data sorting and processing needed to make SUW Weekly process mail eligible for manifest discounts.

New Business Seminar Flyer

Estimated Quantity	Price Per M ***	Total Cost
8,000	340.00	2720.00

*** Price per thousand includes all printing, paper, folding, tabbing and personalization of New Business Seminar materials.

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

October 22, 2007

CHANGE NOTICE NO. 3
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between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Rotary Multiforms, Inc. 2104 East Eleven Mile Rd., Suite 400 Warren, MI 48091-1087 Email:bcondon@rmi-printing.com	TELEPHONE: Bill Condon (800) 229-7574 Fax: (616) 447-7550
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7374 Joan Bosheff
Contract Compliance Inspector: Darron Birchmeier Production of Tax Coupon Books - Treasury	
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F.O.B. Delivered	SHIPPED FROM N/A
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75# White reply card
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Postage: First Class Postcard
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All other terms and conditions remain the same.

AUTHORITY/REASON:

Per agency and vendor agreement.

NET INCREASE: \$255,994.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$1,297,994.00

071B4200337 Extension Pricing (3/1/08 – 2/28/09)

Annual Coupon Books

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M2	4,000	578.58	2314.32	600	44.76	2582.90	645.73	645.73
M3	49,000	383.56	18794.44	4156	45.36	20679.72	422.03	422.03
M4	33,000	395.80	13061.40	3270	45.28	14542.06	440.57	440.57
Q1	25,000	268.18	6704.50	1250	46.55	7286.38	291.45	291.45
Q2	42,000	251.57	10565.94	1910	46.92	11461.80	272.90	272.90
A1	69,000	115.49	7968.81	2000	49.10	8951.37	129.73	129.73
A2	78,000	99.31	7746.18	2500	50.82	8739.12	112.04	112.04
Collating/ Inserting	340,000	130.38	44329.20			44329.20	130.38	130.38
Insert Withhold. Guide	200,000	24.00	4800.00			4800.00	24.00	24.00
Envelopes	340,000	28.01	9523.40	13217	47.00	15735.39	46.28	46.28
Overtime	\$ Per Hour	150.00						
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Returns	500,000	67.02	33510.20	6912	40.00	36275.00	72.55	72.55	
Vouchers	125,000	67.02	8377.55	1728	40.00	9068.75	72.55	72.55	
Back Cover	72,000	79.71	5739.12	1070	52.50	6300.87	87.50	87.50	
Collating/ Inserting	72000	331.25	23850.00			23850.00	331.25	331.25	
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Estimated Quantity	Price Per M **	Total Cost
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** Price per thousand includes all data sorting and processing needed to make SUW Weekly process mail eligible for manifest discounts.

New Business Seminar Flyer

Estimated Quantity	Price Per M ***	Total Cost
8,000	340.00	2720.00

*** Price per thousand includes all printing, paper, folding, tabbing and personalization of New Business Seminar materials.

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

June 8, 2006

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B4200337
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Rotary Multiforms, Inc. 2501 Plainfield Avenue NE Grand Rapids, MI 49505 bcondon@rmi-printing.com	TELEPHONE: Bill Condon (800) 229-7574 Fax: (616) 447-7550
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7374 Joan Bosheff
Contract Compliance Inspector: Darron Birchmeier Production of Tax Coupon Books - Treasury	
CONTRACT PERIOD: From: August 15, 2004 To: February 29, 2008	
TERMS 2% - 10 Days	SHIPMENT As Required
F.O.B. Delivered	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE (S):

Effective immediately, addition of the following:

1. **Manifest Program - \$0.29/book**
\$1,500.00 One-time Programming cost
2. **Printing of New Business Seminar Mailer**
\$696.00/10,000 to create base form
\$375.00/10,000 manufacture reply card
\$475.00/run to image & tab
3. **Price change for MET coupon book**
\$6.39/book

All other terms, conditions and prices remain the same.

AUTHORITY/REASON:

Per agency and vendor agreement.

INCREASE: \$46,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$1,072,000.00

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

March 3, 2005

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

NAME & ADDRESS OF VENDOR Rotary Multiforms, Inc. 2501 Plainfield Avenue NE Grand Rapids, MI 49505 bcondon@rmi-printing.com	TELEPHONE: Bill Condon (800) 229-7574 Fax: (616) 447-7550
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TERMS 2% - 10 Days	SHIPMENT As Required
F.O.B. Delivered	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE (S):

Effective immediately, addition of MET coupon books, per the attached specifications, clarifications and prices.

All other terms, conditions and prices remain the same.

AUTHORITY/REASON:

Per agency and vendor agreement.

INCREASE: \$71,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$1,026,000.00

MET Coupon Books

A. Subcontractors

Wolverine Solutions Group
1601 Clay Street
Detroit, MI 48211
Ph (313) 873-6800
Fax (313) 873-8730

Contact: Robert Tokar (President)
Darryl English (Production Manager Digital Services)

Wolverine Solutions Group is a Corporation located in the State of MI. This firm will be performing the sorting, imaging, binding, inserting, and mailing of all packages. Wolverine was founded in 1978 as a full service mailer. They have continued to expand their services and capabilities to include laser printing, letter shop, database management, document storage and retrieval, and automated data capture.

Previously Subcontracted by RMI to perform State work for:

To image/insert and mail the C8002, MI-1040ES, image/seal and mail the 1099G, and image (duplex) and book the UD-10 Traffic Crash Reports

Stylecraft Printing
8472 Ronda Drive
Canton, MI 48187
(800) 482-1416 phone
(877) 455-9461 fax

Contact: Andrea Pesci-Jones (Vice-President)

Stylecraft Printing is a full service printing company that services the printing trade only and has no direct customers since 1967. The plant has 10 presses that can be used to produce the printed products from this contract. We will be using this plant to produce the printed components for this contract. The plant has full service composition and camera departments capable of working with disk, artwork, or negatives. The plant also has offline capabilities to perform operations such as shrink-wrapping, booking, die cutting, or folding (see their equipment list enclosed). The plant has the capability of running 7 days/week by having 2 different crews. Group A works 4 days 10 hours and

group B works 3 days 12 hours. This configuration allows for the fastest delivery times without any additional charges keeping costs low

Currently Subcontracted by RMI to perform State work for:

To produce Snap-out Forms, Treasury Books and Forms, Continuous Forms, Stock Tab, and SUW personalization base forms.

Tasks

Coupon Book construction

The books will be broken into two different manufacturing processes. The first is to manufacture the base components needed to build the books. The stock will all be manufactured to a finished size of 7-3/4" x 11" which will be used to print the books 3 or 4 up on the laser printer. The covers will be a 7pt matte stock printed in black ink. The stock we are selecting which is a 7pt and not an 8pt is do to the laser printer not running coated stocks over 7pt without problems. The next group of base forms produced will be the Change of Address, Instruction, and Payroll Deduction sheets which will have a full perforation 5/8" from the left for removal from the book. These will be produced on a 20# White OCR Bond and delivered to the same finished size of 7-3/4" x 11". The last group of forms to be produced will be the scan able coupon stock. This stock will be produced on 20# White OCR Bond with two perforations. The first perforation will be 5/8" from the left and the second 1-3/8" from the left. The area between the two perforations will have a re-moisten able adhesive on the back to create the Return Mailing Label. The coupon stock will not be printed all copy will be applied on the laser printer. The last component is an expansion window envelope that will be used to mail the books to all customers. The envelope will be a 3" x 8" expansion printed on a 32# white Kraft in black ink. The envelope will have a window approximately 4" x 1-1/2" to show mail to address.

The stock will then be delivered to the laser house for production and storage for future processing. The books will be produced on a Xerox laser printer utilizing 4 trays to create the books. Each tray will hold a different component needed to create the finished book. The cover stock will be in the first tray and the mail to address will be imaged cover stock and if necessary any required verbiage for multiple books. The second tray will contain the stock for the Change of Address, Instruction, and Payroll Deduction plies. The laser will print all the required information on each ply including all variable data. Tray 3 will contain the coupon stock. The laser printer will image all static and variable data needed to create a scan able coupon. The last tray will be a non-image tray and will hold the back cover that will be the 7pt matte stock. Once a complete book is imaged it is gathered and bound in-line with special binding tape. This tape uses a hot melt glue and tape to hold the books together. The books are then taken to the cutter where the multiple up stock is cut into the individual books. The operator will cut the books down to the

final 2-3/4" size in small lifts to minimize blade draw keeping the scan line in correct position. After the books are cut they are moved to the inserting area where each book will be inserted into the expansion envelopes trayed and sorted for delivery to the USPS.

Binding –

The binding will be completed on the laser printer as the book's plies are imaged. The pages will be gathered, the covers applied, and the Xerox printer applies a special tape binding. The printer heats the tape up which melts the binding glue for the pages and covers to be inserted into. The glue and the tape are then wrapped around the book to create the finished product. The printer can only create books up to a maximum of 125 pages, which is a payment book of ten-year contract. The books that exceed the maximum number of pages will be broken into two books and the covers will have printing indicating that there are two books in the lot.

This process is currently being done for DiamlerChrysler truck payment books. These books are for semi-trucks and most are kept in the glove boxes of the trucks, to date there have been no complaints of books coming apart. The difference between the two programs is that a return envelope is inserted into the out going envelope for each payment coupon.

Return Mailing Labels –

The return mailing labels will be created on each payment coupon between the two perforations on the coupon stock. The glue will be applied on the back of the stock and is a remoisten able adhesive capable of processing on Xerox laser printers. The label's required information will be imaged on the printer allowing the data to be changed if needed in the future.

Quality Control –

To ensure all files are produced a unique number will assigned to each filer in the event the book is damaged it can be regenerated. This number will also be used to verify all files have been produced and mailed.

The scan line will be produced in an OCR Font in a minimum of 300 dpi. The scan line will be printed in a fixed position from the right and bottom to meet the banks-scanning requirements. The books will be cut down the final size in small lots to make sure the scan lines won't vary more than +/- 1/16".

Inserting and Envelopes –

The books will be inserted into an expansion envelope that will allow the contract holder's address to be seen through a glassine window. The expansion envelope will

hold all book types up to 15-year contracts. The books will be imaged with all required data to meet postal regulations to qualify for the best possible postal discount.

The expansion envelope will be produced with a 32# White Kraft stock 3" x 8" and a glassine window 4" x 1-1/2". The envelope will be printed in black ink on the face and back and will open large enough to accommodate books up to .9" total thickness.

Warehousing –

The base materials will be warehoused at Wolverine Solutions and inventoried to keep track of quantity on hand and usage. The materials to be stored are Covers, Coupons, Envelopes, and the remaining page stock. All costs for storage is in the printing prices.

Right of Plant Inspection –

RMI understands that the State has the right to perform a plant inspection at any time. If the plant is determined unable to perform the required tasks it will disqualify the bid. Any costs up to 4 people will be covered by Rotary Multiforms.

Confidentiality Form –

Rotary Multiforms and Wolverine have signed and returned signed copies of the 3337 for the SUW Contract and the C8002, MI-1040ES, and 1099G Contract on file.

The packages will only leave the plant to be delivered to the USPS and are delivered by company trucks and employees. The deliveries are made direct to the post office without any additional stops.

Invoicing –

All invoices will be created as stated and will be all-inclusive.

Delivery/FOB Destination and Palletization -

All freight is built in to the USPS Bulk Mail Center and will be mailed under a State permit number. Deliveries will be packed and all required paper work provided to meet all USPS requirements to achieve the best possible postage rate. Any CASS errors will be processed and mailed First Class and all postage will be documented and added to our invoice. All First Class Postage will be paid by RMI and added to the Invoice.

Service Response -

William Condon, Sales Representative

William Condon has over 17 years experience in the Graphic Arts Industry. The last 7 years experience has been in sales assigned to the State of Michigan account prior to that

all experience has been in manufacturing. Bill has held the positions of Pre-production Engineer, Buyer, Estimator, Director of Quality, and Vice-President of Manufacturing with Rotary Multiforms, Inc. Bill will be between both offices and in Lansing he can be reached at (586) 582-3440 beeper/direct line or (586) 292-2059 cell phone. Rotary Multiforms understands that response time is of the essence and will respond to Treasury inquires within 3 hours including meetings in Lansing.

Bill's immediate supervisor is Gary Flynn and can be reached at (800) 762-5644.

Emergency Plan –

Wolverine's Disaster Recovery partner is EDS in Troy Michigan. In the bids for the SUW and 1099/C8002/MI-1040 are copies of the recovery plans. I can have an additional copies sent if needed.

Quality Assurance –

All files are assigned a unique sequence number so in the event a package is damaged it can be quickly regenerated using the file number and replace the damaged package. All packages that are damaged will be shredded to protect all data and render it unreadable at no additional charge. The packages are inspected every 1000th sheet through the laser printer to inspect and ensure print quality and position. The operator also gives print samples to the production manager for additional verification during the print process. The packages are further inspected during subsequent operations to ensure print position and quality. The process will be stopped at any point if there is a problem and the file re-printed and the packages in question will be shredded.

