

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

September 22, 2009

CHANGE NOTICE NO. 12
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 241-4225 Kevin Dunn
	Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State
CONTRACT PERIOD: From: February 01, 2005 To: September 30, 2010	
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 October 1, 2009, this Contract is hereby EXTENDED until September 30, 2010, and INCREASED by \$3,000,000.00. All pricing, specifications, and terms and conditions remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 9/1/09), vendor approval, Ad Board approval on 9/30/2009, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: **\$28,970,000.00**

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

August 22, 2008

CHANGE NOTICE NO. 11
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 241-4225 Kevin Dunn
Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State	
CONTRACT PERIOD: From: February 01, 2005 To: September 30, 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 October 1, 2008, this Contract is hereby EXTENDED until September 30, 2009, and INCREASED by \$6,450,000.00. All pricing, specifications, and terms and conditions remain unchanged.

AUTHORITY/REASON:

Per agency request, Ad Board approval on 8/19/2008, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: **\$25,970,000.00**

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

July 10, 2008

CHANGE NOTICE NO. 10
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 241-4225 Kevin Dunn
	Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State
CONTRACT PERIOD: From: February 01, 2005 To: September 30, 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 August 1, 2008, this Contract is hereby EXTENDED until September 30, 2008, and INCREASED by \$2,400,000.00. All pricing, specifications, and terms and conditions remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 6/20/2008), Ad Board approval on 7/1/2008, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: **\$19,520,000.00**

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

February 8, 2008

CHANGE NOTICE NO. 9
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 241-4225 Kevin Dunn
Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State	
CONTRACT PERIOD: From: February 01, 2005 To: July 31, 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 hereby **EXTENDED** until **July 31, 2008**, and **INCREASED** by **\$2,770,000.00**. All pricing, specifications, and terms and conditions remain unchanged.

AUTHORITY/REASON:

Per agency request and DMB/Purchasing Operations' approval.

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$17,120,000.00

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

November 29, 2007

CHANGE NOTICE NO. 8
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 241-4225 Kevin Dunn
	Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State
CONTRACT PERIOD: From: February 01, 2005 To: January 31, 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 hereby EXTENDED until January 31, 2008. All pricing, specifications, and terms and conditions remain unchanged.

AUTHORITY/REASON:

Per agency request and DMB/Purchasing Operations' approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$14,350,000.00

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

September 28, 2007

**CHANGE NOTICE NO. 7
 TO
 CONTRACT NO. 071B5200138
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 241-4225 Kevin Dunn
	Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State
CONTRACT PERIOD: From: February 01, 2005 To: November 30, 2007	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

NATURE OF CHANGE (S):

Effective immediately, this Contract is hereby **EXTENDED** until **November 30, 2007**.
NOTE: The Buyer for this Contract is changed to Kevin Dunn (517) 241-4225. All pricing, specifications, and terms and conditions remain unchanged.

AUTHORITY/REASON:

Per agency request and DMB/Purchasing Operations' approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$14,350,000.00

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

April 20, 2007

CHANGE NOTICE NO. 6
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State	
CONTRACT PERIOD: From: February 01, 2005 To: September 30, 2007	
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 hereby **INCREASED** by **\$2,500,000.00**. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency and vendor agreement and DMB/Purchasing Operations approval.

INCREASE: \$2,500,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$14,350,000.00

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

May 15, 2006

CHANGE NOTICE NO. 5
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State	
CONTRACT PERIOD: From: February 01, 2005 To: September 30, 2007	
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 May 2, 2006 this Contract is hereby INCREASED by \$2,125,000.00. All other terms, conditions, specifications and pricing remain unchanged.

AUTHORITY/REASON:

Per agency and vendor agreement and DMB/Purchasing Operations approval.

INCREASE: \$2,125,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$11,850,000.00

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

March 16, 2006

CHANGE NOTICE NO. 4
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State	
CONTRACT PERIOD: From: February 01, 2005 To: September 30, 2007	
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 hereby **INCREASED** by **\$3,225,000.00**. All other terms, conditions, specifications and pricing remain unchanged.

AUTHORITY/REASON:

Per agency and vendor agreement and DMB/Purchasing Operations approval.

INCREASE: \$3,225,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$9,725,000.00

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

March 1, 2006

CHANGE NOTICE NO. 3
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State	
CONTRACT PERIOD: From: February 01, 2005 To: September 30, 2007	
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 April 18, 2006, this Contract is hereby INCREASED by \$2,500,000.00. All other terms, conditions, specifications and pricing remain unchanged.

INCREASE: \$2,500,000.00

AUTHORITY/REASON:

Per agency and vendor agreement.

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$6,500,000.00

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

July 14, 2005

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 335-4804 Douglas Collier
	Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State
CONTRACT PERIOD: From: February 01, 2005 To: September 30, 2007	
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 the agency fee is changed from 8.1% to 8.3% to match the Pace and Partner's contract. All other terms, conditions, specifications and pricing remain unchanged.

AUTHORITY/REASON:

Per agency and vendor agreement.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$4,000,000.00

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

March 24, 2005

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State	
CONTRACT PERIOD: From: February 01, 2005 To: September 30, 2007	
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 hereby **INCREASED** by \$2,000,000.00. All other terms, conditions, specifications and pricing remain unchanged.

AUTHORITY/REASON:

Per agency and vendor agreement and DMB/Acquisition Services approval.

INCREASE: \$2,000,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$4,000,000.00

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

March 18, 2005

NOTICE
TO
CONTRACT NO. 071B5200138
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 MBROGAN@brogan.com	TELEPHONE Marcie Brogan (313) 874-8555
	BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State	
CONTRACT PERIOD: From: February 01, 2005 To: September 30, 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 #071I4001285](#), this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: **\$2,000,000.00**

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

CONTRACT NO. 071B5200138
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF VENDOR Brogan and Partners Advertising Attn: Marcie Brogan P.O. Box 33321 Detroit, MI 48232-5321 <div style="text-align: right;">MBROGAN@brogan.com</div>	TELEPHONE Marcie Brogan (313) 874-8555 BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Scott Blakeney Health Promotion Advertising-- Department of Community Health & Department of State	
CONTRACT PERIOD: From: February 01, 2005 To: September 30, 2007	
TERMS <div style="text-align: center;">N/A</div>	SHIPMENT <div style="text-align: center;">N/A</div>
F.O.B. <div style="text-align: center;">N/A</div>	SHIPPED FROM <div style="text-align: center;">N/A</div>
MINIMUM DELIVERY REQUIREMENTS <div style="text-align: center;">N/A</div>	
MISCELLANEOUS INFORMATION: <p>The terms and conditions of this Contract are those of ITB #07114001285, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.</p> <p>Estimated Contract Value: \$2,000,000.00</p>	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the **ITB No.07114001285**. A Purchase Order Form will be issued only as the requirements of the State Departments are submitted to Acquisition Services. Orders for delivery may be issued directly by the State **Departments** through the issuance of a Purchase Order Form.

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

FOR THE VENDOR:

FOR THE STATE:

Brogan and Partners Advertising

 Firm Name

 Authorized Agent Signature

 Authorized Agent (Print or Type)

