

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

July 22, 2008

CHANGE NOTICE NO. 2
OF
CONTRACT NO. 071B5200123
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE: Drew Flemming (616) 459-0281 Ext 111	
Engineered Protection Systems, Inc. 750 Front St. N.W. Grand Rapids, MI 49504 Email: www.epssecurity.com			
Contract Compliance Inspector: Robert Jansen (517) 335-5772 Alarm Services Monitoring – Michigan Lottery		BUYER/CA (517) 241-4225 Kevin Dunn	
CONTRACT PERIOD: From: November 22, 2004		To: November 22, 2009	
TERMS	N/A	SHIPMENT	N/A
F.O.B.	N/A	SHIPPED FROM	N/A
MINIMUM DELIVERY REQUIREMENTS			
N/A			

NATURE OF CHANGE(S):

Effective immediately, this Contract is EXTENDED through November 22, 2009, and INCREASED by \$20,000.00. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per Michigan Lottery request, Ad Board approval on 7/15/2008, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$81,464.00

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

October 16, 2007

CHANGE NOTICE NO. 1
OF
CONTRACT NO. 071B5200123
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE: Drew Flemming (616) 459-0281 Ext 111	
Engineered Protection Systems, Inc. 750 Front St. N.W. Grand Rapids, MI 49504 Email: www.epssecurity.com			
		BUYER/CA (517) 241-4225 Kevin Dunn	
Contract Compliance Inspector: Robert Jansen (517) 335-5772 Alarm Services Monitoring – Michigan Lottery			
CONTRACT PERIOD:		From: November 22, 2004	To: November 22, 2008
TERMS	N/A	SHIPMENT	N/A
F.O.B.	N/A	SHIPPED FROM	N/A
MINIMUM DELIVERY REQUIREMENTS			
N/A			

NATURE OF CHANGE(S):

Effective immediately, this Contract is **EXTENDED** through November 22, 2008, and **INCREASED** by \$15,384.00. **NOTE: The Buyer is changed to Kevin Dunn (517) 241-4225. All other terms, conditions, specifications, and pricing remain unchanged.**

AUTHORITY/REASON:

Per request of the Department of Lottery and DMB/Purchasing Operations' approval.

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$61,464.00

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

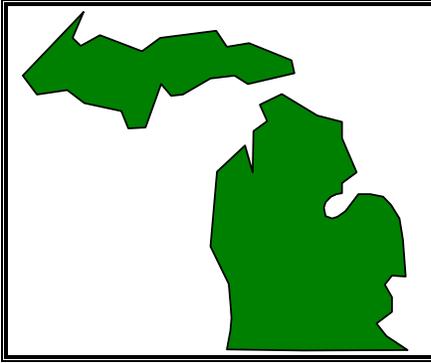
January 10, 2005

**NOTICE
 OF
 CONTRACT NO. 071B5200123
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR		TELEPHONE: Drew Flemming (616) 459-0281 Ext 111	
Engineered Protection Systems, Inc. 750 Front St. N.W. Grand Rapids, MI 49504			
Email: www.epssecurity.com		BUYER/CA (517) 241-1650 Terry Harris	
Contract Compliance Inspector: Robert Jansen (517) 335-5772 Alarm Services Monitoring – Michigan Lottery			
CONTRACT PERIOD:		From: November 22, 2004	To: November 22, 2007
TERMS	N/A	SHIPMENT	N/A
F.O.B.	N/A	SHIPPED FROM	N/A
MINIMUM DELIVERY REQUIREMENTS			
N/A			

The terms and conditions of this Contract are those of [ITB #07115200005](#) this Contract Agreement and the vendor's quote dated [October 4, 2004](#). 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: **\$46,080.00**



STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services

Invitation to Bid No. [071B5200123](#)
[ALARM SERVICES MONITORING \(LOTTERY\)](#)

Buyer Name: [Terry Harris](#)
Telephone Number: [\(517\) 241-1650](#)
E-Mail Address: harrist@michigan.gov

Estimated Timeline:

Key Milestone:	Date:
Issue Date	9/02/2004
Pre-Bid Meeting/Site Visit	
Questions Due	9/27/2004
Bid Due Date	10/04/2004
Award Date	
Contract Start Date	11/22/04