Confidentially - Internally data is only accessible only to those involved in the processing of the job. Once the data is received it is placed into a special production folder using Windows NT for security and forces Login for access. This secures the folder and doesn't allow anonymous access from either inside or outside the network. The production files will not be duplicated or released, the original magnetic media will be returned to Treasury within thirty (30) days of completion, and the production file deleted at job completion or time frame requested by Treasury.

Coupon Book Definitions and Annual Qty Estimates –

There will be a book created for each file contained on the tape. The State will only pay for packages produced and mailed as evident on the USPS 3602 form. RMI understands

that the State cannot give definite quantities or page counts and the figures are just estimates.

Data Requirements –

Data files will be supplied for each group on individual magnetic cartridges. The cartridge will be prepared on a Unisys A18 computer and formatted in 38,000 bpi, 18-track, phase encoded, EBCDIC odd parity, and labeled. A program will be created using this data to populate all fields as specified by the Contract Compliance Officer.

Testing –

Test 1 will be using test data and will be used to produce test forms for the bank as well as construction samples but don't require binding. These will duplicate the final product as close as possible and will be sent overnight the Treasury for testing. After approval from the bank and Treasury live tapes will be released.

Test 2 will be created from the live data and will comprise of the first 10 records. These books will be sent to Treasury for approval before production is started. No books will be produced or mailed with out written approval from the Compliance Officer.

Test 3 is the creation of dummy books within the production cycle. These books will contain all fields populated with dummy information for verification. All dummy books will be forwarded to the Compliance Officer at the completion of the production. The Compliance Officer can modify Test 3 based on the manufacturing process and expertise in mailing and imaging.

Tentative Production Schedule -

We have reviewed the schedule and can meet all the tentative dates stated in the grid. RMI also understands that contract holders can at any time switch to EFT. RMI will remove any packages that contract holders have switched to EFT. RMI will, one week prior to mail, notify the compliance officer to allow time to determine if any contract holders have switched to EFT. All books that have switched to EFT will be pulled and delivered to the Compliance Officer.

RMI understands that there may be monthly subsequent mailings and tapes will be issued 3 weeks prior to the required drop date. We will perform the required tests and if approved can deliver early to the USPS but must notify the Compliance officer of that date.

Postal Sorting –

The data files will be processed on CASS certified processing software. This will sort the files and create the barcode for each piece to achieve the best possible postage rate. It also creates all required reports, tag, and labels for the USPS. Prior to production RMI will take a sample to the USPS to verify that it complies and is acceptable for the best possible rate. RMI will provide a signed copy or letter confirming the package qualifies and for the postal rate classification at which it will be mailed. All mail will be verified on site and delivered to the entry point of the Compliance Officer's determination. A 3602 report will be supplied to the Contract Compliance Officer as soon as each group is complete.

Price Proposal –

See Attached

Adam Koenigsknecht - RE: MET Clarifications

From: "Bill Condon" <bcondon@rmi-printing.com>
To: "Adam Koenigsknecht" <KoenigsknechtA1@michigan.gov>
Date: 12/29/2004 10:04 AM
Subject: RE: MET Clarifications
CC: "Darron Birchmeier" <birchmeierd@michigan.gov>

Adam,

The prices that I submitted do include blue printing on the covers. I'll put together a couple of samples together these will not be printed or have the perforations. I'll draw all perforations on the paper to show positions, Will this work?

Thanks,
Bill

Bill Condon
Rotary Multiforms, Inc
2160 E. Eleven Mile Rd.
Warren, MI 48091
Email: bcondon@rmi-printing.com
phone/beeper (586) 582-3440
cell (586) 292-2059

-----Original Message-----

From: Adam Koenigsknecht [mailto:KoenigsknechtA1@michigan.gov]
Sent: Tuesday, December 28, 2004 4:18 PM
To: Darron Birchmeier; bcondon@rmi-printing.com
Subject: MET Clarifications

Bill,

It looks like we plan to use the option of the original coupon construction but with the return label being the same paper stock as the coupon sheets. Just a few quick questions.

1. Could you confirm the pricing to print the front and back covers in blue ink?
2. Could you provide a sample coupon book with the same measurements as described in the original proposal?

Thanks for your help with this project. I hope you had a good weekend and hope that this coming weekend provides excitement as well!

Thanks,

Adam

Adam Koenigsknecht
State of Michigan
Department of Treasury
Purchasing Section
Phone: (517) 373-4555
Fax: (517) 373-6941

2. Modify Section III-B.3 to add, the return address label be the same paper stock as the coupon stock, with no special adhesive.
3. Modify Section III-B-1 to, the coupon book size be 6 ½" x 2 ¾" (including only coupon stock and binding). Modify Section III-B-3 to add, the return address labels would be a separate ply. The labels will contain remoisten able adhesive. The address labels can be sized to fit several labels on a ply. Font must be 7 pt. Arial. These additional plies will be inside the back cover. The return address labels must be perforated. One address label is needed for each coupon.
4. Modify Section III-B-1 to, the coupon book size be 6 ½" x 2 ¾" (including only coupon stock and binding). Modify Section III-B-3 to add, the return address labels would be a separate ply. The labels will peel off. The address labels can be sized to fit several labels on a ply. Font must be 7 pt. Arial. The plies would be inside the back cover. One address label is needed for each coupon.
5. Provide any other return mailing label construction options as well as price proposals if necessary. Font must be 7 pt. Arial. One address label is needed for each coupon.

If the price proposal for any of the above options is the same for all three (3) years, only two (2) price proposal sheets are needed for each modification above (year 1 and years 2 & 3).

Bidder Response to task:

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Appendix B
MET Coupon Book Price Sheet
Year 1

Prices for paper return address (no adhesive)

Number of Coupons	Cost of Coupons (per hundred)	Total
Est. 315,000	\$4.88	\$15,372.00

Number of Coupon Books	Cost per Coupon Book	Total
Est. 5,600	\$4.29	\$24,024.00

Setup Charges per Run	\$	225.00
Other Costs		
Total Estimated Cost (Year 1)		\$39,396.00

1st Class Postage Est.	\$5,000.00
Travel Expenses (\$.375/mile)	\$75.00

*Est. 200 miles

Appendix B
 MET Coupon Book Price Sheet
 Year 2

Number of Coupons	Cost of Coupons (per hundred)	Total
Est. 90,000	4.88	\$ 4,392.00

Number of Coupon Books	Cost per Coupon Book	Total
Est. 1,000	4.29	\$ 4,290.00

Setup Charges per Run	\$ 225.00
Other Costs	

Total Estimated Cost (Year 2)	\$ 8,682.00
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1st Class Postage Est.	\$5,000.00
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Appendix B
 MET Coupon Book Price Sheet
 Year 3

Number of Coupons	Cost of Coupons (per hundred)	Total
Est. 90,000	4.88	\$ 4,392.00

Number of Coupon Books	Cost per Coupon Book	Total
Est. 1,000	4.29	\$ 4,290.00

Setup Charges per Run	\$ 225.00
Other Costs	

Total Estimated Cost (Year 3)	\$ 8,682.00
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1st Class Postage Est.	\$5,000.00
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Total Estimated Cost (3 Years)	\$ 56,760.00
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**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 ACQUISITION SERVICES
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

August 19, 2004

**NOTICE
 TO
 CONTRACT NO. 071B4200337
 between
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 and**

NAME & ADDRESS OF VENDOR <p style="text-align: center;">Rotary Multiforms, Inc. 2501 Plainfield Avenue NE Grand Rapids, MI 49505</p>	TELEPHONE: Bill Condon (800) 229-7574 Fax: (616) 447-7550
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7374 Joan Bosheff
Contract Compliance Inspector: Darron Birchmeier <p style="text-align: center;">Production of Tax Coupon Books - Treasury</p>	
CONTRACT PERIOD: From: August 15, 2004 To: February 29, 2008	
TERMS <p style="text-align: center;">2% - 10 Days</p>	SHIPMENT <p style="text-align: center;">As Required</p>
F.O.B. <p style="text-align: center;">Delivered</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

The terms and conditions of this Contract are those of [ITB #07114001186](#), this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: \$955,000.00

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

CONTRACT NO. 071B4200337
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THE STATE OF MICHIGAN
and

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MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: <p>The terms and conditions of this Contract are those of ITB #07114001186, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.</p> <p>Estimated Contract Value: \$955,000.00</p>	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the [ITB No07114001186](#). Orders for delivery of equipment will be issued directly by the [Department of Treasury](#) through the issuance of a Purchase Order Form.

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

<p>FOR THE VENDOR:</p> <p style="text-align: center;">Rotary Multiforms, Inc.</p> <hr/> <p style="text-align: center;">Firm Name</p> <hr/> <p style="text-align: center;">Authorized Agent Signature</p> <hr/> <p style="text-align: center;">Authorized Agent (Print or Type)</p> <hr/> <p style="text-align: center;">Date</p>	<p>FOR THE STATE:</p> <hr/> <p style="text-align: center;">Signature</p> <p style="text-align: center;">William C. Walsh, CPPB, Buyer Manager</p> <hr/> <p style="text-align: center;">Name</p> <p style="text-align: center;">Tactical Purchasing, Acquisition Services</p> <hr/> <p style="text-align: center;">Title</p> <hr/> <p style="text-align: center;">Date</p>
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**STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES**

**FOR
PRODUCTION, COLLATING AND MAILING OF
ANNUAL AND WEEKLY SALES, USE, AND WITHHOLDING
TAX COUPON BOOKS**

FOR DEPARTMENT OF TREASURY

CONTRACT #071B4200337

AUGUST, 2004

**ACQUISITION SERVICES
STATE OF MICHIGAN**

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APPENDICES

- A Coupon Book Construction**
- B SUW Coupon Book Collating Chart**
- C Pricing Sheets**
- D Safeguard Requirements of Confidential Data**
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- E Michigan Printing Law**

DEFINITION OF TERMS

TERMS	DEFINITIONS
CONTRACT	A BINDING AGREEMENT ENTERED INTO BY THE STATE OF MICHIGAN RESULTING FROM A BIDDER'S PROPOSAL; SEE ALSO "BLANKET PURCHASE ORDER."
CONTRACTOR	ROTARY MULTIFORMS, INC.
DMB	MICHIGAN DEPARTMENT OF MANAGEMENT AND BUDGET
STATE	THE STATE OF MICHIGAN FOR PURPOSES OF INDEMNIFICATION AS SET FORTH IN SECTION I-J, STATE MEANS THE STATE OF MICHIGAN, ITS DEPARTMENTS, DIVISIONS, AGENCIES, OFFICES, COMMISSIONS, OFFICERS, EMPLOYEES AND AGENTS.
BLANKET PURCHASE ORDER	ALTERNATE TERM FOR "CONTRACT" USED IN THE STATE'S COMPUTER SYSTEM (MICHIGAN AUTOMATED INFORMATION NETWORK [MAIN])
EXPIRATION	EXCEPT WHERE SPECIFICALLY PROVIDED FOR IN THE CONTRACT, THE ENDING AND TERMINATION OF THE CONTRACTUAL DUTIES AND OBLIGATIONS OF THE PARTIES TO THE CONTRACT PURSUANT TO A MUTUALLY AGREED UPON DATE.

CANCELLATION	ENDING ALL RIGHTS AND OBLIGATIONS OF THE STATE AND CONTRACTOR, EXCEPT FOR ANY RIGHTS AND OBLIGATIONS THAT ARE DUE AND OWING.
WORK PRODUCT	WORK PRODUCT MEANS ANY DATA COMPILATIONS, REPORTS, AND ANY OTHER MEDIA, MATERIALS, OR OTHER OBJECTS OR WORKS OF AUTHORSHIP CREATED OR PRODUCED BY THE CONTRACTOR AS A RESULT OF AND IN FURTHERANCE OF PERFORMING THE SERVICES REQUIRED BY THIS CONTRACT.
BMC	BMC MEANS USPS BULK MAIL CENTER
SCF	SCF MEANS USPS SECTIONAL CENTER FACILITIES
OCR	OCR MEANS OPTICAL CHARACTER RECOGNITION
CONFIDENTIAL INFORMATION	MEANS INFORMATION AND FACTS THAT ARE TREATED IN A CONFIDENTIAL MANNER UNDER SECTION 28 OF THE REVENUE ACT.
CONDITIONS OF DISCLOSURE	NO AGENCY OR THEIR REPRESENTATIVES SHALL DISCLOSE ANY RECORD WHICH IS CONTAINED IN A SYSTEM OF RECORDS BY ANY MEANS OF COMMUNICATION TO ANY PERSON, OR TO ANOTHER AGENCY EXCEPT PURSUANT TO A WRITTEN REQUEST BY, OR WITH THE PRIOR WRITTEN CONSENT OF, THE INDIVIDUAL TO WHOM THE RECORD PERTAINS, UNLESS DISCLOSURE OF THE RECORD WOULD BE IN ACCORDANCE WITH THE REVENUE ACT, MCL.205.1004.
BROWSING	TO WILLFULLY INSPECT ANY RETURN OR INFORMATION CONTAINED IN A RETURN UNLESS IT IS APPROPRIATE FOR THE PROPER ADMINISTRATION OF A TAX LAW ADMINISTERED UNDER THE REVENUE ACT.
TREASURY DISCLOSURE OFFICER	RESPONSIBLE FOR THE DEVELOPMENT OF SECURITY DIRECTIVES AND THE PERIODIC REVIEW OF SECURITY PROCEDURES WITHIN THE DEPARTMENT. THE DISCLOSURE OFFICER SERVES AS A CONTACT PERSON FOR ALL GOVERNMENT AND NON-GOVERNMENT AGENCIES THAT SEEK CONFIDENTIAL INFORMATION.