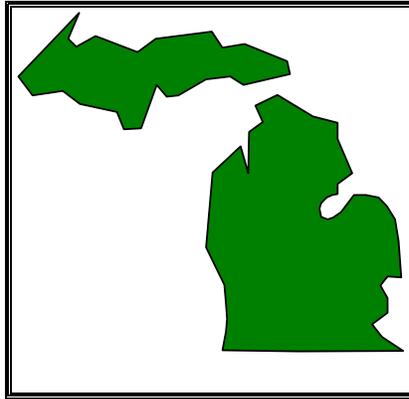
 Date

 Signature
Jeffrey A. White, Acting Director

 Name
Professional Services Division

 Title

 Date



**STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services**

CONTRACT #071B5200138

**HEALTH PROMOTION ADVERTISING
DEPARTMENT OF COMMUNITY HEALTH
DEPARTMENT OF STATE**

February 1, 2005 to September 30, 2007



Health Promotion Advertising

Article 1 – Statement of Work (SOW) 5

1.0 Project Identification..... 5

 1.001 PROJECT REQUEST 5

 1.002 BACKGROUND..... 5

1.1 Scope of Work and Deliverables 17

 1.101 IN SCOPE..... 17

 1.102 OUT OF SCOPE..... 18

 1.103 TECHNICAL ENVIRONMENT 18

 1.104 WORK AND DELIVERABLE 18

1.2 Roles and Responsibilities 19

 1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES..... 19

 1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES..... 19

 1.203 OTHER ROLES AND RESPONSIBILITIES 20

1.3 Project Plan 20

 1.301 PROJECT PLAN MANAGEMENT..... 20

 1.302 REPORTS..... 21

1.4 Project Management 21

 1.401 ISSUE MANAGEMENT 21

 1.402 RISK MANAGEMENT 21

 1.403 CHANGE MANAGEMENT 21

1.5 Acceptance 22

 1.501 CRITERIA 22

 1.502 FINAL ACCEPTANCE 22

1.6 Compensation and Payment..... 22

1.7 Additional Terms and Conditions Specific to this SOW 23

Article 2 – General Terms and Conditions 24

2.0 Introduction 24

 2.001 GENERAL PURPOSE..... 24

 2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR 24

 2.003 NOTICE 24

 2.004 CONTRACT TERM 24

 2.005 GOVERNING LAW..... 25

 2.006 APPLICABLE STATUTES..... 25

 2.007 RELATIONSHIP OF THE PARTIES 25

 2.008 HEADINGS..... 26

 2.009 MERGER 26

 2.010 SEVERABILITY..... 26

 2.011 SURVIVORSHIP..... 26

 2.012 NO WAIVER OF DEFAULT 26

 2.013 PURCHASE ORDERS 26

2.1 Vendor/Contractor Obligations 26

 2.101 ACCOUNTING RECORDS 26

 2.102 NOTIFICATION OF OWNERSHIP 26

 2.103 SOFTWARE COMPLIANCE 27

 2.104 IT STANDARDS 27

 2.105 PERFORMANCE AND RELIABILITY EVALUATION (PARE) 28

 2.106 PREVAILING WAGE..... 28

 2.107 PAYROLL AND BASIC RECORDS..... 28

 2.108 COMPETITION IN SUB-CONTRACTING..... 29

 2.109 CALL CENTER DISCLOSURE..... 29

2.2 Contract Performance 29

 2.201 TIME IS OF THE ESSENCE 29

 2.202 CONTRACT PAYMENT SCHEDULE 29

 2.203 POSSIBLE PROGRESS PAYMENTS 29

 2.204 POSSIBLE PERFORMANCE-BASED PAYMENTS (Actual performance rendered) 29

 2.205 ELECTRONIC PAYMENT AVAILABILITY 30

 2.206 PERFORMANCE OF WORK BY CONTRACTOR 30



2.3 Contract Rights and Obligations..... 30

 2.301 INCURRING COSTS 30

 2.302 CONTRACTOR RESPONSIBILITIES..... 30

 2.303 ASSIGNMENT AND DELEGATION 30

 2.304 TAXES 30

 2.305 INDEMNIFICATION..... 31

 2.306 LIMITATION OF LIABILITY 33

 2.307 CONTRACT DISTRIBUTION 33

 2.308 FORM, FUNCTION, AND UTILITY 33

 2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION..... 33

 2.310 RESERVED 33

 2.311 TRANSITION ASSISTANCE..... 33

 2.312 WORK PRODUCT..... 33

 2.313 PROPRIETARY RIGHTS 34

 2.314 WEBSITE INCORPORATION..... 34

2.4 Contract Review and Evaluation 34

 2.401 CONTRACT COMPLIANCE INSPECTOR 34

 2.402 PERFORMANCE REVIEWS 34

 2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS..... 35

2.5 Quality and Warranties 36

 2.501 PROHIBITED PRODUCTS 36

 2.502 FREEDOM OF INFORMATION ACT 36

 2.503 LIABILITY INSURANCE 36

 2.504 GENERAL WARRANTIES (goods)..... 39

 2.505 CONTRACTOR WARRANTIES..... 39

 2.506 STAFF 40

 2.507 SOFTWARE WARRANTIES..... 40

 2.508 EQUIPMENT WARRANTY 41

 2.509 PHYSICAL MEDIA WARRANTY 41

2.6 Breach of Contract..... 42

 2.601 BREACH DEFINED..... 42

 2.602 NOTICE AND THE RIGHT TO CURE..... 42

 2.603 EXCUSABLE FAILURE 42

2.7 Remedies 43

 2.701 CANCELLATION..... 43

 2.702 RIGHTS UPON CANCELLATION 44

 2.703 LIQUIDATED DAMAGES 46

 2.704 STOP WORK..... 46

 2.705 SUSPENSION OF WORK..... 47

2.8 Changes, Modifications, and Amendments 48

 2.801 APPROVALS..... 48

 2.802 TIME EXTENTIONS 48

 2.803 MODIFICATION..... 48

 2.804 AUDIT AND RECORDS UPON MODIFICATION..... 48

 2.805 CHANGES..... 49

Article 3 - Certifications and Representations..... 50



Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

The purpose of this Contract is to obtain quotations for internal/external public awareness programs for the Department of Community Health, State of Michigan.

1.002 BACKGROUND

The contractor shall assist the Michigan Department of Community Health in developing and implementing internal and external communications such as health promotion media campaigns which address the following issues: Acquired Immunodeficiency Syndrome (AIDS), Abstinence, Chronic Disease Prevention (such as Tobacco Reduction, Breast and Cervical Cancer Screening), Problem Gambling, Healthy Living, Immunization, Lead Poisoning, Women, Infants & Children (WIC) outreach, and rebranding Medicaid. Other subject areas may be added to this contract as need arises such as Substance Abuse.

SUBJECT AREA DESCRIPTIONS

A. AIDS

Program Summary:

In the two decades since 1981, when the illness was first identified, over 13,081 people in Michigan have been diagnosed with Acquired Immunodeficiency Syndrome (AIDS). Surveillance data suggest that 15,500 people in Michigan are currently infected with human immunodeficiency virus (HIV).

Men who report same sex sexual contact continue to bear the burden of morbidity related to HIV disease. Of all reported cases of people living with HIV or AIDS in Michigan, 59 percent were associated with male-to-male sexual contact. Injecting drug use was associated with 12 percent of all cases living with HIV or AIDS reported. HIV disease associated with heterosexual contact is on the rise, and is reflected in the growing number of women affected by the epidemic. In Michigan women now account for 23 percent of all reported cases living with HIV or AIDS. Racial and ethnic minorities are disproportionately impacted by the epidemic. African-Americans account for 14 percent of the states' population and for 58 percent of those estimated living with HIV or AIDS.

Urban areas continue to bear the burden of morbidity with the city of Detroit accounting for 44 percent of the estimated total persons living with HIV or AIDS. However, HIV or AIDS have been reported in 82 of Michigan's 83 counties.

Michigan HIV prevention programs were initiated early in the epidemic and continue to expand in an effort to halt further spread of HIV and AIDS. A major component of prevention programming has been a statewide, multi-media campaign initiated in 1988. The overall goal of the campaign was behavioral and attitudinal change relative to HIV. Specific objectives should include:

1. Increasing knowledge of behavioral risks and prevention among those populations whose behavior may place them at risk for infection with HIV, and who have been identified as high priority for receiving prevention and intervention in Michigan's statewide comprehensive plan for HIV prevention.
2. Encourage those at risk to get HIV counseling, testing and referral services.
3. Correct misconceptions related to HIV and AIDS in an effort to promote humane attitudes toward those known or suspected to be infected with AIDS.

Target Audience:

Target audiences are identified through several sources of data. Data sources include HIV seroprevalence surveys, HIV and AIDS case surveillance, HIV counseling and testing system, as well as knowledge, attitude and risk behavior surveys.



Indicators from other MDCH programs including substance abuse, disease control and maternal and child health are also essential in refining and redirecting prevention program efforts.

Target audiences include:

1. Men who have sex with men (MSM) – especially African-American men and young MSM
2. High risk heterosexual (HRH) women – particularly African American and Hispanic/Latina
3. Adolescents – especially those who are out of school, runaways or throwaways
4. HIV positive individuals
5. General population statewide, or any population that appears to be on the rise.

Messages:

1. MSM: Know your sero status, use condoms all of the time, practice safer sex, decrease alcohol and other drug use
2. Women: Protect yourself, use condoms, if pregnant get tested for HIV, STD and Hepatitis B, don't assume your partner is monogamous or has sex only with women, know your sero status
3. Adolescents: Delay sexual debut, use condoms, know your sero status, do not use alcohol or other drugs
4. HIV Positive: Be responsible, protect yourself and others, use condoms all of the time, decrease use of alcohol and other drugs, take your medications
5. General Population: Know your sero status, increase general awareness of risk, correct misconceptions related to HIV/AIDS in an effort to promote humane and rational attitudes towards those known or suspected to be infected with HIV.

B. ABSTINENCE

Program Summary:

Teen pregnancy in Michigan constitutes a significant public health problem. Teen pregnancy has a devastating social and economic impact on not only the pregnant teen, but also the children of teen parents, families, communities and society as a whole. The negative repercussions create a ripple effect throughout society.