ALARM SERVICES MONITORING

Article 1 – Statement of Work (SOW) 1

1.0 Introduction 1

 1.001 **DEFINING DOCUMENT**..... 1

 1.002 **PROJECT TITLE AND DESCRIPTION** 1

 1.003 **PROJECT CONTROL** 1

 1.004 **COMMENCEMENT OF WORK**..... 2

1.1 Product Quality..... 2

 1.101 **SPECIFICATIONS**..... 2

 1.102 **RESEARCH AND DEVELOPMENT** 2

 1.103 **QUALITY ASSURANCE PROGRAM** 2

 1.104 **WARRANTY FOR PRODUCTS OR SERVICES** 2

1.2 Service Capabilities..... 2

 1.201 **CUSTOMER SERVICE/ORDERING**..... 2

 1.202 **TRAINING**..... 2

 1.203 **REPORTING**..... 2

 1.204 **RESERVED SPECIAL PROGRAMS** 2

 1.205 **SECURITY**..... 3

1.3 Delivery Capabilities..... 3

 1.301 **TIME FRAMES** 3

 1.302 **RESERVED MINIMUM ORDER**..... 3

 1.303 **RESERVED PACKAGING** 3

 1.304 **RESERVED PALLETIZING** 3

 1.305 **DELIVERY TERM**..... 3

 1.306 **RESERVED FOR ACCEPTANCE OF DELIVERABLES/PARE EXPLANATION** 4

1.4 Project Price..... 4

 1.401 **PROPOSAL PRICING**..... 4

 1.402 **RESERVED QUICK PAYMENT TERMS** 4

 1.403 **PRICE TERM**..... 4

1.5 RESERVED Quantity term..... 4

1.6 Other Terms and Conditions Needed for this Contract..... 4

Article 2 – General Terms and Conditions 5

2.0 Introduction 5

 2.001 **GENERAL PURPOSE**..... 5

 2.002 **ISSUING OFFICE AND CONTRACT ADMINISTRATOR** 5

 2.003 **NOTICE** 5

 2.004 **CONTRACT TERM** 5

 2.005 **GOVERNING LAW**..... 6

 2.006 **APPLICABLE STATUTES**..... 6

 2.007 **RELATIONSHIP OF THE PARTIES** 7

 2.008 **HEADINGS**..... 7

 2.009 **MERGER** 7

 2.010 **SEVERABILITY**..... 7

 2.011 **SURVIVORSHIP**..... 7

 2.012 **NO WAIVER OF DEFAULT** 7

 2.013 **PURCHASE ORDERS** 7

2.1 Vendor/Contractor Obligations..... 7

 2.101 **ACCOUNTING RECORDS** 7

 2.102 **NOTIFICATION OF OWNERSHIP** 8

 2.103 **SOFTWARE COMPLIANCE** 8

 2.104 **RESERVED** 8

 2.105 **RESERVED PERFORMANCE AND RELIABILITY EVALUATION (PARE)** 8

 2.106 **PREVAILING WAGE**..... 8

 2.107 **PAYROLL AND BASIC RECORDS**..... 9

 2.108 **COMPETITION IN SUB-CONTRACTING**..... 9

 2.109 **CALL CENTER DISCLOSURE**..... 9

2.2 Contract Performance..... 9



2.201	TIME IS OF THE ESSENCE	9
2.202	CONTRACT PAYMENT SCHEDULE	10
2.203	RESERVED POSSIBLE PROGRESS PAYMENTS	10
2.204	RESERVED POSSIBLE PERFORMANCE-BASED PAYMENTS (Actual performance rendered)	10
2.205	ELECTRONIC PAYMENT AVAILABILITY	10
2.206	RESERVED PERFORMANCE OF WORK BY CONTRACTOR	10
2.3	Contract Rights and Obligations	10
2.301	INCURRING COSTS	10
2.302	CONTRACTOR RESPONSIBILITIES.....	10
2.303	ASSIGNMENT AND DELEGATION	10
2.304	TAXES	11
2.305	INDEMNIFICATION.....	11
2.306	LIMITATION OF LIABILITY	13
2.307	CONTRACT DISTRIBUTION	13
2.308	RESERVED FORM, FUNCTION, AND UTILITY	13
2.309	ASSIGNMENT OF ANTITRUST CAUSE OF ACTION.....	13
2.310	RESERVED PURCHASING FROM OTHER STATE AGENCIES.....	13
2.311	TRANSITION ASSISTANCE.....	13
2.312	RESERVED	14
2.313	RESERVED	14
2.314	WEBSITE INCORPORATION.....	14
2.4	Contract Review and Evaluation.....	14
2.401	CONTRACT COMPLIANCE INSPECTOR	14
2.402	PERFORMANCE REVIEWS	14
2.403	AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS.....	14
2.5	Quality and Warranties.....	15
2.501	PROHIBITED PRODUCTS	15
2.502	QUALITY ASSURANCE	15
2.503	INSPECTION	15
2.504	GENERAL WARRANTIES (goods).....	15
2.505	CONTRACTOR WARRANTIES.....	15
2.506	STAFF	16
2.507	RESERVED	17
2.508	EQUIPMENT WARRANTY	17
2.509	RESERVED	17
2.6	Breach of Contract	17
2.601	BREACH DEFINED.....	17
2.602	NOTICE AND THE RIGHT TO CURE.....	17
2.603	EXCUSABLE FAILURE	18
2.7	Remedies	18
2.701	CANCELLATION.....	18
2.702	RIGHTS UPON CANCELLATION	19
2.703	LIQUIDATED DAMAGES	20
2.704	RESERVED STOP WORK.....	20
2.705	SUSPENSION OF WORK.....	20
2.8	Changes, Modifications, and Amendments	21
2.801	APPROVALS.....	21
2.802	RESERVED TIME EXTENTIONS	21
2.803	MODIFICATION.....	21
2.804	AUDIT AND RECORDS UPON MODIFICATION	21
2.805	CHANGES	22

Attachments:

Specifications
Pricing Page



Article1 – Statement of Work (SOW)

1.0 Introduction

1.001 DEFINING DOCUMENT

This is an Invitation To Bid (ITB). This is a formal request to prospective vendors soliciting bids or price quotations. This document contains or incorporates defined requirements, the specifications and scope of work, and all contractual terms and conditions. Bid evaluation and award will depend upon which vendor represents the best value for the State.

1.002 PROJECT TITLE AND DESCRIPTION

The purpose of this Contract for the maintenance and monitoring of building access controls, closed circuit video monitoring systems, and intrusion alarm systems at six (6) Michigan Lottery facilities located throughout Michigan. In addition, the vendor may be required to furnish and install new equipment due to system upgrades, replacement of obsolete or defective equipment, or expansion of security systems.