<p>AUTHORIZED DISCLOSURE</p>	<p>CONFIDENTIAL INFORMATION OBTAINED ABOUT A TAXPAYER SHALL NOT BE DISCLOSED WITHOUT PROPER AUTHORIZATION. AUTHORIZED DISCLOSURE OF CONFIDENTIAL INFORMATION MAY OCCUR IF:</p> <ol style="list-style-type: none"> 1) REQUIRED FOR THE PROPER ADMINISTRATION OF A TAX LAW ADMINISTERED UNDER THE ACT 2) REQUIRED BY JUDICIAL ORDER 3) IT IS UPON WRITTEN REQUEST OF A HEAD OF AN INSTITUTION, AGENCY OR DEPARTMENT OF STATE GOVERNMENT, WHEN REQUIRED FOR THE EFFECTIVE ADMINISTRATION OR ENFORCEMENT OF THE LAWS OF THIS STATE
<p>TAX RETURN INFORMATION</p>	<p>TAXPAYER'S IDENTIFY, ADDRESS, THE SOURCE OR AMOUNT OF HIS/HER INCOME, PAYMENTS, RECEIPTS, DEDUCTIONS, EXEMPTIONS, CREDITS, ASSETS, LIABILITIES, NET WORTH, TAX LIABILITY, TAX WITHHELD, DEFICIENCIES, OVER ASSESSMENTS, OR TAX PAYMENTS WHETHER THE TAXPAYER'S RETURN WAS, IS BEING OR WILL BE EXAMINED OR SUBJECT TO OTHER INVESTIGATION OR PROCESSING, OR ANY OTHER DATA, RECEIVED BY, RECORDED BY, PREPARED BY, FURNISHED TO OR COLLECTED BY THE AGENCY WITH RESPECT TO A RETURN OR WITH RESPECT TO THE DETERMINATION OF THE EXISTENCE, OR LIABILITY (OR THE AMOUNT THEREOF) OF ANY PERSON UNDER THE TAX LAWS ADMINISTERED BY THE DEPARTMENT, OR RELATED STATUTES OF THE STATE FOR ANY TAX, PENALTY, INTEREST, FINE, FORFEITURE, OR OTHER IMPOSITION OR OFFENSE. THE TERM TAX RETURN INFORMATION ALSO INCLUDES ANY AND ALL ACCOUNT NUMBERS ASSIGNED FOR IDENTIFICATION PURPOSES.</p>
<p>TREASURY</p>	<p>TREASURY MEANS DEPARTMENT OF TREASURY</p>



**SECTION I
CONTRACTUAL SERVICES TERMS AND CONDITIONS**

I-A PURPOSE

This Contract is for the Production, Collating and Mailing of Coupon Books for Sales, Use and Withholding Taxes for the State of Michigan, Department of Treasury.

I-B TERM OF CONTRACT

The Contractor will produce annual and weekly coupon books for a 42-month period beginning on August 15, 2004 and ending on February 29, 2008. The contract will also include the option for two (2) one-year extensions. The State fiscal year is October 1st through September 30th. The Contractor should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations.

I-C ISSUING OFFICE

This Contract is issued by the State of Michigan, Department of Management and Budget (DMB), Acquisition Services, hereafter known as Acquisition Services, for the State of Michigan, Department of Treasury. Where actions are a combination of those of Acquisition Services and Department of Treasury, the authority will be known as the State.

Acquisition Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the services described herein. Acquisition Services is the only office authorized to change, modify, amend, alter, clarify, etc., the prices, specifications, terms, and conditions of this Request For Proposal and any Contract(s) awarded as a result of this Request. Acquisition Services will remain the **SOLE POINT OF CONTACT** throughout the procurement process, until such time as the Director of Acquisition Services shall direct otherwise in writing. See Paragraph II-C below. All communications concerning this procurement must be addressed to:

Joan Bosheff, Buyer Specialist
DMB, Acquisition Services
2nd Floor, Mason Building
P.O. Box 30026
Lansing, MI 48909
(517) 373-7374
bosheffj@michigan.gov

I-D CONTRACT ADMINISTRATOR

Upon receipt at Acquisition Services of the properly executed Contract Agreement, it is anticipated that the Director of Acquisition Services will direct that the person named below or any other person so designated be authorized to administer the Contract on a day-to-day basis during the term of the Contract. However, administration of the Contract implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such Contract. That authority is retained by Acquisition Services. The Contract Administrator for this project is:



Darron Birchmeier
Department of Treasury
Forms and Document Services
Treasury Building
430 W. Allegan St., 2nd Floor
Lansing, MI 48922
Ph. (517) 241-3548
Fax: (517) 373-6941
[Birchmeierd@michigan.gov](mailto: Birchmeierd@michigan.gov)

I-E COST LIABILITY

The State of Michigan assumes no responsibility or liability for costs incurred by the Contractor prior to the signing of this Contract. Total liability of the State is limited to the terms and conditions of the Contract.

I-F CONTRACTOR RESPONSIBILITIES

The Contractor will be required to assume responsibility for all contractual activities offered in this proposal whether or not that Contractor performs them. Further, the State will consider the Prime Contractor to be the sole point of contact with regard to contractual matters, including but not limited to payment of any and all costs resulting from the anticipated Contract. If any part of the work is to be subcontracted, the contractor must notify the state and identify the subcontractor(s), including firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor's organizational abilities. The State reserves the right to approve subcontractors for this project 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.

I-G MICHIGAN PRINTING LAW

All printing under this Contract shall be in compliance with Public Act 153 of 1937, as amended (Appendix H). The provisions of the Printing Act are applicable to the Contractor and any subcontractors.

I-H NEWS RELEASES

News releases pertaining to this document or the services, study, data, or project to which it relates will 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 program are to be released without prior approval of the State and then only to persons designated.

I-I DISCLOSURE

All information in the Contractor's proposal and the Contract is subject to the provisions of the Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, *et seq.*



I-J ACCOUNTING RECORDS

The Contractor will be required to 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 (3) years from the expiration date and final payment on the Contract or extension thereof.

I-K INDEMNIFICATION

A. 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.



B. 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.

C. 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 subclauses, 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 subclause.

D. 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.

I-L 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 be applicable for claims arising out of gross negligence, willful misconduct, or Contractor's indemnification responsibilities to the State as set forth in Section I-J with respect to third party claims, action and proceeding brought against the State.



I-M NON-INFRINGEMENT/COMPLIANCE WITH LAWS

The Contractor warrants that in performing the services called for by this Contract it will not violate any applicable law, rule, or regulation, any contracts with third parties, or any intellectual rights of any third party, including but not limited to, any United States patent, trademark, copyright, or trade secret.

I-N WARRANTIES AND REPRESENTATIONS

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 has not provided any gifts, payments or other inducements to any officer, employee or agent of the State;

I-O TIME IS OF THE ESSENCE

The Contractor agrees that time is of the essence in the performance of the Contractor's obligations under this Contract.

I-P STAFFING OBLIGATIONS

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.

The State and the Contractor agree that the following personnel are Key Personnel for purposes of this Contract:

Name: William Condon

I-Q WORK PRODUCT AND OWNERSHIP

1. Work Products shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State. If by operation of law any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon creation thereof, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights. The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.
2. Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies (collectively, the “Development Tools”) created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to exercise its rights in the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein.
3. The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.

I-R CONFIDENTIALITY OF DATA AND INFORMATION

1. All financial, statistical, personnel, technical and other data and information relating to the State’s operation which are designated confidential by the State and made available to the Contractor in order to carry out this Contract, or which become available to the Contractor in carrying out this Contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State’s procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the State in writing to the Contractor. If



the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this section.

2. The Contractor shall not be required under the provisions of this section to keep confidential, (1) information generally available to the public, (2) information released by the State generally, or to the Contractor without restriction, (3) information independently developed or acquired by the Contractor or its personnel without reliance in any way on otherwise protected information of the State. Notwithstanding the foregoing restrictions, the Contractor and its personnel may use and disclose any information which it is otherwise required by law to disclose, but in each case only after the State has been so notified, and has had the opportunity, if possible, to obtain reasonable protection for such information in connection with such disclosure.
3. Refer to Appendix E (Safeguard Requirements of Confidential Data)

I-S REMEDIES FOR BREACH OF CONFIDENTIALITY

The Contractor acknowledges that a breach of its confidentiality obligations as set forth in section I-Q of this Contract shall be considered a material breach of the Contract. Furthermore the Contractor acknowledges that in the event of such a breach the State shall be irreparably harmed. Accordingly, if a court should find that the Contractor has breached or attempted to breach any such obligations, the Contractor will not oppose the entry of an appropriate order restraining it from any further breaches or attempted or threatened breaches. This remedy shall be in addition to and not in limitation of any other remedy or damages provided by law.

I-T CONTRACTOR'S LIABILITY 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. The Contractor also agrees to provide evidence that all applicable insurance policies contain a waiver of subrogation by the insurance company.

All insurance coverages 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 herein specified or required by law, whichever is greater. All deductible amounts for any of the required policies are subject to approval by the State.

The State reserves the right to reject insurance written by an insurer the State deems unacceptable.



BEFORE THE CONTRACT IS SIGNED BY BOTH PARTIES OR BEFORE THE PURCHASE ORDER IS ISSUED BY THE STATE, THE CONTRACTOR MUST FURNISH TO THE DIRECTOR OF Acquisition Services, CERTIFICATE(S) OF INSURANCE VERIFYING INSURANCE COVERAGE. THE CERTIFICATE MUST BE ON THE STANDARD “ACCORD” FORM. THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING. All such Certificate(s) are to be prepared and submitted by the Insurance Provider and not by the Contractor. All such Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. Such NOTICE must include the CONTRACT NUMBER affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909.

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

- ☑ 1. Commercial General Liability with the following minimum coverages:

- \$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 policy.

- ☑ 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 policy.

- ☑ 3. Worker’s disability compensation, disability benefit or other similar employee benefit act with minimum statutory limits. NOTE: (1) If coverage is provided by a State fund or if Contractor has qualified as a self-insurer, separate certification must be furnished that coverage is in the state fund or that Contractor has approval to be a self-insurer; (2) Any citing of a policy of insurance must include a listing of the States where that policy’s coverage is applicable; and (3) Any policy of insurance must contain a provision or endorsement providing that the insurers’ rights of subrogation are waived. 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. For contracts providing temporary staff personnel to the State, the Contractor shall provide an Alternate Employer Endorsement with minimum coverage of \$1,000,000.



- 5. Employers liability insurance with the following minimum limits:
 - \$100,000 each accident
 - \$100,000 each employee by disease
 - \$500,000 aggregate disease

- 6. Professional Liability Insurance (Errors and Omissions coverage) with the following minimum coverage:
 - \$1,000,000 each occurrence and \$3,000,000 annual aggregate
 - \$3,000,000 each occurrence and \$5,000,000 annual aggregate
 - \$5,000,000 each occurrence and \$10,000,000 annual aggregate

- 7. Medical Professional Liability, minimum coverage
 - \$100,000 each occurrence and \$300,000 annual aggregate
 - \$200,000 each occurrence and \$600,000 annual
 - \$1,000,000 each occurrence and \$5,000,000 annual aggregate

I-U NOTICE AND 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.

I-V 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 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.



I-W RIGHTS AND OBLIGATIONS UPON CANCELLATION

1. If the Contract is canceled by the State for any reason, the Contractor shall, (a) stop all work as specified in the notice of cancellation, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Work Product or other property derived or resulting from the Contract that may be in the Contractor's possession, (c) return all materials and property provided directly or indirectly to the Contractor by any entity, agent or employee of the State, (d) transfer title and deliver to the State, unless otherwise directed by the Contract Administrator or his or her designee, all Work Product resulting from the Contract, and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or cancellation settlement costs, to the maximum practical extent, including, but not limited to, canceling or limiting as otherwise applicable, those subcontracts, and outstanding orders for material and supplies resulting from the canceled Contract.
2. In the event the State cancels this Contract prior to its expiration for its own convenience, the State shall pay the Contractor for all charges due for services provided prior to the date of cancellation and if applicable as a separate item of payment pursuant to the Contract, for partially completed Work Product, on a percentage of completion basis. In the event of a cancellation for cause, or any other reason under the Contract, the State will pay, if applicable, as a separate item of payment pursuant to the Contract, for all partially completed Work Products, to the extent that the State requires the Contractor to submit to the State any such deliverables, and for all charges due under the Contract for any cancelled services provided by the Contractor prior to the cancellation date. All completed or partially completed Work Product prepared by the Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and the Contractor shall be entitled to receive just and fair compensation for such Work Product. Regardless of the basis for the cancellation, the State shall not be obligated to pay, or otherwise compensate, the Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
3. If any such cancellation by the State is for cause, the State shall have the right to set-off against any amounts due the Contractor, the amount of any damages for which the Contractor is liable to the State under this Contract or pursuant to law and equity.
4. Upon a good faith cancellation, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and materials provided under this Contract, and may further pursue completion of the Work Product under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

I-X 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 thereunder 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.