Michigan has enjoyed a steady decline in teen pregnancy and birth rates across all subsets of the teen population. While these declines indicate a significant level of success, Michigan continues to have an alarming number of youth who experience the serious health, emotional and financial consequences of pregnancy, childbirth, and engagement in sexual activity and other risky behaviors. To reduce these numbers the Michigan Abstinence Program (MAP) has identified priority areas on which to focus abstinence education programming.

The 2001 Michigan Youth Risk Behavior Survey (YRBS) provides information as to the level of sexual activity for Michigan youth. The 2001 Michigan YRBS indicates that forty percent of Michigan's high school aged youth (grades 9-12) has experienced sexual intercourse (a decline from 45% reported on the 1999 YRBS). As this evidence demonstrates, too many of Michigan's young people are putting themselves at risk by engaging in sexual intercourse.

Regardless of the decline, young teens and pre-teens are far more sexually active at an earlier age than previously recognized. According to the 2001 Michigan YRBS, five percent of high school students first had sexual intercourse prior to age 13. Early sexual debut increases the likelihood of having numerous sexual partners, contracting a sexually transmitted disease and pregnancy.



Pregnancy among the young teen population is particularly devastating. Abstinence education programs must therefore reach younger teens and pre-teens in order to provide education, support and the skills necessary to maintain an abstinent lifestyle, or return to abstinence. Abstinence education programming focusing on this age group continues to be a centerpiece of Michigan's teen pregnancy prevention efforts.

Racial disparities in teen pregnancy are often overlooked. However, the data clearly indicates a disparity in teen birth rates between Caucasian and African-American youth in the state of Michigan. The birth rate for African-American teens ages 10-14 years is 8 times higher than the rate for Caucasian teens of the same age. The birth rate for youth ages 15-17 years finds African-American youth three times more likely to give birth than their Caucasian peers. And older African-American teens, ages 18-19 years, are two times more likely to give birth than Caucasian teens of the same age. Such disparities point to the importance of culturally appropriate teen pregnancy prevention programming.

The need for continued abstinence education programming is further supported by the 2001 Michigan YRBS findings that 11 percent of male and 10 percent of female high school students reported having more than four sexual partners. The Michigan Department of Community Health (MDCH) tracks rates of chlamydia, gonorrhea, syphilis, and HIV transmission. As of April 2002, one percent of reported AIDS cases and three percent of HIV cases were 13-19 years of age at diagnosis. In 2001, 35 percent of reported chlamydia cases, 25 percent of gonorrhea cases and four percent of syphilis cases occurred among persons 19 or younger. It is clear from this data that interventions designed to teach youth the connection between sexual activity and Sexually Transmitted Diseases (STDs) is needed in order to see a significant decrease in the number of youth contracting STDs.

Parents/guardians and other key adults in the lives of teens play a vitally important role in teen pregnancy prevention, whether they realize it or not. Parents often fail to realize their influence on their children in this arena and struggle to feel comfortable discussing sexuality. The MAP program works with parents to help strengthen the connection between themselves and their children, encouraging open discussions between youth and parents about healthy sexuality and the benefits of abstinence.

Michigan's teen pregnancy and birth trends are indeed encouraging. Too many young people, however, continue to put themselves at risk through sexual and other risky behaviors.

In response to the concerns mentioned regarding the sexual activity of teens the overall goal of MAP is to increase the number of youth ages 9-17 years (and up to 21 years for special education populations) who abstain from sexual activity and other related risky behaviors.

All MAP program activities center around the goal of improving the lives of youth by teaching them the skills needed to avoid sexual activity and other related risky behaviors. This public health initiative supports the belief that sexual activity and other risky behaviors threaten youth and need to be addressed aggressively.

MDCH has established five goals for the MAP program based on the priority needs:

- 1) Increase the number of Michigan youth exposed to effective skill-building and research-based abstinence education programs and messages that include information about related risky behaviors such as the use of alcohol, tobacco and other drugs;
- 2) Increase the number of Michigan youth residing in communities supportive of sex- and drug-free lives for their youth;
- 3) Increase the number of Michigan youth exposed to abstinence education activities and messages that include information about abstinence being the only sure way to avoid contracting STDs;
- 4) Increase the number of Michigan youth exposed to abstinence education activities and messages that include information about the poverty-cycle associated with teen pregnancy; and
- 5) Increase the number of Michigan parents/adults/caregivers of 9-17 year olds (and up to 21 year olds for special education populations) who are exposed to information about the importance of abstinence and how to effectively communicate with their children about sexual activity and abstinence.

**Target Audience:**

The target audience proposed is 9-17 year old males and females and parents/adults/caregivers.

Messages:

- Teach youth the decision-making skills necessary to choose abstinence, reject sexual advances, cope with social pressures, avoid risky situations and understand the relationship of alcohol and other drug use to increasing sexual vulnerability;
- Support communities in developing and maintaining social environments that support sex-free and drug-free lives for youth;
- Teach youth the relationship between sexual activity and STDs;
- Teach youth the association between teen parenting and poverty;
- Teach youth the importance of attaining self-sufficiency before engaging in sexual activity; and
- Teach parents/adults/caregivers how to communicate effectively with youth about the importance and benefits of choosing abstinence from sexual activity and other related risky behaviors such as the use of alcohol, tobacco and other drugs.

C. BREAST AND CERVICAL CANCER PROGRAM:**Program Summary:**

Breast cancer is the second most commonly diagnosed cancer in Michigan and is the most frequently diagnosed cancer among Michigan women. Early detection is the key to survival. Cervical cancer is one of the few cancers that can be prevented by using the same precautions as with other sexually transmitted diseases, and can be detected early by regular Pap smear tests. During 2000, 6,885 women in Michigan were newly diagnosed with breast cancer. During 2001, 1,471 Michigan residents died of the disease. During 2000, 442 women in Michigan were diagnosed with invasive cervical cancer. In 2001, 132 women in Michigan died of the disease. With regular screening, breast cancer is more likely to be detected at an earlier stage, when it is most treatable. The five-year survival rate among women whose breast cancer has *not* spread beyond the breast at the time of diagnosis is 97 percent.

Although every woman is at risk of developing breast cancer, several factors have been shown to increase a woman's risk. These include: increasing age; a personal history of breast cancer; a family history of breast cancer (especially pre-menopausal onset) in a mother, a sister, a daughter or other multiple relatives; never giving birth or having a first child after the age of 30; and a long menstrual history. Other possible risk factors that have been suggested include the long-term use of hormone replacement therapy, obesity, low physical activity, and alcohol consumption.

Since 1991, the Michigan Department of Community Health (MDCH) has implemented a comprehensive Breast and Cervical Cancer Program (BCCCP) through a multi-year grant from the U.S. Centers for Disease Control and Prevention. With these funds, the BCCCP Program provides breast and cervical cancer screening and diagnostic services to low-income women. Since its implementation in 1991, the BCCCP has screened over 91,000 women across the state.

The BCCCP is administered through 21 local coordinating agencies (LCAs) throughout the state, of which include local health departments and the Karmanos Cancer Institute. The LCAs contract with a network of private providers, clinics, hospitals, mammography facilities, and laboratories to provide selected services to BCCCP clients. Through these LCAs, women aged 40-64 can receive clinical breast exams, pap smears, pelvic exams, screening mammograms if eligible, and appropriate referrals to community providers for follow-up of abnormalities.

The Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN) Program is an extension of the BCCCP. This program provides Cardiovascular Disease (CVD) screening services to select BCCCP clients. All WISEWOMAN Program clients must be enrolled in the BCCCP. The focus of the WISEWOMAN Program is to assist women with reducing their CVD risk factors through lifestyle behavior change.

**Target Audience:**

This federal grant program is for low-income women aged 40-64. With these funds, local coordinating agencies associated with the Breast and Cervical Cancer Control Program (BCCCP) provide screening services at no cost to uninsured women whose incomes are at or below 250 percent of the federal poverty level.

Insured women may also take advantage of the BCCCP, provided they meet the insurance, age, and income eligibility requirements. Women enrolled in a managed care program, health maintenance organization or who have Medicare Part B are not eligible for the BCCCP. Claims for services are submitted to insurers first. If coverage for a service is denied, it is possible for that service to be covered by program funds.

To be eligible for enrollment in the BCCCP, women must:

- Have an income \leq 250% of federal poverty level;
- Be uninsured or underinsured for these tests; and
- Be age 40 - 64 for breast/cervical cancer screening and for diagnostic follow-up of breast/cervical abnormalities

or

Be age 18 - 39 and have been identified with a cervical abnormality through the Family Planning program (Title X).