1.003 PROJECT CONTROL

Project Control

- a. The Contractor will carry out this project under the direction and control of the Michigan Lottery.
- b. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet as needed, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems that arise.
- c. Upon request, the Contractor will submit brief written 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 Michigan Lottery project director for final approval a work plan, which must include the following:

The Contractor's project organizational structure.

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

Reports

The contractor will be required to insure that the security systems are capable of generating the following reports:

- 1. Weekly summary reports of card key access
- 2. Building opening and closing reports
- 3. Alarm event reports
- 4. Various card key usage reports
- 5. Access level reports
- 6. Time card key authorization reports



The above listed reports are samples of reports that the existing systems generate and are not intended to represent a complete listing of reports. The vendor shall describe a detailed listing of reports, which are available in the response to this ITB.

1.004 COMMENCEMENT OF WORK

Contractor shall show acceptance of this agreement by signing a copy of this contract and returning it to the contract administrator. Contractor shall not proceed with performance of the work to be done under this agreement, including the purchase of necessary materials, until both parties have signed this agreement to show acceptance of its terms.

1.1 Product Quality

1.101 SPECIFICATIONS

SEE ATTACHMENT FOR TECHNICAL DETAILS AND SPECIFICATIONS

1.102 RESEARCH AND DEVELOPMENT

1.103 QUALITY ASSURANCE PROGRAM

1.104 WARRANTY FOR PRODUCTS OR SERVICES

The contractor shall warrant all components, parts, and equipment provided by the vendor. In addition, the vendor shall further warrant installation and repair work. Warranties shall be for a minimum period of twelve (12) months from the date of acceptance.

1.2 Service Capabilities

1.201 CUSTOMER SERVICE/ORDERING

The Contractor shall have experienced sales representatives make timely personal visits to the Lottery. The Contractor's customer service must respond to Michigan Lottery inquiries promptly. The Contractor shall provide a statewide toll-free number for customer service calls.

Any supplies and services to be furnished under this contract shall be ordered by issuance of a purchase order from the Michigan Lottery.

All purchase orders are subject to the terms and conditions of this contract.

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

1.202 TRAINING

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

1.203 REPORTING

Contractor shall be able to provide various reports, when requested by the State. Examples include itemized report of total items (commodities and services) purchased by the Lottery, open invoice reports, delivery compliance reports, quantity reports, service compliance reports, etc.

1.204 RESERVED SPECIAL PROGRAMS



1.205 SECURITY

The resulting Contract may require frequent deliveries to State of Michigan Lottery facilities. The contractor shall include all measures utilized by their firm to ensure the security and safety of these buildings. This shall include, but is not limited to, performance of security background checks on all personnel assigned to Lottery facilities (i.e. delivery people) and how they are performed, what the security check consists of, the name of the company that performs the security checks, use of uniforms and ID badges, etc. If security background checks are performed on staff, bidders shall indicate the name of the company that performs the check as well as provide a document stating that each employee has satisfactorily completed a security check and is suitable for assignment to Lottery facilities. Upon request by the State, bidders shall provide the results of all security background checks.

Upon review of the security measures the State will decide whether to issue State ID badges to the bidder's delivery personnel or accept the ID badge issued to delivery personnel by the bidder.

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

The Contractor and its subcontractors shall comply with the security access requirements of individual Lottery facilities.

1.3 Delivery Capabilities

1.301 TIME FRAMES

The contractor shall respond within four (4) hours to requests for repair services that are necessitated by system malfunction that, if not repaired, could result in a security breach. The vendor shall respond to requests for other, non-critical, repair services within twenty-four (24) business day hours of the request. The contractor shall initiate an appropriate response to an alarm condition within three (3) minutes of its occurrence. It is requested that all orders for new services or equipment be delivered within thirty (30) calendar days after receipt of order. However, vendors shall discuss in detail the various delivery programs available.

1.302 RESERVED MINIMUM ORDER

1.303 RESERVED PACKAGING

1.304 RESERVED PALLETIZING

1.305 DELIVERY TERM

(X) F.O.B. Delivered to Lottery facilities located throughout the State of Michigan.

Prices shall be quoted "F.O.B. Delivered" with transportation charges prepaid on all orders to the Lottery. Other F.O.B. terms will not be accepted and shall disqualify a bidder from further consideration. This supersedes Instruction #8 on the reverse side of the Invitation To Bid cover page.

Freight Charges - Should an agency order below the minimum order requirement of a Contract, or should a vendor quote F.O.B. Shipping Point on one-time purchases, the Contractor for shipping products must use one of the following carriers. Orders being shipped from or to in the State of Michigan or the States of Illinois, Indiana, Ohio, and Wisconsin, use Alvan Motor Freight (Tel: (800) 632-4172, attention Earl Batenburg); orders being shipped from or to ALL other states, use Roadway Express, Inc. (Tel: (800) 253-3193, attention David Lewis).

United Parcel Service (UPS) must be used in instances where the weight of the shipment is less than 150 lbs., or where shipments could be separated into smaller parcels such as three (3) 50 lb. packages. Also, if the shipment weighs less than 150 lbs, but costs \$3000 or more, it must be sent by the appropriate carrier listed above.



If the Contractor fails to follow these shipping instructions, the State shall pay the carrier used and deduct the difference from the Contractor's invoice for the amount that was charged and the amount that would have been charged if the requested carrier had been used.