I-Y ASSIGNMENT

The Contractor shall not have the right to assign this Contract or to assign or delegate any of its duties or obligations under this Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the 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 Acquisition Services.

I-Z DELEGATION

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

I-AA NON-DISCRIMINATION CLAUSE

In the performance of the 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 disability unrelated to the individual's ability to perform the duties of the particular job or position. The Contractor further agrees that every subcontract entered into for the performance of



the Contract 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 37.2101, *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.

I-BB WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

In performing services for the State pursuant to this Contract, the Contractor shall comply with Department of Civil Service Rules 2-20 regarding Workplace Safety and 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service Regulations governing workplace safety and discriminatory harassment and any applicable state agency rules on these matters that the agency provides to the Contractor. Department of Civil Service Rules and Regulations can be found on the Department of Civil Service website at www.michigan.gov/mdcs.

I-CC MODIFICATION OF SERVICE

The Director of Acquisition Services reserves the right to modify this service during the course of this Contract. Such modification may include adding or deleting tasks that this service shall encompass and/or any other modifications deemed necessary.

The Contract may not be revised, 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.

The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. The Contractor shall provide a change order process and all requisite forms. The State reserves the right to negotiate the process during contract negotiation. At a minimum, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

1. Within five (5) business days of receipt of a request by the State for any such change, or such other period of time as to which the parties may agree mutually in writing, the Contractor shall submit to the State a proposal describing any changes in products, services, timing of delivery, assignment of personnel, and the like, and any associated price adjustment. The price adjustment shall be based on a good faith determination and calculation by the Contractor of the additional cost to the Contractor in implementing the change request less any savings realized by the Contractor as a result of implementing the change request. The Contractor's proposal shall describe in reasonable detail the basis for the Contractor's proposed price adjustment, including the estimated number of hours by task by labor category required to implement the change request.
2. If the State accepts the Contractor's proposal, it will issue a change notice and the Contractor will implement the change request described therein. The Contractor will not implement any change request until a change notice has been issued validly. The Contractor shall not be entitled to any compensation for implementing any change request or change notice except as provided explicitly in an approved change notice.



- 3. If the State does not accept the Contractor's proposal, the State may:
 - a. Withdraw its change request; or
 - b. Modify its change request, in which case the procedures set forth above will apply to the modified change request.

If the State requests or directs the Contractor to perform any activities that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to so notify the State prior to commencing performance of the requested activities, any such activities performed before notice is given by the Contractor shall be conclusively considered to be In-scope Services, not New Work.

If the State requests or directs the Contractor to perform any services or functions that are consistent with and similar to the services being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the scope of the Contractor's responsibilities and charges as set forth in the Contract, then prior to performing such services or function, the Contractor shall promptly notify the State in writing that it considers the services or function to be an "Additional Service" for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing such services or functions. If the Contractor does so notify the State, then such a service or function shall be governed by the change request procedure set forth in the preceding paragraph.

IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATIONS.

I-DD NOTICES

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.

For the Contractor: William Condon
Rotary Multiforms, Inc.
2501 Plainfield Avenue NE
Grand Rapids, MI 49505

For the State: Darron Birchmeier
Department of Treasury
Forms and Document Services
Treasury Building
430 W. Allegan St., 2nd Floor
Lansing, MI 48922



Either party may change its address where notices are to be sent giving written notice in accordance with this section.

I-EE ENTIRE AGREEMENT

This Contract shall represent the entire agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties relating to this subject.

I-FF 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.

I-GG 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.

I-HH 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.

I-II 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.

I-JJ UNFAIR LABOR PRACTICES

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to section 2 of the Act. This information is compiled by the United States National Labor Relations Board.

A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 Public Act 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.



I-KK SURVIVOR

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 this Contract for any reason.

I-LL GOVERNING LAW

This Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

I-MM CONTRACT DISTRIBUTION

Acquisition Services shall retain the sole right of Contract distribution to all State agencies unless other arrangements are authorized by Acquisition Services.

I-NN STATEWIDE CONTRACTS

If the contract is for the use of more than one agency and if the goods or services provided under the contract do not meet the form, function and utility required by an agency, that agency may, subject to state purchasing policies, procure the goods or services from another source.

I-OO ELECTRONIC FUNDS TRANSFER

Electronic transfer of funds is available to State contractors. Contractor is encouraged to register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at www.cpexpress.state.mi.us.

I-PP TRANSITION ASSISTANCE

If this Contract is not renewed at the end of this term, or is canceled prior to its expiration, for any reason, the Contractor must provide for up to eight months after the expiration or cancellation of this Contract, all reasonable transition assistance requested by the State, to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this Contract, (notwithstanding this expiration or cancellation) except for those Contract terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for Contract performance. If the State cancels this Contract for cause, then the State will be entitled to off set the cost of paying the Contractor for the additional resources the Contractor utilized in providing transition assistance with any damages the State may have otherwise accrued as a result of said cancellation.

I-QQ DISCLOSURE OF LITIGATION

1. The Contractor shall notify the State in its bid proposal, if it, or any of its subcontractors, or their officers, directors, or key personnel under this Contract, have ever been convicted of a felony, or any crime involving moral turpitude, including, but not limited to fraud, misappropriation or deception. Contractor shall promptly notify the State of any criminal litigation, investigations or proceeding which may have arisen or may arise involving the



Contractor or any of the Contractor's subcontractor, or any of the foregoing entities' then current officers or directors during the term of this Contract and three years thereafter.

2. The Contractor shall notify the State in its bid proposal, and promptly thereafter as otherwise applicable, of any civil litigation, arbitration, proceeding, or judgments that may have arisen against it or its subcontractors during the five years preceding its bid proposal, or which may occur during the term of this Contract or three years thereafter, which involve (1) products or services similar to those provided to the State under this Contract and which either involve a claim in excess of \$250,000 or which otherwise may affect the viability or financial stability of the Contractor, or (2) a claim or written allegation of fraud by the Contractor or any subcontractor hereunder, arising out of their business activities, or (3) a claim or written allegation that the Contractor or any subcontractor hereunder violated any federal, state or local statute, regulation or ordinance. Multiple lawsuits and or judgments against the Contractor or subcontractor, in any an amount less than \$250,000 shall be disclosed to the State to the extent they affect the financial solvency and integrity of the Contractor or subcontractor.
3. All notices under subsection 1 and 2 herein shall be provided in writing to the State within fifteen business days after the Contractor learns about any such criminal or civil investigations and within fifteen days after the commencement of any proceeding, litigation, or arbitration, as otherwise applicable. Details of settlements which are prevented from disclosure by the terms of the settlement shall be annotated as such. Semi-annually, during the term of the Contract, and thereafter for three years, Contractor shall certify that it is in compliance with this Section. Contractor may rely on similar good faith certifications of its subcontractors, which certifications shall be available for inspection at the option of the State.
4. Assurances - In the event that such investigation, litigation, arbitration or other proceedings disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract, causes the State to be reasonably concerned about:
 - a) The ability of the Contractor or its subcontractor to continue to perform this Contract in accordance with its terms and conditions, or
 - b) Whether the Contractor or its subcontractor in performing services is engaged in conduct which is similar in nature to conduct alleged in such investigation, litigation, arbitration or other proceedings, which conduct would constitute a breach of this Contract or violation of Michigan or Federal law, regulation or public policy, then

The Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that: (a) the Contractor or its subcontractors hereunder will be able to continue to perform this Contract in accordance with its terms and conditions, (b) the Contractor or its subcontractors will not engage in conduct in performing services under this Contract which is similar in nature to the conduct alleged in any such litigation, arbitration or other proceedings.

5. The Contractor's failure to fully and timely comply with the terms of this section, including providing reasonable assurances satisfactory to the State, may constitute a material breach of this Contract.



I-RR 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 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.
5. 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.

I-SS LIQUIDATED DAMAGES

- A. The State and the Contractor hereby agree to the specific standards set forth in this Contract. It is agreed between the Contractor and the State that the actual damages to the State as a result of Contractor's failure to provide promised services would be difficult or impossible to pre-determine with accuracy. The State and the Contractor therefore agree that liquidated damages as set out herein shall be a reasonable approximation of the damages that shall be suffered by the State as a result thereof. Accordingly, in the event of such damages, at the written direction of the State, the Contractor shall pay the State the indicated amount as liquidated damages, and not as a penalty. Amounts due the State as liquidated damages, if not paid by the Contractor within fifteen (15) days of notification of assessment, may be



deducted by the State from any money payable to the Contractor pursuant to this Contract. The State will notify the Contractor in writing of any claim for liquidated damages pursuant to this paragraph on or before the date the State deducts such sums from money payable to the Contractor. No delay by the State in assessing or collecting liquidated damages shall be construed as a waiver of such rights.

- B. The Contractor shall not be liable for liquidated damages when, in the opinion of the State, incidents or delays result directly from causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to, acts of God, fires, floods, epidemics, and labor unrest; but in every case the delays must be beyond the control and without the fault or negligence of the Contractor.

- C. Liquidated damages will be assessed as follows:
 - 1. Up to \$10,000/day of lost revenue to the State due to late filing by businesses caused by late mailing of compliant coupon books per the production schedules in sections II-B.2.d and II-B.3.e.
 - 2. Up to \$600/day for personnel costs incurred by the State for problem resolution if coupon books do not meet specifications in section II-B.3.c.
 - 3. Difference in costs for not obtaining lowest postage due to mailing being non-standard (Presort Standard A).



SECTION II WORK STATEMENT

II-A BACKGROUND/PROBLEM STATEMENT

The Department of Treasury (Treasury) is charged with responsibility for a variety of functions from investing the State of Michigan's (State's) money to administering many of the State's taxes. At the head of Treasury is the State Treasurer, appointed by the Governor. Legal authority for many tax administration functions rests with the State Treasurer who oversees all Revenue operations within Treasury.

One of the responsibilities of Treasury is to collect sales, use and withholding tax revenue due the State from registered business entities. The Annual and Weekly processes were developed to assist Michigan registered business taxpayers in their compliance responsibilities and obligations. Each registered business taxpayer liable for Michigan taxes is mailed the proper forms and documentation to meet their timely filing and notification requirements for the State. The forms package can include all of the following:

Instruction Books (Delivered to Contractor)

1. Sales, Use and Withholding Taxes Instruction Booklet; includes the Annual Return
2. Withholding Tax Guide (if the taxpayer is so registered)

Coupon Book (Produced by Contractor)

3. Pre-identified Annual Return label
4. Pre-identified monthly or quarterly sales, use and withholding tax returns (a determination of filing frequency is based on data collected from the business taxpayer's Michigan Registration Application)
5. 12 Monthly Vouchers (if the taxpayer is qualified to receive them)
6. Notice of Change or Discontinuance Form
7. Sales Tax License (if the taxpayer is so registered)

Michigan law requires a taxpayer who files *monthly* or *quarterly* to file twelve or four timely returns (respectively) plus the Annual Return. Monthly and quarterly filers will receive items one, three, four and six, as well as items two, five, and seven (if so registered) from the above list.

If a registered business taxpayer is designated for an *annual* filing frequency, the business taxpayer will receive items one, three, and six, as well as items two and seven (if so registered) from the above list.

In the **Annual Process**, the forms package is mailed to approximately 373,000 sales, use and withholding tax filers each year in late-November through early January. This is an estimate based on past year filers.

In the **Weekly Process**, the forms package is sent weekly throughout the year, a weekly average of two thousand, to newly registered business taxpayers or business taxpayers who request a new booklet of returns. These taxpayers receive their returns for filing *monthly* or *quarterly* for the remainder of the calendar year. For the Weekly Process, the Contractor must be able to produce forms packages for the current tax year PLUS three previous years.

The coupons (items 4-7 above) bid under this contract will be printed, personalized, collated into a bound personalized coupon book (9"x 4"), inserted into an envelope with a generic instruction



book (8.5" x 11"), and delivered to the United States Postal Services (USPS) in postal sort order (automation rate Presort Standard A).

Purchase Orders will be issued for one-year at a time.

While the quantity and construction of annual coupon books are well defined, the quantity and construction of the weekly coupon books are highly variable. Weekly coupon books are created in response to specific business taxpayer need and can range from 3-28 pages.