Messages:

The Michigan Department of Community Health urges all women, especially low-income who may be eligible for the BCCCP Program, to be screened annually for breast and cervical cancers throughout their lifetimes. Women most likely to die from breast or cervical cancer are those least likely to get mammograms and Pap smears - - especially older women, minority women, and low-income women.

Yearly screenings and appropriate medical follow-up of any abnormalities could prevent virtually all the deaths from cervical cancer, and one-third or more of the deaths from breast cancer. The MDCH, American Cancer Society, and many other national medical organizations recommend the following schedule.

Breast Cancer Screening

Women aged 40 and older: Clinical breast exam and mammographic screening exam every year.

Cervical Cancer Screening

Women aged 18 and older: Pap smear and pelvic examination every year. After a woman has had three or more consecutive satisfactory normal annual examinations, the Pap test may be performed less frequently at the discretion of her provider.

D. IMMUNIZATION:**Program Summary:**

The Immunization Program is responsible for all immunization activities within the department, including acquisition and distribution of vaccines; outreach and education to all 45 local health departments for Immunization Action Plan (IAP) activities; and coordination and oversight of the Vaccines for Children (VFC) program that provides free vaccine for children (18 years of age and younger) who meet certain need criteria.

The Immunization Program is also responsible for surveillance of all vaccine-preventable diseases and provides monthly updates of cases reported. The division can assist and/or provide technical assistance with disease investigation and outbreak control.



Finally, the Division of Communicable Diseases and Immunization operates a successful perinatal hepatitis B prevention program that assists with the identification of pregnant women who are carriers of hepatitis B virus and assures that the parent, the delivering hospital and the newborn's pediatric provider are aware of the prophylaxis the child needs to be protected from infection.

Michigan's childhood immunization rates have increased nearly 12% from 2001 to 2002. Immunization levels of Michigan's children aged 19 to 35 months was 81.6 percent in 2002. This was increase from a 70.0 percent immunization level in 2001. The Centers for Disease Control and Prevention's National Immunization Survey places Michigan sixth in the nation for the percentage of children vaccinated against deadly diseases. The national average is 74.8 percent.

The Program has undertaken many efforts directed towards enhanced information, education and communication activities, including a quarterly newsletter distributed to over 10,000 providers, six regional immunization update conferences every fall, and a toll-free immunization information number which is available 24 hours a day, seven days a week. To the extent possible, the Program makes use of existing information, education and communication materials in the development of their strategies. The Program also makes use of AT&T Language Line services in their perinatal hepatitis B prevention program so that language is not a problem in communicating with parents to assure the necessary follow-up activities.

The nationally recognized Michigan Childhood Immunization Registry (MCIR) has been developed and implemented with grass-roots support from all immunization partners. The registry provides all physicians with quick access to immunization records and allows them to more effectively follow up with children who are behind in their immunizations.

Through the registry, the State now has the ability to look at immunization levels and determine who is in need of further immunizations. The MCIR has also integrated information from the Women, Infants and Children program (WIC) and Medicaid to better focus immunization efforts for the most-at-risk populations. The Department of Community Health has also used the registry to encourage an increase in immunizations among people who receive coverage through a Medicaid health plan.

Michigan has developed and implemented several Immunization Nurse Education (INE) modules covering eight different vaccine-related programs. The intention of these modules is to conduct educational visits to provider offices and update providers and their staff on current immunization practices and activities. Michigan has also developed a peer education program for physicians across the state through the use of grand rounds, conferences, and individual consultations.

Target Audience:

The Immunization Program would like to raise awareness among all parents and care givers (such as grandparents) about the importance of timely immunization. Special attention should be given to the Detroit metropolitan area, because of its large population and low immunization levels. There are approximately over 130,000 live births annually in Michigan, of which around 23% occur in the metropolitan Detroit area. Over the past two years, the Department of Community Health has been working closely with immunization partners at the City of Detroit and the Wayne County Health Department to plan and implement ways to increase the immunization levels in this priority area. As a result of this, and many local efforts, immunization rates in the City of Detroit have increased 11 percent from 2001 to 2002.

Health care providers are another group among whom they are working hard to raise awareness. Both parents and providers should be encouraged to check whether or not a child is due for immunizations every time the child sees a health care provider.

Message:

The messages consistently include the national objectives:

1. To persuade parents to start immunizations on a timely basis and check with their provider about their infant's immunization status;
2. To persuade providers to check the immunization records of every child they treat and use every opportunity to bring children up to date.



The immunization level survey results show us that more attention needs to be paid to finishing the series on time, by two years of age. Finally, focus groups with parents have revealed that many parents would like more information about diseases that vaccines prevent. These messages could be an important motivator for parents to bring their children in for immunizations.

E. HEALTHY LIVING

Program Summary:

Healthy Living represents the general health and well being of Michigan's citizens. One area of growing concern is the weight and lack of physical activity of Michigan's residents. As of 2002, 62% of Michigan adults are considered overweight or obese and Michigan ranks third worst in the nation for obesity.

When Governor Jennifer M. Granholm appointed the first-ever Surgeon General for the state, she made it clear that improving the health of the citizens of Michigan was a top priority. According to Michigan's 2001 Behavioral Risk Factor Survey, 55.2% or 4.18 million Michiganders fail to meet the U.S. Surgeon General's recommendations for physical activity. Adults are considered to be physically active if they participate in at least 30 minutes of moderate physical activity five or more days per week. If just 1 in 20 sedentary adults became physically active, a cost avoidance of \$575 million per year over the next four years can be realized. This equates to jobs for over 15,400 new employees.

Educational programs have been successful in increasing the understanding of the importance of good basic nutrition. The challenge is to make this education available to all segments of our population, given the economic, ethnic and cultural disparities in consumption of food. Almost half of Michigan's population (41.7%), and 64% of our overweight population is trying to lose weight. In 2002, 53% of Michigan adults self-reported amounts of leisure time physical activity lower than the recommended 30 minutes of activity five or more days a week, and 24% reported no leisure time physical activity at all.

A 2003 study released by the Governor's Council on Physical Fitness, Health and Sports reports that physical inactivity in Michigan is costing \$8.9 billion dollars a year including direct and indirect cost of medical care (including Medicaid), workers' compensation and lost productivity. If current trends continue, it is expected that the cost of physical inactivity will increase by 42% to \$12.65 billion by 2007. These costs are borne largely by employers, through health insurance premiums and lost productivity, and through Medicaid payments. The study estimates that physically inactive lifestyles cost the State of Michigan an estimated \$69 million in Medicaid expenditures alone. Social burdens of obesity are more difficult to describe. The physical, mental and economical benefits of a healthier weight are obvious. Clear components of the solution are healthy nutrition and physical activity.

Target Audience:

All Michigan citizens are potential targets, however some demographic groups have higher rates of being overweight or obese. Obesity rates are higher in 1) the age group 35 to 74, 2) African-Americans, and 3) those with less than a college education or with a household income under \$35,000. The group that consistently had the highest prevalence of obesity in Michigan is African-American females. Looking at the Michigan population as a whole, rates of obesity for males and females are similar, while rates of overweight are higher for males.

Messages:

Messages should focus on increased physical activity and better nutrition, to help control weight.

F. PROBLEM GAMBLING

Program Summary:

Gambling in Michigan has changed. Once a relatively rare activity, it is now common. 84.5% of Michigan residents have gambled. For those who become addicted, gambling leads to serious family and financial strain. Approximately 5% of people who gamble ultimately become addicted. In Michigan, that translates to about 350,000 compulsive gamblers.



The Department's goal is to prevent vulnerable persons from becoming problem gamblers and to promote intervention and provide treatment for those who are already problem gamblers. The focus of efforts will be primarily on casino and sports gambling.

In order to reach its objective the Department will educate the public about the dangers and consequences of becoming a problem gambler as well as showing symptoms and situations to recognize if somebody is a problem gambler. The Department offers a treatment hotline for those who recognize that they are a problem gambler.

Additional goals are to prevent children from getting involved in internet gambling and providing awareness to parents.

Target Audience:

The target audience for the gambling media campaign can be subdivided into several groups.

1. Problem gambling messages aimed at showing the dangers and consequences of becoming a problem gambler as well as showing symptoms and situations to recognize if somebody is a problem gambler will be targeted at two groups: males and females age 25-54 and males and females age 55+ with different messages to each group. These messages will also include the treatment hotline number to call if they think that they have or a loved one has a problem.
2. Problem sports gambling messages will be targeted at males age 25-54.
3. Internet gambling prevention messages will be targeted at male children aged 12-17.
4. Internet gambling awareness messages will be targeted at males and females age 25-55.

Messages:

General problem gambling messages should show symptoms and consequences of becoming a problem gambler. In the past messages have been similar to, "If you're betting more than you can afford to lose, you have a problem."