1.306 RESERVED FOR ACCEPTANCE OF DELIVERABLES/PARE EXPLANATION

1.4 Project Price

1.401 PROPOSAL PRICING

Replacement parts, equipment, labor, and travel costs associated with the maintenance and monitoring of the existing security systems shall be included in Item 1 and 2 of the price proposal of this Contract and shall not be considered as separate charges to be incurred by the Lottery.

1.402 RESERVED QUICK PAYMENT TERMS

1.403 PRICE TERM

(X) Fixed Price for services prospective re-determination at an agreed upon time.

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

Prices are subject to change at the end of each 365-day period. Such changes shall be based on changes in actual costs incurred. Documentation of such changes must be provided with the request for price change in order to substantiate any requested change. Acquisition Services reserves the right to consider various pertinent information sources to evaluate price increase requests (such as the CPI and PPI, US City Average, as published by the US Department of Labor, Bureau of Labor Statistics). Acquisition Services also reserves the right to consider other information related to special economic and/or industry circumstances, when evaluating a price change request. Changes may be either increases or decreases, and may be requested by either party. Approved changes shall be firm for the remainder of the contract period unless further revised at the end of the next 365-day period.

Requests for price changes shall be RECEIVED IN WRITING AT LEAST TEN DAYS PRIOR TO THEIR EFFECTIVE DATE, and are subject to written acceptance before becoming effective. In the event new prices are not acceptable, the CONTRACT may be cancelled. The continued payment of any charges due after September 30th of any fiscal year will be subject to the availability of an appropriation for this purpose.

(X) Adjustable Price for components, parts, and equipment to be based on vendor manufacturer costs at the time of request. Upon request, the vendor will be required to provide necessary documentation (manufacturer's invoice) supporting charges to the Michigan Lottery for components, parts, and equipment. No mark up of vendor costs will be allowed.

1.5 RESERVED Quantity term

1.6 Other Terms and Conditions Needed for this Contract



Article 2 – General Terms and Conditions

2.0 Introduction

2.001 GENERAL PURPOSE

This Contract is for *Maintenance and monitoring services of security systems* for the Michigan Lottery. Exact quantities to be purchased are unknown, however the Contractor will be required to furnish all such materials and services as may be ordered during this CONTRACT period. Quantities specified if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities. Orders for delivery will be issued directly to the Contractor by Michigan Lottery on the Purchase Order Contract Release Form.

Attached is a listing of Lottery agencies and/or locations that may order from this Contract. The listing shall not limit participation of additional agencies/locations as the need may develop at the same prices, terms and conditions. Units of local government may also issue orders (see attached Non-State Agency Statement).

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

This Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for the *Michigan Lottery*, hereinafter known as *the Lottery*. Where actions are a combination of those of Acquisition Services and the State agencies, 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 commodities and/or services described herein. Acquisition Services is the only office authorized to negotiate, change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of this Contract. Acquisition Services will remain the SOLE POINT OF CONTACT throughout the procurement process.

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

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

Department of Management and Budget
Acquisition Services
Attn: Terry Harris
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
(517) 241-1650
harrist@michigan.gov

2.003 NOTICE

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

2.004 CONTRACT TERM

The term of this Contract will be for three (3) years and will commence with the issuance of a Contract. This will be approximately *November 22, 2004* through *November 22, 2007*.



Option. The State reserves the right to exercise two (2) one-year options, at the sole option of the State. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

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

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

2.005 GOVERNING LAW

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

2.006 APPLICABLE STATUTES

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

- MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)
- MI OSHA MCL §§ 408.1001 – 408.1094
- Freedom of Information Act (FIOA) MCL §§ 15.231, et seq.
- Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.
- MI Consumer Protection Act MCL §§ 445.901 – 445.922
- Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.
- Department of Civil Service Rules and regulations
- Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.
- Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.
- MCL §§ 423.321, et seq.
- MCL § 18.1264 (law regarding debarment)
- Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.
- Contract Work Hours and Safety Standards Act (CWHSSA) 40 USCS § 327, et seq.
- Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795
- Rules and regulations of the Environmental Protection Agency
- Internal Revenue Code
- Rules and regulations of the Equal Employment Opportunity Commission (EEOC)
- The Civil Rights Act of 1964, USCS Chapter 42
- Title VII, 42 USCS §§ 2000e et seq.
- The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.
- The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.
- The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.
- The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.
- The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.
- Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106
- Sherman Act, 15 U.S.C.S. § 1 et seq.
- Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.
- Clayton Act, 15 U.S.C.S. § 14 et seq.



2.007 RELATIONSHIP OF THE PARTIES

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

2.008 HEADINGS

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

2.009 MERGER

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

2.010 SEVERABILITY

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

2.011 SURVIVORSHIP

Any provisions of this 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.

2.012 NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of this 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 this Contract.

2.013 PURCHASE ORDERS

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

2.1 Vendor/Contractor Obligations

2.101 ACCOUNTING RECORDS

The Contractor and all subcontractors shall maintain all pertinent financial and accounting records and evidence pertaining to this 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 this Contract period and any extension thereof, and for three years from expiration date and final payment on this Contract or extension thereof.



2.102 NOTIFICATION OF OWNERSHIP

The Contractor shall make the following notifications in writing:

1. When the Contractor becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify Acquisition Services within 30 days.
2. The Contractor shall also notify the Acquisition Services within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.