These forms are critical to revenue collection by the State and the management of the State’s cash flow. The State annually collects approximately \$14 billion in sales, use and withholding taxes. There is little latitude in the time frame for production or delivery. If the Contractor fails to meet any specifications in this proposal, it is considered a breach of contract and is grounds for cancellation of the Contract with no obligation for payment by the State. Furthermore, if the Contractor breaches the Contract, he/she is liable for revenue lost due to delays in collecting taxes, personnel costs incurred for problem resolution, and extra postage costs due to non-compliance with mailing specifications. See Section I-TT.

II-B TASKS

The following is a preliminary analysis of the major tasks involved for developing the end product of this project. The Contractor is not, however, constrained from supplementing this listing with additional steps, sub tasks or elements deemed necessary to permit the development of alternative approaches or the application of proprietary analytical techniques.

1. GENERAL REQUIREMENTS - ANNUAL AND WEEKLY PROCESS

a. Coupon Book Construction

Construction of the plies is defined in Appendix A. Refer to the collating chart in Appendix B to determine the plies required based on the taxpayer group. Plies 2 and 3 may be litho printed (for static information) then personalized, or the static information can be created at the same time they are personalized (e.g. laser printed or otherwise imaged). All other plies must first be litho printed, then personalized.

Coupon Book Business Taxpayer Definitions

<u>Group</u>	<u>Definition</u>
M1	Monthly Sales – High Volume
M2	Monthly Use
M3	Monthly Withholding
M4	MONTHLY SALES – LOW VOLUME
Q1	Quarterly Sales
Q2	Quarterly Withholding
A1	Annual Sales
A2	Annual Withholding



b. Binding

Coupon books must be bound on the left with a perforated stub. Binding must be sufficient to hold all plies together during mail handling and taxpayer use (for up to 13 months).

c. Quality Control

1. The Contractor must guarantee that a coupon book will be produced for every record, within valid year range.
2. Because the distance from the bottom of the coupon to the middle of the scanline is critical, bottom edge trim must be accurate. The Contractor shall use continuous or offset web forms production methods for the litho portion of this project must trim in smaller stacks and implement necessary procedures to assure quality control standards on form size. Trim may not vary by more than 1/16."
3. Image quality for Optical Character Recognition (OCR) lines must be a minimum resolution of 300 dpi.

d. Inserting and Envelopes

1. Once complete, each coupon book must be inserted into an envelope such that the taxpayer address printed on the coupon book is visible for postal delivery. A generic tax instruction book (8.5" x 11") and in some cases a Withholding Guide (8.5" x 11") must also be inserted into this envelope. The envelope must then be prepared for delivery to the post office according to USPS requirements for Presort Standard A automation rate mail with an *Address Service Requested* endorsement. Both the coupon book and the instruction book(s) must mail together to reduce postal costs. Instruction booklets will be shipped to the Contractor by common carrier on wrapped pallets.
2. Since inserting equipment varies, the Contractor will be responsible for providing an envelope with a proper die cut for the coupon books.

e. Warehousing

The Contractor will produce sufficient base stock to handle both the Weekly Process and Annual Process. In addition, the Contractor must store instruction books for the current and prior three years for use in the Weekly Process. The Contractor must warehouse and maintain a detailed storage inventory control process for the following items:

- Envelopes
- Four-years of instruction books (current year plus three prior years)
- Withholding Guides
- Front covers
- Back covers
- Return page stock
- Voucher page stock



- Sales Tax License page stock
- Notice of Change page stock

f. Legislative Delays

The State cannot authorize printing or mailing until legislation is complete. If pending legislation delays the State's ability to authorize printing or mailing, the Contractor is not relieved of the obligation to provide service in the timeframe originally estimated for each item. The State is not liable for the cost of any downtime incurred if legislative delays make it impossible for the State to authorize production. All deliveries are specified in calendar days. This includes Saturday's and Sunday's but does not include the following holidays: New Year's eve third shift, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Eve third shift and Christmas Day. Third shift is any shift beginning after 6:00 p.m.

g. Confidentiality Form

The Contractor and all subcontractors handling data will be required to sign a *Vendor, Contractor, Subcontractor Confidentiality Agreement* (Form 3337) provided by the State (Attachment A to Appendix E). If personalized materials are being transported, every care must be taken to secure the confidentiality of the materials during transport.

h. Overtime

Requests for overtime payment for any item on this contract will not be paid unless the State specifically requests and authorizes overtime in writing before work is performed in overtime status.

i. Delivery/FOB Destination and Palletization

Prices are FOB Destination (freight prepaid) on orders to the USPS Bulk Mail Center (BMC). Transportation charges for the BMC are prepaid by permit. All orders must be delivered within the specified time frame. All orders delivered to USPS facilities must be palletized according to USPS requirements and all forms or documents required by the BMC must be completed as required by that facility. Exceptions include orders sent First Class that do not qualify for BMC mailing (mail that does not meet quantity minimums, bad addresses, CASS errors, foreign mail, etc.) These orders must be itemized by quantity and cost on invoice. The Contractor will pay the costs for the First Class shipments and invoice Treasury.

If the mail sort allows delivery to some USPS Sectional Center Facilities (SCF), the State may choose to redirect some shipments to the SCF. The Contractor is required to complete the necessary sorting and paperwork for all BMC and SCF deliveries. If the State chooses to redirect to SCF locations, the Contractor will be asked to quote additional shipping charges, if any. The State will use whichever is lower, the mailer or the State's contractual trucking company.



j. Service Response

A customer service representative must be available to respond to questions from the Contract Administrator and other State staff. This representative is expected to respond by phone to telephone inquiries within three working hours and to meet with State representatives in Lansing as deemed necessary by the Contract Administrator. The State reserves the right to recommend reassignment of personnel deemed unsatisfactory.

k. Emergency Plan

The Contractor shall have an emergency disaster plan to continue providing service without interruption to the State. The Contractor shall not be liable for liquidated damages when delays arise out of causes beyond the control and without fault or negligence of the Contractor (see section I-W).

l. Quality Assurance

The Contractor must maintain and demonstrate a thorough quality assurance program. Any damaged, mutilated, or illegibly addressed mailings **MUST** be shredded immediately after printing (see Appendix E) and new mailings processed at the Contractor's expense.

2. ANNUAL PROCESS

The Annual Process forms package described in Section II-A is mailed to approximately 373,000 sales, use and withholding tax filers each year. Mailings generally are completed from November 15th through January 10th. The quantity and construction of annual coupon books are well defined at the beginning of the process. Purchase orders (contract releases) will be issued annually to authorize quantities.

a. Coupon Book Definitions and Annual Quantity Estimates

IMPORTANT: Quantities are estimates. The Contractor must construct one coupon book for each taxpayer record on the magnetic cartridges provided. The State will pay only for the number of coupon books actually manufactured and mailed as evidenced by the USPS 3602 forms.

The annual work includes coupon books in all eight groups shown below. Follow the collating instructions described in the SUW Coupon Book Collating Chart in Appendix B.



<u>Group</u>	<u>Definition</u>	<u>Number of Plies</u>	<u>Estimated Annual Quantity</u>
M1	Monthly Sales - High Volume	28	46,000
M2	Monthly Use	27	3,000
M3	Monthly Withholding	15	56,000
M4	MONTHLY SALES - LOW VOLUME	16	44,000
Q1	Quarterly Sales	8	40,000
Q2	Quarterly Withholding	7	44,000
A1	Annual Sales	4	80,000
A2	Annual Withholding	3	60,000
TOTAL ESTIMATED ANNUAL QUANTITY			373,000

b. Data Requirements

The State will provide a separate magnetic cartridge for the variable information and addressing of each group. The cartridge will be prepared on a Unisys A18 computer and will be formatted in 38,000 bpi, 18-track, phase encoded, EBCDIC odd parity, labeled. If a subcontractor is utilized to translate cartridges to data tape, the subcontractor must be listed (see section IV-C.5).

c. Testing

1. Test 1: Using the test data, the Contractor must produce 50 personalized testing forms of plies 4-15 and 50 more of plies 16-27 (note this is a total of 100 test coupons; 50 returns and 50 vouchers). These coupons must duplicate final production as closely as possible. Testing will be done at the State and the current financial depository institution (lockbox). This test will be repeated until forms are read successfully. Production data will not be released until a successful test is completed.
2. Test 2: The Contractor must duplicate the first ten records of each group. The forms must be personalized and collated at the beginning of each group, then sent by overnight mail, on the same day they are collated, to the Contract Administrator for approval. This allows the State to verify live production without a separate setup and before work is completed. The State reserves the right to alter production if these test samples are unsatisfactory. No coupon books are to be mailed until the Contract Administrator has approved the run. The State reserves the right to increase or decrease this requirement based on the manufacturing method and the Contractor's expertise.
3. Test 3: For every 1000th coupon book of each group, the Contractor will create a dummy form (Z-filled or other method). The books should complete the production cycle as if they were being mailed (except envelope inserting), then pulled before mailing. The Contractor should use these books to verify the quality of the imaging and the accuracy of the data. These forms should be forwarded to the Contract Administrator for review within five days of production. The State reserves the right



to increase or decrease this requirement based on the manufacturing method and the vendor expertise.

d. Tentative Production Schedule

August 29	Test tape released
September 15	Camera-ready copy for litho printing released
October 1	Test 1 due*
October 20	Production <u>tapes for A1/A2</u> released**
October 24	Production <u>tapes for M1/M2/M3/M4 and Q1/Q2</u> released**
Production will be authorized for annual, monthly and quarterly filers ONLY after successful completion of Test 2. Test 3 to be delivered to Treasury within 5 days of production.	
October 30	Generic instruction books delivered
November 15	Delivery of A1 & A2 coupon books to USPS
December 6	Delivery of M1, M2, M3 & M4 coupon books to USPS
January 10	Delivery of Q1 & Q2 coupon books to USPS

*Test 1 may be due earlier than date indicated, especially in year one of the contract.

**Note that extra time is allowed between testing and production to accommodate failed testing.

The State will notify the Contractor of firm dates approximately August 15th.

e. Postal Sorting

1. Each of the eight Annual Process coupon book groups forms its own postal stream. Using CASS-certified software, the Contractor must sort and postal qualify each group for 3/5-digit Automation Rate Presort Standard A mail. Payment is made by postal indicia.
2. Given the location of the Contractor, the State will evaluate the advantages of postal entry discounts for the annual books only. The Contractor should be prepared to sort mail for BMC and SCF delivery upon request.
3. The Contractor must prepare/provide all forms, reports, bag tags and labels required by the post office to make the mailing automation-rate compatible.
4. Prior to production each year, the Contractor must take a sample packet to the U.S. postal facility being used for the mailings to verify the packet is acceptable as presented and can be mailed at the lowest possible qualifying rate. The Contractor must provide USPS with a detailed description of the packet construction for USPS signature and provide Treasury with a signed copy verifying the packet is acceptable for mailing.



f. Postage Payment

A minimum of three days before mail is delivered to a post office, the mailer must fax or email to the Contract Administrator a completed *Notice of Mail Drop to Treasury USPS Permit* (Form 2562). All mail must be verified at the plant before being trucked to the USPS. All postage will be paid from State of Michigan postal permits. Permits established by the State at USPS offices may be used for State mail only. Any unauthorized use of these permits will be considered a breach of contract, the contract may be canceled and the Contractor held liable for any unauthorized charges against the permit.

g. Postage Verification Records

Mailer will provide the Contract Administrator with a copy of all U.S. Postal Service Forms 3602, "*Statement of Mailing with Permit Imprints*" as soon as delivery of each item is complete. Do not mix groups of different weights on the statements (except for the Weekly Process). Each USPS 3602 must be **clearly identified** with the group being mailed (M1, etc., see Section II-B.1.a).

3. WEEKLY PROCESS

Forms packages described in Section II-A are sent weekly throughout the year (a weekly average of 2,000) to newly registered business taxpayers or business taxpayers who request a new booklet of returns. A newly registered business taxpayer designated for an *annual* filing frequency will receive an Instruction Book, Pre-identified Annual Return label, a Notice of Change or Discontinuance Form, a Sales Tax License (if applicable) and a Withholding Guide book (if applicable). *Monthly* and *quarterly* taxpayers will also receive returns for filing for the remainder of the calendar year, based on the file date in the record. Weekly coupon books are assembled based on data sent to the Contractor each week; the coupon book can range from 3-28 pages. Also, weekly coupon books are created based on taxpayer demand. Because of this, the number of documents in each coupon book varies and is highly unpredictable. This process runs January 1 through December 31.

a. Estimated Quantity

Weekly average: 2,000. Annual Estimate: 104,000. Weekly coupon book production generally ranges from 800 to 5,000/week with January - June being the heaviest period.