Problem gambling messages for the senior population should be more specifically related to losing retirement money and living on a fixed income.

Internet gambling prevention messages should provide children and teenagers information to show that internet gambling is illegal and a scam, and how it can affect them and their families.

Internet gambling messages to parents should provide awareness of the possibility that their children may be gambling online and using their credit cards.

G. MEDICAID

Program Summary:

Medicaid is health care coverage for low-income families and individuals. This includes families with children, pregnant women, and persons under the age of 21. It also offers help to persons who are blind, persons with disabilities and people age 65 and older.

You may qualify for health care coverage under Medicaid if you meet the requirements of one of the many programs offered and you are a Michigan resident or are currently living in Michigan in order to work. You do not have to be a United States citizen or have permanent alien resident status to receive Medicaid. However, certain aliens may be restricted to emergency Medicaid services only.

Medicaid offers comprehensive health care coverage for those who are eligible. Types of services covered by Medicaid include ambulance, doctor visits, family planning, health checkups, hospital care, mental health care, nursing home care, hospice, immunizations, surgery, prescription drug coverage, etc.



The Michigan Department of Community Health administers the Medicaid program, while the Michigan Family Independence Agency (FIA) determines eligibility. In the past, Medicaid was closely associated with welfare, which resulted in stereotypes and stigmas associated with the program.

In an effort to reduce these stereotypes, Michigan eliminated the paper Medicaid identification cards that were mailed to members on a monthly basis and replaced them with the MIHealth card, a permanent plastic identification card. By issuing the MIHealth card once to beneficiaries, the state has eliminated monthly mailings and provided Medicaid customers with an insurance card much like those provided by private insurance companies.

Target Audience:

1. Persons who are eligible for Medicaid.
2. Health care providers and health plans.

Messages:

- Rebrand Medicaid to reduce negative associations with Welfare.
- Position Medicaid as a form of insurance that, while free or low-cost, is a comprehensive plan that provides high quality care.

H. SUBSTANCE ABUSE

Program Summary:

Substance abuse is a continuing problem in the United States and Michigan. In 2002, an estimated 19.5 million Americans, or 8.3 percent of the population aged 12 or older, were current illicit drug users. Use and abuse of illicit drugs is associated with child and spousal abuse, sexually transmitted diseases (STDs, including HIV infection), teen pregnancy, school failure, motor vehicle crashes, escalation of healthcare costs, reduced worker productivity, and disruptions in family and personal life.

The Department's goal is to prevent the initiation of drug use, focusing primarily on marijuana, alcohol abuse and methamphetamine use with a secondary focus on other types of club drugs.

Target Audience:

The target audience for the substance abuse media campaign can be subdivided into several groups. To reach the objective of preventing illegal drug use and alcohol abuse the media campaign should provide messages to encourage:

1. Teens to quit use of illegal substances
2. Teens not to start using illegal substances
3. Parents to communicate with their children on the dangers of substance abuse
4. Adult users to quit.

Messages:

Messages about marijuana should be warning messages that it is more dangerous than people think and that it can be a gateway drug to other drugs and substances.

Messages about methamphetamine should be education to the public on what to look for as signs that a methamphetamine lab is in the area and how to report one if there is a suspicion.



I. TOBACCO

Program Summary:

Cigarette smoking is the single greatest cause of avoidable deaths. More than 400,000 deaths are caused each year in the U.S. because of smoking. In Michigan the annual death toll is nearly 16,000. Among the victims of smoking are those who die of heart disease, cancer, and emphysema. In addition to the harm caused to smokers, secondhand tobacco smoke kills more than 50,000 nonsmokers in the U.S. and perhaps as many as 2,000 nonsmoking Michigan residents each year. According to the Centers for Disease Control and Prevention (CDC), between 1998-1999, Michigan ranked 46 of the 50 states and District of Columbia in smoke-free worksites and 44 in smoke-free homes.

The Department's goal is to reduce the prevalence of adult smoking to 15.4% by the year 2010. This will require more quit attempts and higher success rates. A total environmental approach requires efforts to encourage and motivate persons who smoke to quit, to discourage children from experimenting with and becoming addicted to tobacco, and reducing the number of cues in the overall environment that promote smoking, and increasing those that support nonsmoking as the norm.

In order to reach its objective the Department supports community-based coalitions and groups in a variety of activities including: efforts to stimulate community awareness of the dangers of tobacco use and exposure to secondhand smoke; efforts to encourage creation of private and public policies that tend to reduce tobacco use; efforts to protect people from exposure to secondhand smoke and; efforts to encourage nonsmoking as a community norm.

In addition, the Department works with health care providers and systems to improve the detection, monitoring and treatment of nicotine addiction. Because of increasing smoking rates and higher rates of tobacco-caused mortality, special projects are directed toward groups of people of special concern. These groups include communities of color, women, youth and the elderly.

Tobacco use has a negative impact on state economies for healthcare costs and employee productivity. Annual healthcare costs in Michigan directly caused by smoking are \$2.65 billion, with the portion covered by the Michigan Medicaid program totaling \$881 million. Based on this, every household in Michigan has an average annual cost of \$532 in state and federal taxes for smoking-related illness. Loss of employee productivity due to smoking is estimated at an additional \$3.4 billion annually.

Target Audience:

The target audience for the tobacco media campaign can be subdivided into several groups. To reach the objective of reducing the adult smoking prevalence rate, the media campaign should provide messages about:

1. Cessation
2. Secondhand Smoke
 - a. Adults 25-54 specifically targeted at African American, Hispanic, Arab American
3. Smoking Prevention

Cessation messages should be targeted to adults 18-24 with a small emphasis on African American, Arab American and Hispanic populations and Male and Female smokers, age 35-55. Secondary audiences for cessation messages include groups with higher smoking rates and/or higher mortality rates as a result of smoking. These groups are:

1. African American males, age 35-55
2. Hispanic males and females, age 35-55
3. Native American males and females, age 35-55
4. Arab American males age 35-55

Secondhand smoke messages should be targeted to adults 25-54, and pregnant women 18-34 or mothers of young children with an emphasis on African American, Hispanic, Arab Americans, focusing on lower income and Women, Infant and Children (WIC) populations.



Prevention messages directed to children encouraging them not to start are another priority of a comprehensive tobacco media campaign. Encouraging children not to begin smoking will address the overall goal of reducing smoking prevalence. The primary target audience for prevention messages is children ages 6-14.

Messages:

Cessation messages should provide incentives to quit smoking that are delivered in a supportive and encouraging way. Although humor may be one avenue of reaching smokers, messages should not belittle or ridicule the addicted smoker in a fundamentally disrespectful way. Messages should make people aware of the support that is available, especially those provided by the Department, and encourage repeated attempts to quit. Messages should emphasize the availability of the free Smoker's Quit Kit either at the MDCH clearinghouse or on the MDCH website. Some messages should also promote the new smoking cessation help line that is currently being tested.

Secondhand smoke messages should focus on the risks. Message should focus on two areas:

1. Expand on the 4,000 chemicals in tobacco smoke – what are these chemicals and why are they so harmful? Educate and enlighten audiences on why secondhand smoke is so harmful. For every eight smokers that die, one non-smoker dies from secondhand smoke. This is an important point.
2. Increase awareness of risk of heart attack from secondhand smoke. People may think they are healthy – eat right, exercise, etc. but if they live with a smoker, they are at a higher risk of a heart attack. This is new information to the public.

In all communications, we should include the availability of the quit kit.

Prevention messages aimed at younger children can include health components, but emphasis should be on the unattractiveness of smoking and the social benefits of being a nonsmoker. An effort should be made to show nonsmoking as the norm among respected peers and role model figures, or through other communication strategies.

J. WOMEN, INFANT AND CHILDREN (WIC) FOOD AND NUTRITION PROGRAM

Program Summary:

WIC is a food and nutrition program funded by the United States Department of Agriculture through the Michigan Department of Community Health. Local agencies, such as health departments and non-profit organizations, deliver WIC services and benefits to the public.

WIC helps to correct or prevent malnutrition in low-income pregnant and breastfeeding women, women who recently had a baby, infants and children up to 5 years old who are at health risk due to inadequate nutrition. WIC provides supplemental food, offers professional nutrition education and makes referrals based on health screening and assessments of need.

Supplemental Food - Nutritious foods are provided to supplement and help improve the diet.

- Women and children may receive milk, cheese, eggs, juices rich in Vitamin C, cereals rich in iron, and dry peas/beans or peanut butter.
- Breastfeeding women who do not receive formula from WIC, may also receive tuna fish and carrots, as well as extra cheese, juice & beans.
- Starting at 6 months of age, infants are eligible to receive infant cereal and infant juice.
- For infants who are partially breastfed or not breastfed, WIC provides iron-fortified formula.
- Fresh produce is provided to many WIC participants through Project FRESH, a Farmer's Market Nutrition Program.