The Contractor shall:

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

2.103 SOFTWARE COMPLIANCE

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

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

2.104 RESERVED

2.105 RESERVED PERFORMANCE AND RELIABILITY EVALUATION (PARE)

2.106 PREVAILING WAGE

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



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

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

2.107 PAYROLL AND BASIC RECORDS

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

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

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

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

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

2.108 COMPETITION IN SUB-CONTRACTING

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

2.109 CALL CENTER DISCLOSURE

The Vendor involved in the performance of this contract providing call or contact center services to the State of Michigan must disclose the location of its call or contact center services to inbound callers. **Vendor call center / central monitoring stations are to be located within the State of Michigan. Vendor call center / central monitoring stations shall not be sub-contracted to third parties.** Failure to disclose this information shall be a material breach of this agreement.

2.2 Contract Performance

2.201 TIME IS OF THE ESSENCE

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



2.202 CONTRACT PAYMENT SCHEDULE

The vendor shall invoice the Michigan Lottery, on a monthly basis, for maintenance and monitoring costs. Specific details of invoices and payments will be agreed upon between this Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Acquisition Services, Department of Management & Budget. This activity will occur only upon the specific written direction from Acquisition Services.

2.203 RESERVED POSSIBLE PROGRESS PAYMENTS

2.204 RESERVED POSSIBLE PERFORMANCE-BASED PAYMENTS (Actual performance rendered)

2.205 ELECTRONIC PAYMENT AVAILABILITY

Electronic transfer of funds is available to State contractors. Vendors are 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.

2.206 RESERVED PERFORMANCE OF WORK BY CONTRACTOR

2.3 Contract Rights and Obligations

2.301 INCURRING COSTS

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

2.302 CONTRACTOR RESPONSIBILITIES

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

2.303 ASSIGNMENT AND DELEGATION

The Contractor shall not have the right to assign this Contract, to assign its rights under this contract, or delegate any of its duties or obligations under 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.

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

Bidder must obtain the approval of the Director of Acquisition Services before using a place of performance that is different from the address that bidder provided in the bid.



2.304 TAXES

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

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

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

2.305 INDEMNIFICATION

General Indemnification

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

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

Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied



by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Code Indemnification

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

Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in sub clauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other sub clause.

Continuation of Indemnification Obligation

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

Indemnification Procedures

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

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to so notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the Defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the



status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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

2.306 LIMITATION OF LIABILITY

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

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

2.307 CONTRACT DISTRIBUTION

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

2.308 RESERVED FORM, FUNCTION, AND UTILITY

2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION

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

2.310 RESERVED PURCHASING FROM OTHER STATE AGENCIES

2.311 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 *90 days* 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 this Contract for Contract performance.

2.312 RESERVED

2.313 RESERVED

2.314 WEBSITE INCORPORATION

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

2.4 Contract Review and Evaluation

2.401 CONTRACT COMPLIANCE INSPECTOR

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

Robert Jansen
Michigan Lottery
Security & Investigations Section
101 E. Hillsdale
Lansing, Mi. 48933
Phone No. 517-335-5772
jansenb@michigan.gov

2.402 PERFORMANCE REVIEWS

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

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

2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS

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



2.5 Quality and Warranties

2.501 PROHIBITED PRODUCTS

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

2.502 QUALITY ASSURANCE

The State reserves the right to periodically test products, which have been received to verify compliance with specifications. If laboratory analysis shows that the product does not meet specifications or fails to perform satisfactorily at any time, the Contractor shall be responsible for:

1. All costs of testing and laboratory analysis.
2. Disposal and/or replacement of all products which fail to meet specifications.
3. All costs of repair and/or replacement of equipment deemed to have been damaged by substandard products as determined by the State.

2.503 INSPECTION

All goods are subject to inspection and testing. In the event goods are defective in material or workmanship, or otherwise fail to meet the requirements of this Contract, the State shall have the right to reject the goods or retain the goods and correct the defects. The Contractor shall pay the State for expenses incurred in correcting defects. Rejected goods will be held for 45 days after delivery. The Contractor must arrange for the return of said goods, including paying for handling, packing, and transportation costs. The State has the authority to dispose of the goods without further liability to the State in the event the Contractor fails to make arrangements within the specified time period.

2.504 GENERAL WARRANTIES (goods)

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

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

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

2.505 CONTRACTOR WARRANTIES

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

1. The Contractor will perform all services in accordance with high professional standards in the industry;
2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;



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

2.506 STAFF

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



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

2.507 RESERVED

2.508 EQUIPMENT WARRANTY

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

The Contractor represents and warrants that the equipment/system(s) shall be in good operating condition and shall operate and perform to the requirements and other standards of performance contained in this Contract, when installed, at the time of Final Acceptance by the State, and for a period of one (1) year commencing upon the first day following Final Acceptance.

Excluding emergency conditions, the vendor, within one (1) business days of notification from the State, shall adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor shall assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

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

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

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

2.509 RESERVED

2.6 Breach of Contract

2.601 BREACH DEFINED

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

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

2.602 NOTICE AND THE RIGHT TO CURE

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.



2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.7 Remedies

2.701 CANCELLATION

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

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

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

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



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

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.

3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.

4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.

5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

2.702 RIGHTS UPON CANCELLATION

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



2.703 LIQUIDATED DAMAGES

- 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 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. The system monitoring and maintenance requirements set forth in this Invitation To Bid (ITB) have been established to insure the highest practical level of security is maintained in Michigan Lottery facilities. If system monitoring and maintenance requirements are not met by the Contractor, security of Lottery facilities could be impaired, to the loss and damage of the State. Therefore, liquidated damages will be assessed as follows:
 - 1. Failure of the contractor to initiate a response to an alarm condition within three (3) minutes of its occurrence may result in liquidated damages in an amount equal to the monthly monitoring fee for the location at which the failure occurred.