IMPORTANT: Quantities are estimates. The Contractor must construct one coupon book for each taxpayer record on the FTP file provided. The State will pay only for the number of coupon books actually manufactured and mailed within specifications as evidenced by the USPS Form 3602.

b. Group Construction

Weekly work includes coupon books, any of which can contain from 3-28 plies. The quantity and construction of the books are highly variable and cannot be predicted from week to week. Weekly Coupon books must be manufactured based only on the input record provided.



c. Data Requirements: Management and Technology

4. The State will FTP data directly to the Contractor every Wednesday morning.
5. The Contractor must have capability to accept FTP hosting for mail list transfers, control and secure access of data, and edit codes translation to literal and reformatting of mailed data files. Files will be fixed ASCII.
6. The Contractor will divide data records into eight book categories each, based on code fields for four running group years. A book category determines book cover, image artwork and specific year inserts. Through individual data record analysis the number of book pages will need to be determined. Book pages can range from a minimum of 3-28 pages.

d. Testing

A full test of FTP transmissions must be completed at a time mutually agreeable to the Contractor and the State but at least three weeks before the target date for the first live transmission. The Contractor must complete a full set of coupon books for the entire test, which will not include more than 30 records. This test must be successful before live transmissions begin.

e. Production Schedule

All data received on Wednesday mornings must be processed and delivered to the USPS no later than Friday of the same week. The Contractor must provide a monthly report detailing the weekly mailings to the Contract Administrator.

f. Postal Sorting

To meet Presort Standard A mail criteria of 200 pieces, these groups are combined into a single postal stream despite their weight differences [see Mail Manifest System (MMS) in the Domestic Mail Manual Section P710]. Using CASS-certified software, the Contractor must sort and postal qualify the mail for 3/5-digit Automation Rate Presort Standard A. Payment is made by postal indicia. Given the location of the Contractor, the State will evaluate the advantages of postal entry discounts for the weekly books. The Contractor should be prepared to sort mail for BMC and SCF delivery upon request. The Contractor must prepare/provide all forms, reports, bag tags and labels required by the post office to make the mailing automation-rate compatible.

g. Postage Payment

Where possible postage will be paid from a single State postal permit. Permits established by the State at USPS offices may be used for State mail only. Any unauthorized use of these permits will be considered a breach of contract, the Contract may be canceled and the Contractor held liable for any unauthorized charges against the permit. For mail that does not qualify for postal permit use, the Contractor will pay postage and invoice the State.



h. Postage Verification Records

Mailer will provide the Contract Administrator with a copy of all U.S. Postal Service Forms 3602, "Statement of Mailing with Permit Imprints" as soon as delivery of each item is complete. Different weights may be mixed on the statements for the weekly process.

II-C PROJECT CONTROL AND REPORTS

1. Project Control

- a. The Contractor will carry out this project under the direction and control of the Department of Treasury.
- b. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet biweekly as a minimum, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c. The Contractor will submit brief written biweekly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the client agency's project director; and notification of any significant deviation from previously agreed-upon work plans. A copy of this report will be forwarded to the named buyer in Acquisition Services.
- d. Within five (5) working days of the award of the Contract, the Contractor will submit to the Department of Treasury Contract Administrator for final approval a work plan. This final implementation plan must be in agreement with section IV-C subsection 2 as proposed by the bidder and accepted by the State for Contract, and must include the following:
 - (1) The Contractor's project organizational structure.
 - (b) 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.
 - (c) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
 - (d) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

2. Reports

- a. Annual Process:
 - 1. As mailings are prepared for the A's, M's and Q's, the Contractor must provide a detailed report showing the number of filers to be mailed by filing type, the number



of blank records on the production tape and number of filers that are identified as CASS errors. The Contractor will also communicate via e-mail with the Contract Administrator upon the completion of mailing of each filer type.

- b. Weekly Process:
 - 1. Each month, the Contractor must provide an itemized list detailing the number of books sent out (itemized by year), as well as number of books sent with a Withholding Guide. Report must include the number of laser images, date mailed, postage paid with the permit as well as First Class postage paid.
 - 2. Each week, the Contractor (or subcontractor) must provide Contract Administrator with a report detailing the number of books sent out for the week (itemized by year), including the number of books sent with a Withholding Guide.

Treasury reserves the right to request ad hoc reports, as necessary.

II-D PRICE PROPOSAL

All prices/rates will be firm for the duration of the Contract. No price changes will be permitted.

Prices for paper and label material may be subject to revision at the end of each 365-day period if there are changes in the general industry. Revisions may be either increases or decreases and may be requested by either party. Evidence of general industry changes, such as revised printed price lists or notices, and evidence that the change actually affected the contractor's costs for materials must accompany the request. The prices quoted shall be firm for 365 days. Requests for price changes shall be received in writing at least thirty (30) days before their effective date and are subject to written acceptance before becoming effective. If proposed prices are not acceptable to either party, the Contract may be canceled. The Contractor remains responsible for performing according to the Contract terms at the Contract price for all orders received before price revisions are approved or before the Contract is canceled.

II-E CONTRACT PAYMENT

Payment for work completed will be made only upon satisfactory delivery of each job. Invoices must be prepared in the manner requested by the State on the purchase order (contract) release issued for ordering and **must** include the following information:

- Contract number printed clearly on all copies and pages.
- Treasury purchase order release number printed clearly on all copies and pages.
- A complete description of the work completed (i.e. price for documents, collating and inserting).
- Include 1st class postage charges for non-BMC mailings on invoice.
- Dates materials are mailed out for both the annual and weekly process (where applicable).
- Payment of invoices without this information may be delayed.

Send invoices to:

Department of Treasury
Finance and Accounting
Treasury Building
430 W. Allegan St., 2nd Floor
Lansing, MI 48922

Appendix A

PLY CONSTRUCTION

Ply (a)	Title	Total Estimated Quantity (Annual)	Paper Stock	Printing /Sides	Perf (c)	Ink Color	Imaging/Personalization (d)
1	Cover (b)	477,000 Annual: <u>373,000</u> Weekly: <u>104,000</u>	8 pt. Cover White	1-Sided	No	1 Color Black; Bleed 4 sides	Address Block: Name, address and USPS barcode/route information (max. 7 lines) Label: Taxpayer name, return year, account number and due date (max. 3 lines)
2	Sales Tax License	253,000 Annual: 196,000 Weekly: 57,000	20# White Bond	1-Sided	Yes	1 Color Black	Name, address, account number, expiration date, and multiple tax codes (max. 7 lines)
3	Notice of Change or Discontinuance	477,000 Annual: <u>373,000</u> Weekly: <u>104,000</u>	20# White Bond	2-Sided	Yes	1 Color Black	Taxpayer mailing address, legal address, account number and filing status (max. 8 lines)
4-15	Returns	2.5 million Annual: <u>2.0 million</u> Weekly: <u>500,000</u>	24# White Bond	1-Sided	Yes	2 Colors Black/PMS 347; Color to be a verified "drop out" ink	Taxpayer name, due date, return period, account number, and scanline (max. 5 lines) Scanline must be in OCR-A font scannable by I-TRAN equipment.
16-27	Vouchers	725,000 Annual: 600,000 Weekly: <u>125,000</u>					
28	Back Cover	477,000 Annual: <u>373,000</u> Weekly: <u>104,000</u>	8 pt. Cover White	1-Sided	No	1 Color Black	No personalization required
ALL	<p>(a) Finished size is 9" x 4" – consisting of 8.5" x 4" coupon PLUS a perforated left hand stub ½" wide.</p> <p>(b) The cover contains a label. The label may be blown on, integrated, joined or otherwise affixed to the cover. It must be prepared "piggy-back" so it can be removed and affixed to another form. It must store successfully for 13 months.</p> <p>(c) Perforation is ½" from the left edge of the document.</p> <p>(d) All personalization must be done in black ink.</p>						

Appendix B

SUW Coupon Book Collating Chart

	Page Name	Page#	A1	A2	M1	M2	M3	M4	Q1	Q2
<i>Tray 1</i>	Front Cover	1	X	X	X	X	X	X	X	X
<i>Tray 2</i>	Sales Tax License	2	X		X			X	X	
	Notice of Change	3	X	X	X	X	X	X	X	X
<i>Tray 3</i>	Jan	4			X	X	X	X		
	Feb	5			X	X	X	X		
	March	6			X	X	X	X	X	X
	April	7			X	X	X	X		
<u>RETURN</u>	May	8			X	X	X	X		
	June	9			X	X	X	X	X	X
	July	10			X	X	X	X		
	August	11			X	X	X	X		
	Sept	12			X	X	X	X	X	X
	Oct	13			X	X	X	X		
	Nov	14			X	X	X	X		
	Dec	15			X	X	X	X	X	X
<i>Tray 4</i>	Jan	16			X	X				
	Feb	17			X	X				
	March	18			X	X				
<u>DISCOUNT VOUCHER</u>	April	19			X	X				
	May	20			X	X				
	June	21			X	X				
	July	22			X	X				
	August	23			X	X				
	Sept	24			X	X				
	Oct	25			X	X				
	Nov	26			X	X				
	Dec	27			X	X				
	Back Cover	28	X	X	X	X	X	X	X	X

Total pages in book 4 3 28 27 15 16 8 7

CONTRACT #071B4200337

Annual Process													
Chart 1 - Annual Coupon Books - Year 1													
Appendix C - Price Proposal													
Item	Estimated Quantity	Mfg Unit Price (\$/m)	Total Mfg Cost	Tonnage (lbs)	Paper Price (cwt)	Average total paper Cost	(B)	(A+B) Total Cost	(A+B) Cost/m	Unit Price BELOW Est. Qty	Unit Price ABOVE Est. Qty		
M1	46000	\$599.60	\$27,581.52	7100	41.9	\$2,974.90	\$2,974.90	\$30,556.42	\$664.27	\$664.27	\$664.27		
M2	3000	\$578.59	\$1,735.77	450	44.76	\$201.42	\$201.42	\$1,937.19	\$645.73	\$645.73	\$645.73		
M3	56000	\$383.56	\$21,479.08	4750	45.36	\$2,154.60	\$2,154.60	\$23,633.68	\$422.03	\$422.03	\$422.03		
M4	44000	\$395.80	\$17,415.40	4350	45.28	\$1,969.68	\$1,969.68	\$19,385.08	\$440.57	\$440.57	\$440.57		
Q1	40000	\$268.18	\$10,727.00	2000	46.55	\$931.00	\$931.00	\$11,658.00	\$291.45	\$291.45	\$291.45		
Q2	44000	\$251.57	\$11,069.20	2000	46.92	\$938.40	\$938.40	\$12,007.60	\$272.90	\$272.90	\$272.90		
A1	80000	\$173.46	\$13,876.88	2320	49.1	\$1,139.12	\$1,139.12	\$15,016.00	\$187.70	\$187.70	\$187.70		
A2	60000	\$156.42	\$9,385.18	1503	50.82	\$763.82	\$763.82	\$10,149.00	\$169.15	\$169.15	\$169.15		
Collating/Insert Envelopes	373000	\$130.38	\$48,629.88	14500	47	\$6,815.00	\$6,815.00	\$48,629.88	\$130.38	\$130.38	\$130.38		
Insert								\$17,262.73	\$46.28	\$46.28	\$46.28		
Withholding/Guide	200,000	\$24.00	\$4,800.00					\$4,800.00	\$24.00	\$24.00	\$24.00		
Overtime	\$ per hour	\$150.00						\$195,035.58					

CONTRACT #071B4200337

Annual Process												
Chart 1 - Annual Coupon Books - Year 2												
Appendix C - Price Proposal												
Item	Estimated Quantity	Mfg Unit Price (\$/m)	(A)		Tonnage (lbs)	Average Paper Price (cwt)	(B)		(A+B)		Unit Price	
			Total Mfg Cost	Total			total paper Cost	total paper Cost	Total Cost	(A+B) Cost/m	BELOW Est. Qty	ABOVE Est. Qty
M1	46000	\$599.60	\$27,581.52		7100	41.9	\$2,974.90	\$30,556.42	\$664.27	\$664.27	\$664.27	\$664.27
M2	3000	\$578.59	\$1,735.77		450	44.76	\$201.42	\$1,937.19	\$645.73	\$645.73	\$645.73	\$645.73
M3	56000	\$383.56	\$21,479.08		4750	45.36	\$2,154.60	\$23,633.68	\$422.03	\$422.03	\$422.03	\$422.03
M4	44000	\$395.80	\$17,415.40		4350	45.28	\$1,969.68	\$19,385.08	\$440.57	\$440.57	\$440.57	\$440.57
Q1	44000	\$268.18	\$10,727.00		2000	46.55	\$931.00	\$11,658.00	\$291.45	\$291.45	\$291.45	\$291.45
Q2	44000	\$251.57	\$11,069.20		2000	46.92	\$938.40	\$12,007.60	\$272.90	\$272.90	\$272.90	\$272.90
A1	80000	\$173.46	\$13,876.88		2320	49.1	\$1,139.12	\$15,016.00	\$187.70	\$187.70	\$187.70	\$187.70
A2	60000	\$156.42	\$9,385.18		1503	50.82	\$763.82	\$10,149.00	\$169.15	\$169.15	\$169.15	\$169.15
Collating/Insert Envelopes	373000	\$130.38	\$48,629.88					\$48,629.88	\$130.38	\$130.38	\$130.38	\$130.38
Insert	373000	\$28.01	\$10,447.73		14500	47	\$6,815.00	\$17,262.73	\$46.28	\$46.28	\$46.28	\$46.28
Withholding Guide	200,000	\$24.00	\$4,800.00					\$4,800.00	\$24.00	\$24.00	\$24.00	\$24.00
Overtime	\$ per hour	\$150.00						\$195,035.58				