Participants receive coupons for the foods which they may redeem at any of the WIC authorized retail stores throughout Michigan.



Nutrition Education - Nutrition education is offered to all WIC participants or their caregivers. The education must relate to the nutrition need of the individual and be of interest to them. Participants with high risk nutrition conditions are referred to a registered dietitian for a nutrition care plan & counseling. Common nutrition education topics include nutrition during pregnancy, infant feeding, nutrition during childhood, and wise food shopping. WIC encourages women to breastfeed because of many health benefits for both baby and mother.

Referrals - An added benefit of the WIC Program is screening for other health problems and referrals to other appropriate health and social services. These referrals may be for Medicaid, MICHild, Healthy Kids, Food Stamps, immunizations, child health screening, family planning, Project FRESH, Head Start, EFNEP/FNP, and more.

Here are some facts about WIC:

- Each month, more than 200,000 moms, babies, and children less than age 5 receive nutritious foods from the Michigan WIC Program. WIC foods are worth \$30-\$112 or more per month for each participant.
- WIC participants receive help with nutrition education and breastfeeding, as well as referrals to other health services.
- Close to one out of every two babies born in Michigan receives WIC benefits.
- The earlier a pregnant woman receives nutritional benefits from WIC, the more likely she is to seek prenatal care and deliver a normal weight infant.
- For every dollar spent by this program, more than three dollars in subsequent health care costs are saved.
- A family of four may earn \$34,040 per year and qualify for WIC.
- Local communities are supported with more than \$120 million yearly when WIC foods are purchased at grocery stores and pharmacies.

WIC services are free to applicants and participants.

Target Audience:

Applicants must meet all of the following 4 criteria:

1. Fall into one of the following categories:

- Pregnant Women
- Breastfeeding Women up to 1 year from delivery
- Postpartum Women up to 6 months from delivery
- Infants
- Children up to their 5th birthday

2. Resident of the state of Michigan. U.S. Citizenship is not required.

3. Income eligible (at or below 185% of Federal Poverty Guidelines or on Medicaid, Family Independence Program (FIP) or food stamps).

4. Determined by WIC clinic staff to be at nutrition and/or health risk.

Some typical health risks are: low blood iron or anemia; too much or too little weight gain (for pregnant women and children), poor diet, chronic disease, and developmental disabilities.

Messages:

Benefits to Women and Newborns

- WIC participation significantly increases the number of women receiving adequate prenatal care.
- WIC participation dramatically lowers infant mortality among Medicaid beneficiaries.
- WIC improves the dietary intake of pregnant and postpartum women. It also improves weight gain in pregnant women.
- WIC participation decreases the incidence of low birth weight and lowers pre-term births.



Benefits to Children

- WIC participation lowers the rate of anemia among children ages 6 months to 5 years.
- WIC significantly improves children's dietary intake of vitamins and nutrients such as iron, vitamin C, vitamin A, thiamine, protein, niacin, and vitamin B6.
- 4- and 5-year-olds that participated in WIC in early childhood have better vocabularies and digit memory scores than comparable children who did not participate in WIC.
- WIC participation leads to higher rates of immunization against childhood diseases.

Estimated Federal and State FY04 Funding for Media Campaigns

HIV/AIDS	\$400,000
Abstinence	\$119,000
Cancer	\$200,000
Immunization	\$65,000
Healthy Living	\$200,000
Problem Gambling	\$1,500,000
Medicaid	\$120,000
Substance Abuse	\$87,500
Tobacco	\$1,107,900
WIC	\$250,000
Estimated FY04 Total	\$4,049,400

K. CLEARINGHOUSE SERVICES

The Health Promotion Clearinghouse and Phone Center must be an existing operating fulfillment house that provides storage space, inventory control, fulfillment and phone center services to respond to MDCH's media campaigns.

Storage Space

Facility must be at least 14,000 cubic feet, with the ability to expand as needed. It must also be an indoor, temperature-controlled space. The facility must be located in Michigan within a 50-mile proximity to Lansing.

Inventory Control

Vendor must be able to provide 24 hour on-line access to current inventory levels and various reports.

Fulfillment

Must be able to process orders using Interactive Voice Response, fax, email, direct mail, and website requests 24 hours a day.

Phone Center

The phone center must be able to handle any volume of calls. Currently the system manages up to 12,000 calls per month, with a less than 1% busy rate and less than a 3% abandoned call rate.

The Clearinghouse is subject to the approval of MDCH.

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

1. Develop a marketing strategy for department programs as specified in the Subject Area Description, Article 1, 1.002.
2. Develop a media plan for department programs as specified in the Subject Area Description, Article 1, 1.002.



3. Identify and develop creative concepts for department programs as specified in the Subject Area Description, Article 1, 1.002.
4. Conduct marketing research such as focus group testing, telephone or intercept surveys.
5. Produce and duplicate media materials as needed.
6. Place media messages, and conduct advertising tracking survey.

1.102 OUT OF SCOPE

RESERVED

1.103 TECHNICAL ENVIRONMENT

The Contractor shall develop and continually maintain internal and external communications for health promotion media campaigns in a state approved format and software.

1.104 WORK AND DELIVERABLE

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

An overall plan must be developed as a basis for executing subsequent steps as the project progresses. Essential to the process of this task is the preparation of a sound approach to attaining the objectives of the project.

Marketing Strategy

Considerable effort is needed for front-end analysis and planning. To the extent possible, existing resources should serve as a basis for this effort.

The marketing strategy should present an outline for the project.

Identification of Media Messages

Campaign content should reflect overall and specific program objectives and be tailored as appropriate to the intended audience. A broad base of resources should be utilized in developing specific messages. These resources include staff who work in programs which serve target populations, findings from knowledge, attitude and risk behavior surveys, focus group testing, as well as published research. It is essential that all media be culturally and politically sensitive.

Priorities should be set in collaboration with the Michigan Department of Community Health. Media message should promote positive role models. Focus group testing should be included in the strategy and should include a determination of whether proposed advertisements and written material are racially and culturally sensitive. The department will determine political sensitivity in conjunction with appropriate government officials.

Media Plan

The media plan incorporates target audiences, and recommended placements affecting television, radio, and print media. Both paid placements and public service announcements should be incorporated into the media plan. The media plan should include detail on what public service announcements and paid advertisements should be placed, where, how many times, estimated cost, and arrangements with the Michigan Association of Broadcasters and the Non-Commercial Sustaining Agreement. The plan should include, as appropriate, both new materials and already-produced material.

Bidders should identify what specific tools will be used for media placement to guarantee that Department of Community Health dollars are spent on the specific market (s) selected.



Media messages should use, where desirable, existing material and advertisements developed for the **2001-2004** campaigns and supplement with new creative where appropriate. In addition, ads from other states and national campaigns should be reviewed for possible inclusion. Media material should include television (including ads for paid placement), radio and print. The print should include materials which mirror the format and message of TV and radio and which are available in mass quantity. Programs should use a variety of media and supporting public relations which strengthen, compliment and promote the media program.

Material developed by the federal government and voluntary health agencies should be reviewed for possible inclusion. Print material (i.e. brochures) should be developed on each target risk factor or disease addressed in the media program, as needed for distribution by the **Health Promotion Clearinghouse**. Efforts should be made to work closely with appropriate voluntary health agencies both in terms of media strategy and content, as well as potential funding support to supplement the media program budget.

Creative Concepts

The identification and development of creative concepts include the development of specific content of television, radio and print materials, i.e., story board for tv, script for radio, conceptual layout and copy for print, in accordance with the media plan.

Focus Group Testing

Market research, such as focus group testing, will be provided by the contractor on creative concepts as necessary.

Production

MDCH Key Personnel approved creative concepts will be produced by or through the contractor. When subcontractors are used, a bidding process must be carried out which assures both reasonable cost and high quality.

Duplication of Placement

Produced media materials will need to be duplicated for distribution in the placement phase of the program, i.e. contractor will need to issue traffic instructions, insertion orders, dub orders and ship materials to media. Placement negotiations will be expected to conform to the requirements specified in the media plan.

Advertising Tracking Surveys

Advertising tracking surveys will be conducted by or through the contractor, as directed, to determine media impact.