 - 2. Failure of the contractor to respond to a request for system service within the time frames specified in this ITB shall result in liquidated damages in an amount equal to one (1) month's maintenance fee for the affected facility. Further, if the contractor fails to take reasonable steps to correct the problem for which the request for service was made, liquidated damages shall result in an amount equal to one (1) month's maintenance fee for the affected facility for each twenty-four (24) hour period during which the problem remains uncorrected.

 - 3. Failure of the contractor to respond within three (3) twenty-four (24) hour periods may result in default of the contract.

2.704 RESERVED STOP WORK

2.705 SUSPENSION OF WORK

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

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



A claim under this clause shall not be allowed:

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

2.8 Changes, Modifications, and Amendments

2.801 APPROVALS

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

2.802 RESERVED TIME EXTENTIONS

2.803 MODIFICATION

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

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

2.804 AUDIT AND RECORDS UPON MODIFICATION

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

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

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

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

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



2.805 CHANGES

- (a) The Contract Administrator may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the contract, including changes:
 - (1) In the specifications (including drawings and designs);
 - (2) In the method or manner of performance of the work;
 - (3) In the Government-furnished facilities, equipment, materials, services, or site; or
 - (4) Directing acceleration in the performance of the work.

- (a) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contract Administrator that causes a change shall be treated as a change order under this clause; Provided, that the Contractor gives the Contract Administrator written notice stating:
 - (1) The date, circumstances, and source of the order; and
 - (2) That the Contractor regards the order as a change order.

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



**WORK STATEMENT
TECHNICAL REQUIREMENTS AND SPECIFICATIONS**

BACKGROUND

The Michigan Lottery, through a contract vendor, currently maintains and monitors security/intrusion alarm systems at six (6) facilities throughout the State of Michigan. Locations are as follows:

Michigan Lottery Central Offices	101 E. Hillsdale St. Lansing, Mi.
Region 1 Office	3060 W. Grand Blvd. Detroit, Mi.
Region 2 Office	1288 28'th Street S.W. Wyoming, Mi.
Region 7 Office	27315 W. Warren Dearborn Heights, Mi.
Region 8 Office	34700 Dequindre Sterling Heights, Mi.
WDIV TV-4	550 W. Lafayette Blvd. Detroit, Mi.

The security system incorporates card access, intrusion alarm, remote door releases, and closed circuit video monitoring technology.

WORK STATEMENT

The purpose of this Invitation to Bid is to procure the services of a qualified vendor to maintain and monitor the existing security systems incorporated at the various Lottery offices located throughout Michigan. In addition, the vendor may be required to furnish and install new equipment due to system upgrades, replacement of obsolete or defective equipment, or expansion of security systems.

OBJECTIVES

The Michigan Lottery desires the services of a vendor to:

- Provide continuous intrusion alarm monitoring services for all designated facilities
- Provide maintenance and repair service for all systems in all designated facilities
- Install new security systems equipment as needed

- Remove security systems equipment as needed
- Relocate security systems equipment as needed
- Train Lottery staff in the operation of all security systems
- Inform the Lottery of new technology pertaining to security systems



DESCRIPTION OF PRESENT SECURITY SYSTEMS

All facilities, with the exception of the WDIV TV-4 studio, have card access control and intrusion alarm/monitoring systems. The WDIV studio has video recording equipment only.

Card Access System

The card access system uses proximity card reader technology and is controlled via a DSX Security Management System. The central control is located in the Lansing office with dial-up modem connections to the regional offices. The card access systems are operated through a central controller and permit the utilization of multiple time zone and access level parameters to control and monitor ingress and egress to zone controlled areas. Communication is via a dial up modem. The card access system has the following features:

- Control and maintenance of 10,000 employee card access files
- 64 card reader/terminal capacity expandable to 128
- 256 different access privilege levels for cardholder classifications
- 64-user definable time zones specifying when access to each area of facility be granted to each cardholder or cardholder group.
- Programmable activation of specific events including modifying cardholder or terminal parameters via the central control station.
- The ability to locate a specific cardholder by tracing a card in the system or displaying the last door used by the individual.
- The ability to program the system to prevent re-use of a specified card at a designated location at a specified time.
- The ability to utilize telephone modems and terminal expanders for the extension of the central controller's capacity to remote locations for the purpose of controlling and recording access.
- Terminal operation and card verification while the system is operating "off-line".
- Various report options allowing the retrieval of selective information based on designated criteria for date, time, terminal number, card number, etc.
- Main memory capacity of 256K bytes.
- Programming and operating capabilities controlled by multi-level password access.
- Incorporation of relay shunts timers and microwave egress actuators to facilitate authorized employee ingress and egress.