CONTRACT #071B4200337

Annual Process												
Chart 1 - Annual Coupon Books - Year 3												
Appendix C - Price Proposal												
Item	Estimated Quantity	Mfg Unit Price (\$/m)	(A) Total Mfg Cost	Tonnage (lbs)	Average Paper Price (cwt)	(B) total paper Cost	(A+B) Total Cost	(A+B) Cost/m	Unit Price BELOW Est. Qty	Unit Price ABOVE Est. Qty		
M1	46000	\$599.60	\$27,581.52	7100	41.9	\$2,974.90	\$30,556.42	\$664.27	\$664.27	\$664.27		
M2	3000	\$578.59	\$1,735.77	450	44.76	\$201.42	\$1,937.19	\$645.73	\$645.73	\$645.73		
M3	56000	\$383.56	\$21,479.08	4750	45.36	\$2,154.60	\$23,633.68	\$422.03	\$422.03	\$422.03		
M4	44000	\$395.80	\$17,415.40	4350	45.28	\$1,969.68	\$19,385.08	\$440.57	\$440.57	\$440.57		
Q1	40000	\$268.18	\$10,727.00	2000	46.55	\$931.00	\$11,658.00	\$291.45	\$291.45	\$291.45		
Q2	44000	\$251.57	\$11,069.20	2000	46.92	\$938.40	\$12,007.60	\$272.90	\$272.90	\$272.90		
A1	80000	\$173.46	\$13,876.88	2320	49.1	\$1,139.12	\$15,016.00	\$187.70	\$187.70	\$187.70		
A2	60000	\$156.42	\$9,385.18	1503	50.82	\$763.82	\$10,149.00	\$169.15	\$169.15	\$169.15		
Collating/Insert Envelopes	373000	\$130.38	\$48,629.88				\$48,629.88	\$130.38	\$130.38	\$130.38		
Insert	373000	\$28.01	\$10,447.73	14500	47	\$6,815.00	\$17,262.73	\$46.28	\$46.28	\$46.28		
WithholdingGuide	200,000	\$24.00	\$4,800.00				\$4,800.00	\$24.00	\$24.00	\$24.00		
Overtime	\$ per hour	\$150.00					\$195,035.58					

TOTAL CONTRACT VALUE
 (Add Appendices C & D for all 3 years).



APPENDIX D

SAFEGUARD REQUIREMENTS OF CONFIDENTIAL DATA

This section sets forth the safeguard requirements for handling, storage, and processing of confidential tax information for a Contractor and their subcontractor(s) and is incorporated as an integral part of the Contract. It will facilitate administration and enforcement of the laws of the State of Michigan applicable to the State of Michigan and in a manner consistent with the applicable statutes, regulations, published rules and procedures or written communication.

I. Authority

Authority for the Michigan Department of Treasury to require that this section be included in the Contract is contained in 1941 PA 122, as amended, MCL 205.28(1)(f), which states in part that subject to the same restrictions and penalties imposed upon department employees on the treatment of confidential information, a private contractor or its employees are strictly prohibited from disclosing taxpayer information to a third party. The prohibition against disclosure does not bar an employee of a private contractor with whom the State of Michigan (State) contracts that processes tax returns or payments pursuant to the Contract from having access to confidential information that is reasonably required for the processing or collection of amounts due this State.

II. Confidentiality

It is agreed that all information exchanged under this section will be kept confidential in accordance with the confidentiality provisions contained within section MCL 205.28(1)(f) and MCL 205.28(2) of the Michigan Department of Treasury Revenue Act, which state in part;

“Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department will not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department.”

“A person who violates subsection (1)(e), (1)(f), or (4) is guilty of a felony, punishable by a fine of not more than \$5,000.00, or imprisonment for not more than 5 years, or both, together with the costs of prosecution. In addition, if the offense is committed by an employee of this state, the person will be dismissed from office or discharged from employment upon conviction.”

All information obtained by either Treasury or Contractor will not be disclosed except as necessary for the proper administration of and execution of the Contract. In the event, confidentiality statutes are amended, the State will notify Contractor of any changes.

No employee, agent, authorized representative or legal representative of Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department or unit within such governmental agency, to any other state or nation, or unauthorized third party. No tax returns or tax return information provided to Contractor will be duplicated or disseminated within or outside the

company without the written approval of the Contract Administrator. Michigan's tax returns and tax return information remain the property of the Department of Treasury.

Contractor may use a taxpayer's name, address and Social Security number or employer identification number to the extent necessary in connection with the processing and mailing of forms for any report or return required in the administration of any tax in the performance of the Contract.

Information received by the Michigan Department of Treasury from the U.S. Internal Revenue Service, pursuant to section 6103(d) of the Internal Revenue Code or any other U.S. federal Agency will only be subject to the exchange if received as part of the State of Michigan tax return filing requirements.

III. Procedure for Security

At a minimum, Contractor will safeguard any tax return information obtained under the Contract as follows:

- A. Access to the tax returns and tax return information will be allowed only to those authorized employees and Officials of Contractor who need the information to perform their official duties in connection with the uses of the information authorized in the Contract. The Contractor will be responsible for ensuring that each employee authorized to access Michigan tax information has signed the *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) and provide a copy to the Department of Treasury, Disclosure Officer and Contract Administrator.
- B. Any records created from tax returns and tax return information will be stored in an area that is physically safe from access by unauthorized persons during duty hours as well as non-duty hours or when not in use.
- C. All personnel who will have access to the tax returns and to any records created by the tax return information will be advised of the confidential nature of the information, the safeguards required to protect the information and the civil and criminal sanctions for noncompliance contained in MCL 205.28(1)(f) and (2).
- D. All confidential information, which includes, but is not limited to, data stored electronically and any related output and paper documents will be secured from unauthorized access and with access limited to designated personnel only. Michigan tax return information will not be commingled with other information. Further, when appropriate, Michigan tax return information will be marked as follows:

CONFIDENTIAL-MICHIGAN TAX RETURN INFORMATION
Protect at all times. Do not disclose.
MI tax information is exempt from disclosure
Under the Freedom of Information Act.

- E. The records will be transported under appropriate safeguards as defined in the Contract.

- F. The Department of Treasury, Disclosure Officer or Contract Administrator may make onsite inspections or make other provisions to ensure that adequate safeguards are being maintained by the Contractor.
- G. The Michigan Department of Treasury, Disclosure Officer, may monitor compliance of systems security requirements during the lifetime of the Contract.
- H. Contractor will also adopt policies and procedures to ensure that information contained in their respective records and obtained from Treasury and taxpayers will be used solely as provided in the Contract.

IV. Computer System Security of Tax Data

The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

Computer system security and physical security of tax data stored and processed by Contractor must be in compliance with the following security guidelines and standards established by the Michigan Department of Treasury as follows (these guidelines apply to any computer system developed by Contractor, either through its own systems staff, or through a contractor, subcontractor or vendor):

A. Controlled Access Protection –Common Criteria (C2)

All computer systems processing, storing and transmitting Michigan tax information must have computer access protection controls – (C2). These security standards are delineated in the “Common Criteria for Information Technology Security Evaluation” (CCITSE) at http://www.radium.ncsc.mil/tpep/library/ccitse/cc_over.html. To meet these standards, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance, and documentation.

1. **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.
2. **Accountability** – Computer systems processing Michigan tax information must be secured from unauthorized access. All security features must be available (audit trails, identification and authentication) and activated to prevent unauthorized users from indiscriminately accessing Michigan tax information. Everyone who accesses computer systems containing Michigan tax information is accountable. Access controls must be maintained to ensure that unauthorized access does not go undetected. Computer programmers and contractors who have a need to access databases, and are authorized under the law, must be held accountable for the work performed on the system. The use

of passwords and access control measures must be in place to identify who accessed protected information and limit that access to persons with a need to know.

a) On-line Access –Users will be limited to any Treasury on-line functions, by limiting access through functional processing controls and organization restrictions.

Any employee granted access privileges through the Contractor’s Security Administrator will be approved for access and viewing rights to Treasury on-line systems by the Department of Treasury Disclosure Officer. The on-line access will be provided by Treasury’s Office of Security.

b) Operating Features of System Security

Contractor must meet the following levels of protection with respect to tax return information. Individual user accountability must be ensured through user identification number and password.

- I. Access rights to confidential tax information must be secured through appropriate levels of authorization.
- II. An audit trail must be maintained of accesses made to confidential information.
- III. All confidential and protected information must be cleared from a system before it is used for other purposes not related to the enforcement, collection or exchange of data not covered by this section or by an addendum to this Contract.
- IV. Hard copies made of confidential tax return information must be labeled as confidential information.
- V. Confidential Treasury tax information will be blocked or coded as confidential on system.
- VI. Any computer system in which Michigan tax return information resides must systematically notify all users upon log-in of the following disclosure penalties for improperly accessing or making an authorized disclosure of Michigan tax return information:

NOTICE TO STATE AGENCY EMPLOYEES AND AUTHORIZED REPRESENTATIVES

*This system contains Michigan Department of Treasury tax return information. **DO NOT DISCLOSE OR DISCUSS MICHIGAN RELATED TAX RETURN INFORMATION** with unauthorized individuals. The Michigan Department of Treasury Revenue Act, MCL 205.28(10)(f)(1), (2), prohibits such disclosure. A person making a willful unauthorized disclosure or inspection (browsing) of tax return information may be charged with the following Michigan penalties:*

MICHIGAN PENALTIES

The Michigan Revenue Act imposes criminal penalties up to \$5,000 and/or imprisonment for 5 years, plus costs and dismissal from employment if it is found that an employee has made an unauthorized disclosure of a tax return or tax return information or divulged audit selection or processing parameters.

This statement is subject to modification. A confidentiality statement, subject to modification, as needed, will be sent annually by the Security Administrator to all employees, contractors, and legal representatives of Contractor.

- 3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant enhancements or other changes to a security system must follow the process of review, independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.
 - a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Contract Administrator. Notice of the corrective action must be provided to the Contract Administrator. All non-conformities must be reported to the Contract Administrator with the following:
 - a. Duration of non-conformity/interruption
 - b. Reason for non-conformity/interruption
 - b. Resolution.
 - b) All non-conformities to the specifications/tasks of the Contract must be corrected within four (4) hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four (4) hours to the Contract Administrator for approval.
- 4) **Documentation** – Design and test documentation must be readily available to the state. The developer or manufacturer should initially explain the security mechanisms, how they are implemented and their adequacy (limitations). This information should be passed on to the security officer or supervisor. Test documentation should describe how and what mechanisms were tested and the results. If recognized organizations/tests/standards are used, then a document to that effect will suffice. For example, a system that has been tested and certified as meeting certain criteria may have a document stating this fact, without detailed tests/results of information. Contractor, however, must ensure the documentation covers the exact system and that it includes the specific computer system used by Contractor.

Additionally, documentation must include a security administrator's guide. The security administrator's guide is addressed to the System's Administrator and Security Officer and will describe the protection mechanisms provided by the security system, guidelines on their use and how they interact. This document will present cautions about security functions and describe privileges that should be controlled when running a secure system.

The document will be secured and locked at all times with access rights only by the Systems Administrator and Security Officer.

Note: When a security system is designed or purchased for a specific computer or computer system, the security mechanisms must be reviewed by the State to ensure that needed security parameters are met. An independent test should be implemented on the specific computer or computer system to ensure that the security system meets the security parameters within this contract and developed with the computer system. The test may be arranged by the developer but must be done by an independent organization. Contractor must assign responsible individuals (Security Officers) with knowledge of information technology and applications to oversee the testing process. These individuals must be familiar with technical controls used to protect the system from unauthorized entry.

Finally, contingency and backup plans must be in place to ensure protection of Michigan tax information.

V. Electronic Transmission of Michigan Tax Information

The two acceptable methods of transmitting Michigan tax information over telecommunications devices are encryption and the use of guided media. Encryption involves the altering of data objects in a way that the objects become unreadable until deciphered. Guided media involves the use of protected microwave transmitting or the use of end to end fiber optics.

The Department of Information Technology (DIT) has defined encryption standards in DIT Standard 1410.17 section 6.5 which must be used to provide guidance for encryption, message authentication codes or digital signatures and digital signatures with associated certification infrastructure.

Unencrypted cable circuits of fiber optics is an alternative for transmitting Michigan tax information. Adequate measures must be taken to ensure that circuits are maintained on cable and not converted to unencrypted radio transmission. Additional precautions will be taken to protect the cable, i.e., burying the cable underground or in walls or floors and providing access controls to cable vaults, rooms and switching centers.