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

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.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The person(s) named below are the Key Personnel for the Michigan Department of Community Health who will oversee the contract performance on a day-to-day basis during the term of the Contract:

Geralyn Lasher, Director
Health Promotion and Publications
Communications Training and Performance Support
Michigan Department of Community Health

and



Scott Blakeney, Manager
Health Promotion and Publications
Michigan Department of Community Health

1.203 OTHER ROLES AND RESPONSIBILITIES

RESERVED

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

I. Project Control

- a. The Contractor will carry out this project under the direction and control of the Michigan Department of Community Health, Communication, Training and Performance Support Division.
- b. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet **monthly** as a minimum, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c. The Contractor will submit brief written **weekly** 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.
- d. Within twenty (20) working days of the award of the Contract, the Contractor will submit to the Michigan Department of Community Health Key Personnel for final approval a work plan. This final implementation plan must include the following:
 - (1) The Contractor's project organizational structure.
 - (2) 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.
 - (3) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
 - (4) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.
 - (5) Projects will be initiated using the following procedure:
 - a. The Contractor will meet with the Michigan Department of Community Health (MDCH) Key Personnel for direction and to discuss the specifics of the project to be undertaken.
 - b. The Contractor will submit a detailed estimate and timetable for each project to the MDCH Key Personnel. This estimate must include all costs associated with the project, with final costs not to exceed the amount of the estimated, unless prior approval is received in writing from the MDCH Key Personnel. Overtime will not be paid, unless specifically identified and approved in writing by the contract administrator before any work begins.
 - c. No work shall begin on any project before the MDCH Key Personnel has given formal approval and a work/expense authorization has been issued and signed.



1.302 REPORTS

As each product is completed, the contractor will submit:

1. Proposed marketing strategy for the media for all Michigan Department of Community Health programs listed in Article 1.
2. The final version of the media plan including public service announcements, and paid advertisement to be placed, where, how many times, at what cost, and what target audiences will be reached.
3. Focus group testing results.
4. The final version (post-focus group testing) of creative concepts developed.
5. Advertising tracking survey summaries.
6. A financial report that summarizes all expenditures by medium, geographic location and target audience, made thus far against the approved contract.

The Contractor will annually submit five (5) copies of a proposed annual plan and budget to the Director of the Communications, Training and Performance Support Division 30 days prior to the anniversary date when the contract is awarded, and year-end expenditure reports that match the State's Fiscal Year. Year One will be a partial year.

The Contractor will submit the following related to media placement:

1. No later than two weeks prior to a quarterly media buy, the Contractor shall provide copies of the negotiated buy to the MDCH Key Personnel so it can be shared with appropriate program staff and the Health Promotion Clearinghouse as necessary.
2. No later than two months following the end of each quarter, the Contractor will prepare a final summary showing the amounts ordered and actually paid per station, publication or outdoor company. These summaries should be compiled by target group, by medium, by market, and showing a grand total. No charge bonus or bonuses or PSA schedules must also be summarized quarterly in the same way.
3. No later than each quarter, the Contractor will submit a media buy summary chart showing all program area buys.
4. No later than two months following the end of each quarter, the Contractor will submit post analysis reports which compare any such schedule estimates against actual spot rotation deliveries.
5. No less than biannually, the Contractor will submit evaluation reports which include evaluation data at least through the previous quarter.

The Contractor will submit five (5) copies of the draft final report to the Director for Communications, Training and Performance Support Division, MDCH, 30 days prior to the close of the contract period and a final report at the close of the contract period. It will include a final expenditure report that summarizes all expenditures made against the approved contract by medium, geographic area, and target audience.

1.4 Project Management

1.401 ISSUE MANAGEMENT

RESERVED

1.402 RISK MANAGEMENT

RESERVED

1.403 CHANGE MANAGEMENT

RESERVED



1.5 Acceptance

1.501 CRITERIA

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

Management Summary

- A. The Contractor's staffing table with names and titles of personnel assigned to each 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.
- B. Each project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
- C. The time phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.
- D. Projects will be initiated using the following procedure:
 - (1) The Contractor will meet with the Michigan Department of Community Health (MDCH) Key Personnel for direction and to discuss the specifics of each project to be undertaken.
 - (2) The Contractor will submit a detailed estimate and timetable for each project to the MDCH Key Personnel. This estimate must include all costs associated with the project, with final costs not to exceed the amount of the estimated, unless prior approval is received in writing from the MDCH Key Personnel. Overtime will not be paid, unless specifically identified and approved in writing by the MDCH Key Personnel before any work begins.
 - (3) No work shall begin on any project before the MDCH Key Personnel has given formal approval and a work/expense authorization has been issued and signed.
 - (4) Work Plan

The plan should include a detailed narrative description of how the contractor will accomplish the objectives and tasks, including a display, time related, showing, events. Also indicate the estimated time required of state resources.

1.502 FINAL ACCEPTANCE

Final Acceptance is when the project is completed and functions according to the requirements. Any intermediate acceptance of sub-Deliverables does not complete the requirement of Final Acceptance.

1.6 Compensation and Payment

Contract awarded from this solicitation will be commission based.

1. Agency Fee

A commission, shown as a percentage, is to be used to compensate the Contractor, The fee is expected to compensate the Contractor for all management services related to the project, including creative design, account services, limited public relations and media services as indicated in the Contract Payment Section.

The State will not accept fees or commissions from subcontractors and suppliers these vendors shall be at a non-commissioned rate, no mark up.



The State can only commit funds in the fiscal year they are available; commitment of funds for future fiscal years is contingent upon enactment of legislative appropriations.

Earnings from the contract's cash flow must be used as first source of funding for services.

If you have any further ideas on how the State can save money in regard to marketing activities, please provide them here. This information will not necessarily weigh in to the decision making process for this award.

- 2. Provide the cost/rate/price information for all departments/persons named in your technical proposal to demonstrate the reasonableness of your price proposal. THIS PRICING PORTION OF YOUR PROPOSAL MUST BE LABELED, THEN BOUND AND SEALED SEPARATELY FROM THE TECHNICAL PORTION OF YOUR PROPOSAL.

Brogan and Partners Advertising Agency Fee 8.1%

1.7 Additional Terms and Conditions Specific to this SOW

RESERVED



Article 2 – General Terms and Conditions

2.0 Introduction

2.001 GENERAL PURPOSE

This Contract is for Professional Services for the State of Michigan. Orders will be issued directly to the Contractor by various State Agencies on the Purchase Order Contract Release Form.

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

The Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for the Michigan Department of Community Health, hereinafter known as Michigan Department of Community Health. 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 the 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: *Douglas Collier*
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
(517) (335-4804)
Collierd1@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 approximately (3) year and will commence with the issuance of a Contract. This will be approximately 2/1/2005 through 9/30/2007.

Option. The State reserves the right to exercise 1 one-year option, 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 6 months, provided that the State gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the State of Michigan to an extension. If the State of Michigan 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 (CWHSA) 40 USCS § 327, et seq.

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

Rules and regulations of the Environmental Protection Agency

Internal Revenue Code

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

The Civil Rights Act of 1964, USCS Chapter 42

Title VII, 42 USCS §§ 2000e et seq.

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

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

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

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

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

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

Sherman Act, 15 U.S.C.S. § 1 et seq.

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

Clayton Act, 15 U.S.C.S. § 14 et seq.

2.007 RELATIONSHIP OF THE PARTIES

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

**2.008 HEADINGS**

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

2.009 MERGER

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

2.010 SEVERABILITY

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

2.011 SURVIVORSHIP

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

2.012 NO WAIVER OF DEFAULT

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

2.013 PURCHASE ORDERS

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

2.1 Vendor/Contractor Obligations**2.101 ACCOUNTING RECORDS**

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

2.102 NOTIFICATION OF OWNERSHIP

The Contractor shall make the following notifications in writing:

1. When the Contractor becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify 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 IT STANDARDS

1. EXISTING TECHNOLOGY STANDARDS. The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://michigan.gov/dit>.
2. PM METHODOLOGY STANDARDS. The State has adopted a standard documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. This policy is referenced in the document titled "Project Management Methodology" – DMB Administrative Guide Procedure 1380.02 issued June 2000. Vendors may obtain a copy of this procedure, as well as the State of Michigan Project Management Methodology, from the Department of Information Technology's website at <http://www.michigan.gov/projectmanagement>.

The contractor shall use the State's PPM to manage State of Michigan Information Technology (IT) based projects. The Requesting agency will provide the applicable documentation and internal agency processes for the methodology. If the vendor requires training on the methodology, those costs shall be the responsibility of the vendor, unless otherwise stated.

3. ADHERENCE TO PORTAL TECHNOLOGY TOOLS. The State of Michigan, Department of Information Technology, has adopted the following tools as its Portal Technology development efforts:
 - Vignette Content Management and personalization Tool
 - Inktomi Search Engine
 - E-Pay Payment Processing Module
 - Websphere Commerce Suite for e-Store applications



Vendors must use the Portal Technology Tools to implement web content management and deployment efforts for agencies. Tools used for web-based application development must work in conjunction with Vignette and Inktomi. The interaction with Vignette and Inktomi must be coordinated with the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team.