Equipment Manufacturer: DSX

Inventory of Card Reader Access points for each Lottery facility are as follows:

Lansing Office:	32 Card Reader Access Points
Detroit Office:	1 Card Reader Access Point
Wyoming Office:	1 Card Reader Access Points
Dearborn Heights:	2 Card Reader Access Points
Sterling Heights:	1 Card Reader Access Points



Intrusion Detection System

Intrusion detection systems are operated at all office locations. This system provides for perimeter building protection through magnetic door contacts and glass breakage sensors. Interior intrusion detection is provided through magnetic door contacts as well as motion sensors. The intrusion detection systems are zoned within the buildings and are locally armed and disarmed via digital arming stations. The arming stations incorporate LED readouts and audio signaling. The arming stations are locally programmable. The intrusion detection systems are monitored twenty-four (24) hours a day, seven (7) days a week at the vendor’s central control station. The system has the following features:

- The existing intrusion detection system is equipped to report separate and distinct signals for a variety of alarm conditions.
- The system is powered by a low-voltage transformer, which includes a rechargeable battery backup power supply to maintain the system integrity for a minimum of 24 hours in the event of a power failure.
- The intrusion detection system, upon activation, will demonstrate an interior warning signal.
- The digital arming stations are equipped with status indicators informing the system operator of the condition of the alarm (i.e. ready to arm, armed, etc.).
- The intrusion detection systems are equipped with communicated annunciator zones for the different types of alarms as well as exit/entry delay features and customer forced arming of malfunctioning zones.
- All circuits are set for instant activation.
- All zones are wired and programmed to accommodate audible alarm system activation of warning sirens. The siren time limit is specified.
- The control panel communicates using a digital communicator and automatically communicates battery trouble and restored conditions.
- The control panel has built-in digital arming station capabilities with the facility to accommodate customer reprogrammable arm/disarm code capability.
- The control panel does not allow for the arming of the system if any of the control loops are in fault status.

The intrusion detection system is based upon the concept of a secured (armed) building perimeter with selected armed high security areas within the building.

Alarm shunt timers and microwave alarm sensors function along with card readers to allow authorized personnel to pass through secure areas while the alarm systems are armed.

For the Lottery facility located in Lansing, the intrusion detection system is based upon two separate systems utilizing two system controllers...one for the warehouse area and one for the main building/office areas.

Glass breakage sensors are installed on glass windows and doors located on the first floor of the facilities.

Equipment Manufacturer: _____

Inventory of Alarm Contacts for each Lottery facility are as follows:

- Lansing Office: 22 Door Alarm Contacts
58 Window Alarm Contacts
- Detroit Office: 9 Door Alarm Contacts
4 Window Alarm Contacts
- Wyoming Office: 3 Door Alarm Contacts
4 Window Alarm Contacts
- Dearborn Heights: 3 Door alarm Contacts
3 Window Alarm Contacts



Sterling Heights: 4 Door Alarm Contacts
9 Window Alarm Contacts

Closed Circuit Video System

The current security system provides for the closed circuit monitoring and digital recording of exterior and interior areas of the Lansing Lottery facility as well as Lottery studio located at WDIV TV4 in Detroit. The video system consists of cameras, monitors, switches, splitters, and recorders. Each camera is monitored and recorded. All cameras provide 24 hour per day / 7 day per week monitoring and recording.

The following is an inventory of video equipment presently utilized by the Lottery:

Lottery Central:

- 9 indoor drop ceiling dome cameras
- 5 indoor/outdoor cameras with varifocal lens
- 1 covert smoke detector camera
- 1 covert motion detector camera
- 4 black/white 9" monitors
- 1 black/white 15" monitor
- 1 19" monitor
- 1 16 channel digital video multiplexer and recorder with CD-RW capacity
- power supply units

WDIV TV-4:

- 6 color cameras
- 1 20" color monitor
- 1 multiplexer
- 1 recording unit

Equipment Manufacturer: VICON / AURORACORD

Motion Detectors

Motion detectors are installed in each of the Lottery facilities. Two detectors are installed in the Lansing facility and one motion detector is installed in all other Lottery facilities.

Remote Door Release

Remote release buttons for unlocking specified doors are installed on 4 doors at the main Lottery office in Lansing.

Emergency "Panic" Buttons

Emergency panic/holdup buttons are installed in each Lottery office located throughout the state. Activation of the button sends an immediate trouble signal to the vendor control station. Upon activation, the vendor immediately calls local police to report emergency and request response to the office.



SYSTEM MAINTENANCE SERVICES

The contractor shall perform maintenance and repairs to the system so as to keep it in good operating order to the satisfaction of the Michigan Lottery. Repairs and maintenance shall be performed during normal business hours of the Lottery unless the Lottery requests otherwise or prior arrangements are made between the vendor and the Lottery. Costs for replacement parts, equipment, and labor shall be included in the vendor's price proposal (Item 2 of the price proposal) and shall not be considered an additional charge to the Lottery. The vendor shall be a factory authorized dealer of equipment installed in Lottery facilities. Vendor staff, which will work on the Lottery security system, shall be manufacturer trained and certified.

The vendor shall respond to Lottery requests for repair services caused or necessitated by system malfunction that, if not repaired, could result in a security breach. Such vendor response shall be within four (4) hours for all Lottery facilities. The vendor shall respond to requests for other, non-critical, repair services within twenty-four (24) hours of the request. The vendor shall maintain a sufficient equipment inventory to insure the prompt repair of the Lottery security systems.

SYSTEM MONITORING SERVICES

The alarm controls and communication devices, installed in each Lottery facility, shall communicate necessary information to the vendor central monitoring station located in Michigan. The vendor shall not sub-contract the central monitoring station or personnel. The vendor shall staff the central monitoring station twenty-four (24) hours per day, seven (7) days per week. There shall be no interruption in monitoring services. The station shall be Underwriters Laboratories listed and Factory Mutual Approved.

The Michigan Lottery and the vendor shall mutually agree to a listing of police agencies to be contacted by the vendor in the event of an alarm condition for each of the monitored Lottery facilities. In addition, the Lottery shall provide, to the vendor, a list of Lottery personnel to be contacted in the event of an alarm condition occurring at each facility.