A. Remote Access

Accessing databases containing Michigan tax information from a remote location – that is, a location not directly connected to the Local Area Network (LAN) will require adequate safeguards to prevent unauthorized entry.

For dial up access, the system must require an identification security card that requires both PIN and card in possession. According to DIT- Procedure 1410.17 (4.1), dial in access into any connected state network will only be permitted after a dial-in user has been authenticated. Authentication is provided through ID and password.

VI. Record Keeping Requirements for Information Received in a Paper Format

Each Contractor employee or contractor requesting and receiving information will keep an accurate accounting of the information received. The audit trail will be required which will include the following information:

- a. Taxpayer's name
- b. Identification number
- c. Information requested
- d. Purpose of disclosure request
- e. Date information received
- f. Name of Agency/Division and employee making request
- g. Name of other employees who may have had access
- h. Date destroyed
- i. Method of destruction

A. Electronic Media

Contractor will keep an inventory of magnetic and electronic media received under the Contract.

Contractor must ensure that the removal of tapes and disks and paper documents containing Michigan tax return information from any storage area is properly recorded on charge-out records. Contractor is accountable for missing tapes, disks, and paper documents.

B. Recordkeeping Requirements of Disclosure Made to State or Federal Auditor General

When disclosures are made by Contractor to State or Federal Auditors, these requirements pertain only in instances where the Auditor General's staff extracts Michigan tax returns or tax information for further review and inclusion in their work papers. Contractor must identify the hard copies of tax records or if the tax information is provided by magnetic tape format or through other electronic means, the identification will contain the approximate number of taxpayers records, the date of inspection, the best possible description of the records and the name of the Auditor(s) making the inspection.

The Disclosure Officer must be notified, in writing, of any audits done by auditors, internal or otherwise, of Contractor that would involve review of Treasury processing parameters.

VII. Contract Services

The following language will be included in any contract entered into by Contractor with a subcontractor if the subcontractor will process Michigan tax return information provided under this Safeguard Provision.

- A. The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

B. Definition of Treasury Tax Return Information

Treasury tax return information is defined in RAB 1989-39 as follows:

Taxpayer's identity, address, the source or amount of his/her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments whether the taxpayer's return was, is being or will be examined or subject to their investigation or processing, or any other data, received by, recorded by, prepared by, furnished to or collected by the agency with respect to a return or with respect to the determination of the existence, or liability (or the amount thereof) of any person under the tax laws administered by the Department, or related statutes of the state for any tax, penalty, interest, fine, forfeiture, or other imposition or offense. The term "tax return information" also includes any and all account numbers assigned for identification purposes.

- C. An acknowledgment that a taxpayer has filed a return is known as a "fact of filing" and may not be disclosed. All tax return data made available in any format will be used only for the purpose of carrying out the provisions of the Contract between Contractor and the subcontractor. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract between Contractor and the subcontractor. In addition, all related output will be given the same level of protection as required for the source material.
- D. The subcontractor will certify that the data processed during the performance of the Contract between Contractor and the subcontractor will be completely purged from all data storage components of the subcontractor's computer facility, and no output will be retained by the subcontractor at the time the work is completed. If immediate purging of all data storage components is not possible, the subcontractor will certify that any Michigan data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.
- E. Destruction of tax data, including any spoilage or any intermediate hard copy printout which may result during the processing of Michigan tax return information, will be documented with a statement containing the date of destruction, description of material destroyed, and the method used.
- F. Computer system security and physical security of tax data stored and processed by the subcontractor must be in compliance with security guidelines and standards established by this contract. See section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.
- G. The Contractor will be responsible for ensuring that each employee authorized to access Michigan tax information has signed the *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) and provide a copy to the Department of Treasury, Disclosure Officer and Contract Administrator.
- H. No work involving information furnished under the contract between Contractor and a subcontractor will be further subcontracted without the specific approval of the Michigan Department of Management and Budget. Contractor and approved subcontractors handling

Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* provided by Treasury, (Form 3337, see Attachment A). The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Contract Administrator.

VIII. Transport of Tax Information

In the event, it is necessary to transport confidential tax return information the Contractor is responsible for holding the carrier responsible for safeguarding the records. The Contractor must obtain a signed *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) for each carrier employee who has access to Michigan tax return information. The original agreements will be returned to the Department of Treasury, Disclosure Officer and a copy sent to the Contract Administrator.

If it is necessary to transfer records and responsibility for transport to a third carrier due to a mishap during transportation, the Contractor is responsible for ensuring safeguard standards remain enforce.

Any such incidents must be reported to the Contract Administrator immediately.

IX. Disposal of Tax Information

Materials furnished to Contractor, such as tax returns, remittance vouchers, W-2 reports, correspondence, computer printouts, carbon paper, notes, memorandums and work papers will be destroyed by burning, mulching, pulverizing or shredding. If shredded, strips should not be more than 5/16-inch, microfilm should be shredded to effect a 1/35-inch by 3/8-inch strip, and pulping should reduce material to particles of one inch or smaller.

Disk media must be destroyed by overwriting all data tracks a minimum of three times or running a magnetic strip over and under entire area of disk at least three (3) times. If the CD or DVD cannot be overwritten it must be destroyed in an obvious manner to prevent use in any disk drive unit and discarded. Hand tearing, recycling, or burying information in a landfill are unacceptable methods of disposal. Electronic data residing on any computer systems must be purged based on Treasury's retention schedule.

Contractor and its subcontractor(s) will retain all confidential tax information received by Treasury only for the period of time required for any processing relating to the official duties and then will destroy the records. Any confidential tax information that must be kept to meet evidentiary requirements must be kept in a secured, locked area and properly labeled as confidential return information. See Procedure for Security (Section V of this section) for more details.

X. Security Responsibility

Contractor will designate a security person who will ensure that each individual having access to confidential tax information or to any system which processes Michigan tax return information is appropriately screened, trained and executes a *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) before gaining

access or transaction rights to any process and computer system containing Treasury tax return information.

Each Contractor or their subcontractor(s) employees' access and transaction rights will be reviewed periodically to ensure that there is a need to know Treasury tax return information displayed in any media.

Michigan tax return information will be made available only to individuals authorized by the Contract. State and Contractor will maintain a list of persons authorized to request and receive information and will update the list as necessary. A copy of the list must be furnished to the Michigan Department of Treasury Disclosure Officer and Contract Administrator.

XI. Effective Date

These Safeguard requirements will be reviewed whenever the Contract modifications include specifications or processes that affect tax data.

Michigan Department of Treasury
3337 (Rev. 10-03)

Reset Form

Vendor, Contractor or Subcontractor Confidentiality Agreement

The Revenue Act, Section 28(1)f, 1941 PA 122, MCL 205.28(1)(f), makes all information gained in administering taxes confidential, except as otherwise provided in the Act. The Act holds a vendor, contractor or subcontractor and their employees who sell a product or provide a service to the Michigan Department of Treasury to the strict confidentiality provisions of the Act. Confidential tax information includes, but is not limited to, information obtained in connection with administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the Michigan Department of Treasury for a tax administered by the department.

INSTRUCTIONS: Read this entire form before you sign it. If you do not complete this agreement, you will be denied access to Michigan Department of Treasury and federal tax information. After you sign and date this form, keep a copy for your records. Send the original to: Michigan Department of Treasury, Office of Policy Communications and Disclosure, Disclosure Officer, 430 W. Allegan, Lansing, MI 48922.

Company Name and Address (Street or RR#, City, State, Zip Code)	Official or Employee Name
Name of State of Michigan Agency	Employee Identification Number or Driver's License Number
Describe here or in a separate attachment the product or service being provided to the State of Michigan Agency.	Sub-Contractor's Name if Product/Service Furnished to Contractor

Confidentiality Provisions. It is illegal to reveal or inspect (browse), except as authorized:

- All tax return information obtained in connection with the administration of a tax. This includes information from a tax return or audit and any information about the selection of a return for audit, assessment or collection, or parameters or tolerances for processing returns.
- All Michigan Department of Treasury or federal tax returns or tax return information made available, including information marked "Official Use Only". Tax returns or tax return information shall not be divulged or made known in any manner to any person except as may be necessary for the performance of official duties. Access to Treasury or federal tax information, in paper or electronic form, is allowed on a **need-to-know** basis only. Disclosure of return information to other employees of your department, agency, division or office, must meet **need-to-know** criteria and be required to perform official duties.
- Confidential information shall not be disclosed by a department employee to confirm information made public by another party or source which is part of any public record. 1999 AC 205.1003(3)

Penalty. Violating confidentiality laws is a felony, with penalties as described:

Michigan Penalties

The Michigan Revenue Act, 1941 PA 122, MCL 205.28(2), imposes criminal penalties of up to \$5,000 and/or imprisonment for five years, plus costs of prosecution, if it is found that an individual has made an unauthorized inspection or disclosure of a tax return or tax return information or divulged audit selection criteria or processing parameters. Inspection (browsing) is defined as examining a return or return information without authorization and without a need to know the information to perform official duties.

Any person who violates **any** other provision of the Revenue Act, 1941 PA 122, MCL 205.1, et. seq., or any statute administered under the Revenue Act, will be subject to a misdemeanor conviction with a fine of up to \$1,000.00, or imprisonment for up to one year, or both. MCL 205.27(4).

Federal Penalties

The Internal Revenue Code (IRC), Section 7213, 26 USC 7213, imposes a felony penalty up to \$5,000 and/or imprisonment of not more than five years, plus cost of prosecution, for willful **disclosure** to any person of federal tax return and tax return information obtained by the Michigan Department of Treasury under its agreement with the IRS. In addition to the above penalties, IRC Section 7213A, 26 USC 7213A, imposes a fine up to \$1,000 and/or imprisonment up to one year, plus cost of the action, for unauthorized **inspection (browsing)** of federal tax return or tax return information.

The IRS amended IRC Section 7431, 26 USC 7431, to provide an expanded cause of action for civil damages for unauthorized inspections, as well as disclosures of returns or return information. The IRS must notify the affected taxpayer if a federal or state employee or contractor is criminally charged under either of the above IRC sections. The injured taxpayer may bring civil action within two years against the United States and against the employee or contractor. The penalty is \$1,000 or actual damages sustained by the taxpayer, plus cost of the action and attorney's fees.

CERTIFICATION		
I acknowledge that I have read this Agreement, which is intended to help me understand applicable Michigan and Federal law related to the protection of confidential information. I understand that failure to comply with applicable law, including the laws referenced in this Agreement, may subject a violator to criminal and civil penalties.		
Print name of person signing this agreement	Signature of person named above	Date signed
WITNESS		
Print name of witness	Signature of witness	Date signed

PUBLIC ACT No. 153

HOUSE ENROLLED ACT NO. 112

PASSED DURING THE REGULAR SESSION OF 1937

Introduced by Messrs. Rahoi Hailwood and Thomas L. Smith

An ACT relative to printing for the state of Michigan; to establish the requirements of responsible bidders, to prescribe penalties for the violation of the provisions of this act; and to repeal all acts and parts of acts inconsistent with the provisions of this act.

The People of the State of Michigan enact:

Section 1. All printing for which the state of Michigan is chargeable, or which is paid for with funds appropriated wholly or in part by the state, excepting that which is printed for primary school districts, counties, townships, cities, villages, and/or legal publications ordered for or by elective state officers, must be printed within the state of Michigan, and shall bear the label of the branch of the allied printing trades council of the locality in which they are printed, except under the following conditions:

1. Printing firms not having the use of the allied printing trades council union label and who are desirous of presenting bids for printing as enumerated above shall be required to establish consideration as a responsible bidder as follows:
 - a. As a condition to consideration as a responsible bidder printing concerns must file with the secretary of state a sworn statement to the effect that employees in the employ of the concern which is to produce such printing are receiving the prevailing wage rate and are working under conditions prevalent in the locality in which the work is produced.
 - b. Whenever a collective bargaining agreement is in effect between an employer and employees who are represented by a responsible organization which is in no way influenced or controlled by the management, such agreement and its provisions shall be the minimum requirements for being adjusted a responsible bidder under this act.
 - c. Printing firms having the use of the allied printing trades council union label shall be deemed as having complied with the provisions of this act, but nothing in these provisions shall be constructed as exempting such bidders from any provision of the act, and such bidders shall also be required to conform with all of its provisions.
2. State-owned printing establishments in Jackson prison and the boys' industrial school at Lansing shall be exempt from the above provisions: *Provided, however*, that these institutions shall not perform printing other than the needs and requirements of these institutions.

Section 2. Any officer or employee of the state who shall accept any printed matter, or is found to have had printed matter produced under conditions other than set forth in this act, and which is paid for with funds appropriated wholly or in part by the state, shall be subject to a fine of fifty dollars for each and every offense.

Section 3. All acts or parts of acts inconsistent with the provisions of this act are hereby repealed.
(Signed by the Governor, July 3, 1937.)