The vendor shall initiate an appropriate response to an alarm condition within three (3) minutes of its occurrence.

APPLICABLE STANDARDS, PERMITS, AND APPROVALS

Underwriters Laboratories and other generally recognized industry standards should approve all devices and equipment supplied by the vendor under the contract for their intended use. All wiring shall be similarly approved under appropriate industry standards. In addition, the vendor shall be a manufacturer-authorized installer of existing security system equipment utilized by the Lottery.

The vendor shall be responsible for obtaining any and all permits and/or approvals of local authorities required performing installation work when required. The cost of such permits and/or approvals shall be included in the costs quoted in this Invitation To Bid.

ACCEPTANCE TESTING AND WARRANTIES

Upon completion of each system enhancement or equipment installation, the vendor shall conduct a functional test of the complete security system for the Lottery, demonstrating complete operation of each device and that the security system functions as specified. Such tests shall include demonstration of system operation with loss of utility power, and reactivating the system from a "down" condition.



The vendor shall warrant all components, parts, and equipment provided by the vendor. In addition, the vendor shall further warrant installation and repair work. Warranties shall be for a period of twelve (12) months from the date of acceptance. If manufacturer warranties exceed twelve (12) months, the period of the manufacturer's warranty shall apply to the component, part, or equipment so warranted.

SECURITY SYSTEM REQUIREMENTS

The vendor will utilize existing equipment. Any new or replacement equipment will be fully compatible with existing equipment. All new or replacement components, parts, or equipment shall meet or exceed the specifications of existing equipment.

The Department of Management and Budget and Michigan Lottery will entertain quotes that call for the replacement of existing equipment and systems with alternate security systems provided that the following conditions are met:

- the new security systems, at no cost, become the property of the Michigan Lottery
- the new security systems meet or exceed the specifications of the existing systems
- the replacement of the existing security systems with new security systems does not cause an interruption in security coverage for the listed Lottery facilities

The Michigan Lottery shall be responsible for the cost of installation and monthly service charges for all communication lines necessary to connect all facilities to the remote monitoring locations and to connect all regional facilities to the central controller.



PRICING PROPOSAL

Contractor Name: Engineered Protection Systems, Inc.

Contractor VIN:

Item No. 1: Systems Monitoring Services

(Monthly Fee For Monitoring)

1.	Lansing Central Facility	\$ <u>50</u>	X	36
2.	Detroit Facility	\$ <u>50</u>	X	36
3.	Wyoming Facility	\$ <u>25</u>	X	36
4.	Dearborn Heights Facility	\$ <u>25</u>	X	36
5.	Sterling Heights Facility	\$ <u>25</u>	X	36
Total Cost of Item No. 1		\$ <u>175</u>		

Item No. 2: Systems Maintenance Services

Monthly Fee For Maintenance

Note: Labor, travel, and necessary replacement parts costs must be included in the monthly maintenance fee.

1.	Lansing Central Facility	\$ <u>730</u>	X	36
2.	Detroit Facility	\$ <u>110</u>	X	36
3.	Wyoming Facility	\$ <u>55</u>	X	36
4.	Dearborn Heights Facility	\$ <u>55</u>	X	36
5.	Sterling Heights Facility	\$ <u>55</u>	X	36
6.	WDIV TV4	\$ <u>100</u>	X	36
Total Cost of Item No. 2		\$ <u>1,105</u>		

Total Costs of Items No. 1 and 2 \$ 1,280



Item No. 3: Labor Costs

Note: The contractor may charge labor costs associated with new equipment installation, replacement of obsolete equipment, removal of existing equipment, or relocation of existing equipment. Labor costs shall not be charged for services associated with the monitoring and maintenance of the Lottery security systems. These costs are included in the Price Proposal Items No. 1 and 2.

Hourly Labor Cost: \$ 70.00

Item No. 4: Selected Component/Equipment Pricing

Note: The bidder is to provide costs for the following representative sampling of security system components, parts, and equipment. It is understood by the State that costs may fluctuate over the life of the contract and that the vendor may not be held to the prices quoted below. Information obtained from bidder quotes for Item No. 4 will be utilized for comparison purposes between the different vendor responses to this ITB.

Card Access System

- 1. DSX MCI..... \$ 30 EA.
- 2. P400 Intelligent Controller \$ 1,310 EA.
- 3. DSX-1020 \$ 770 EA.
- 4. Thin Line II Proximity Reader \$ 225 EA.
- 5. Hughes ISO Proximity Card \$ 7 EA.
- 6. DSX Winstart \$ 140 EA.
- 7. Quadraplexor \$ 320 EA.
- 8. Interface Unit \$ 125 EA.
- 9. Modem \$ 285 EA.

Closed Circuit Monitoring System

- 1. Backlight Compensated Camera \$ 125 EA.
- 2. 3.5-8mm 1/3" Lens \$ 125 EA.
- 3. VCR (2-40 Hours) \$ 515 EA.
- 4. 7.25" Omniscan Fixed Dome Camera \$ 475 EA.
- 5. Aurora Black and White Multiplexer \$ 1,425 EA.

Intrusion Detection System

- 1. Husk-10 Panic Button Device \$ 20 EA.
- 2. Alpha Keypad \$ 175 EA.
- 3. Motion Sensor \$ 50 EA.

Total Costs For Item No. 4 \$ 6,222

Vendor Authorized Signature_____

Date 10/4/04