Under special circumstances vendors that are compelled to use alternate tools must submit an exception request to the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team, for evaluation and approval of each alternate tool prior to proposal evaluation by the State.

(If the solution is to be hosted on the michigan.gov hosted environment, then the application may need to be compliant with Websphere, or need to be evaluated for compatibility with Websphere.)

2.105 PERFORMANCE AND RELIABILITY EVALUATION (PARE)

RESERVED

2.106 PREVAILING WAGE

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

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

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

2.107 PAYROLL AND BASIC RECORDS

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

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



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

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

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

2.108 COMPETITION IN 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 the contract.

2.109 CALL CENTER DISCLOSURE

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

Expenditure Authorization (EA) Process

Once a media campaign has been approved and budget identified, an EA will be issued by the Contractor. Work shall not commence until the EA has been approved by the MDCH Key Personnel.

Payment by Agency Fee

Invoices:

- a. As work is completed, the Contractor will submit invoices for payment to MDCH Key Personnel.
- b. All vendor invoices must be attached to the Contractor invoice as backup materials.
- c. The Contractor shall indicate "final invoice" on any invoice submitted for a completed project.

2.203 POSSIBLE PROGRESS PAYMENTS

The State of Michigan may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the MDCH Key Personnel, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.204 POSSIBLE PERFORMANCE-BASED PAYMENTS (Actual performance rendered)

RESERVED

**2.205 ELECTRONIC PAYMENT AVAILABILITY**

Electronic transfer of funds is available to State contractors. Vendor is required 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 PERFORMANCE OF WORK BY CONTRACTOR

RESERVED

2.3 Contract Rights and Obligations**2.301 INCURRING COSTS**

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

2.302 CONTRACTOR RESPONSIBILITIES

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

2.303 ASSIGNMENT AND DELEGATION

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

The Contractor shall not delegate any duties or obligations under the Contract to a subcontractor other than a subcontractor named and approved in the bid unless the Director of 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 the Contract;
3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
5. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

Patent/Copyright Infringement Indemnification

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



Code Indemnification

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

Indemnification Obligation Not Limited

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

Continuation of Indemnification Obligation

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

Indemnification Procedures

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

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to so notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the Defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.



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

2.306 LIMITATION OF LIABILITY

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract or \$200,000 whichever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; to Contractor's indemnification obligations (2.305); or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

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

2.307 CONTRACT DISTRIBUTION

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 FORM, FUNCTION, AND UTILITY

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

2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the 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

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 the Contract for Contract performance.

2.312 WORK PRODUCT

Work Products shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State. If by operation of law any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon creation thereof, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights.



The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.

Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies (collectively, the "Development Tools") created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to exercise its rights in the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein.

The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.

2.313 PROPRIETARY RIGHTS

A. Software Ownership

Ownership of Work Product by State.

All Deliverables shall be owned by the State and shall be considered works made for hire by the Contractor for the State. The State shall own all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

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 the Contract performance during the term of the Contract. However, overseeing the Contract implies **no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Acquisition Services.** The Contract Compliance Inspector for this project is:

Shirley Martin
Michigan Department of Community Health
MartinS@michigan.gov

2.402 PERFORMANCE REVIEWS

Acquisition Services in conjunction with the Michigan Department of Community Health may review with the Contractor their performance under the Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Contractor's past performance with the State.



Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.

Upon a finding of poor performance, which has been documented by 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, the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS

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

- (a) **Inspection of Work Performed.** The State's authorized representatives shall at all reasonable times and with ten (10) days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and shall have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon ten (10) Days prior written notice and during business hours, the State's representatives shall be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that such access will not interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives, so long as no security, labor relations policies and propriety information policies are violated.
- (b) **Examination of Records.** No more than once per year, Contractor agrees that the State, including its duly authorized representatives, until the expiration of seven (7) years following the creation of the material (collectively, the "Audit Period"), shall, upon twenty (20) days prior written notice, have access to and the right to examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the terms and conditions of the Contract and with applicable laws and rules, including the State's procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State shall not have access to any information deemed confidential to Contractor to the extent such access would require such confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.
- (c) **Retention of Records.** Contractor shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.
- (d) **Audit Resolution.** If necessary, the Contractor and the State shall meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within thirty (30) days from receipt of such report, unless a shorter response time is specified in such report. The Contractor and the State shall develop and agree upon an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in such audit report.



1. Errors. If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.
2. In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than ten (10%), then the Contractor shall pay all of the reasonable costs of the audit.

2.5 Quality and Warranties

2.501 PROHIBITED PRODUCTS

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

2.502 FREEDOM OF INFORMATION ACT

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

2.503 LIABILITY INSURANCE

A. Insurance

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

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

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

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

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

See www.michigan.gov/cis

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



Before both parties sign the Contract or before the purchase order is issued by the State, the Contractor must furnish to the Director of Acquisition Services, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverage afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

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

1. Commercial General Liability with the following minimum coverage:

\$2,000,000	General Aggregate Limit other than Products/Completed Operations
\$2,000,000	Products/Completed Operations Aggregate Limit
\$1,000,000	Personal & Advertising Injury Limit
\$1,000,000	Each Occurrence Limit
\$500,000	Fire Damage Limit (any one fire)

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

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

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

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

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

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

4. Employers liability insurance with the following minimum limits:

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



5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).
6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which shall apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.
7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.
8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of such office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to the replacement value thereof, where such office space and its contents are under the care, custody and control of Contractor. Such policy shall cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State shall be endorsed on the policy as a loss payee as its interests appear.

B. Subcontractors

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

C. Certificates of Insurance and Other Requirements

Contractor shall furnish to the Office of Acquisition Services certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds, but only to the extent of liabilities assumed by Contractor as set forth in Indemnification Section of this Contract, under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

**2.504 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

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

1. The Contractor will perform all services in accordance with high professional standards in the industry;
2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;
3. The Contractor will use its best efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;
4. The Contractor will use its best efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
5. The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;
6. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
7. The Contractor has duly authorized the execution, delivery and performance of the Contract;
8. The Contractor is capable in all respects of fulfilling and shall fulfill all of its obligations under this contract.
9. The contract appendices, attachments, and exhibits identify all equipment and software services necessary for the deliverable(s) to perform and operate in compliance with the contract's requirements.
10. The Contractor is the lawful owner or licensee of any Deliverable licensed or sold to the state by Contractor or developed by Contractor under this contract, and Contractor has all of the rights necessary to convey to the state the ownership rights or license use, as applicable, of any and all Deliverables.



11. If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items as set forth in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
12. The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter this contract, on behalf of Contractor.
13. The Contractor is qualified and registered to transact business in all locations where required.
14. Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
15. All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the ITB or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor. All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, 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.

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 SOFTWARE WARRANTIES

(a) Performance Warranty

The Contractor represents and warrants that Deliverables, after Final Acceptance, will perform and operate in compliance with the requirements and other standards of performance contained in this Contract (including all descriptions, specifications and drawings made a part of the Contract) for a period of ninety (90) days. In the event of a breach of this warranty, Contractor will promptly correct the affected Deliverable(s) at no charge to the State.

(b) No Surreptitious Code Warranty

The Contractor represents and warrants that no copy of licensed Software provided to the State contains or will contain in any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in this Contract as the "No Surreptitious Code Warranty."



As used in this Contract, "Self-Help Code" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than the licensee of the software. Self-Help Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

As used in this Contract, "Unauthorized Code" means any virus, Trojan horse, spyware, worm or other Software routines or components designed to permit unauthorized access to disable, erase, or otherwise harm software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code.

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the State.

(c) Calendar Warranty

The Contractor represents and warrants that all software for which the Contractor 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 calendar year rollover 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.

(d) Third-party Software Warranty

The Contractor represents and warrants that it will disclose the use or incorporation of any third-party software into the Deliverables. At the time of Delivery, the Contractor shall provide in writing the name and use of any Third-party Software, including information regarding the Contractor's authorization to include and utilize such software. The notice shall include a copy of any ownership agreement or license that authorizes the Contractor to use the Third-party Software.

2.508 EQUIPMENT WARRANTY

RESERVED

2.509 PHYSICAL MEDIA WARRANTY

Contractor represents and warrants that each licensed copy of the Software provided by the Contractor is free from physical defects in the media that tangibly embodies the copy. This warranty does not apply to defects discovered more than thirty (30) days after that date of Final Acceptance of the Software by the State. This warranty does not apply to defects arising from acts of Excusable Failure. If the Contractor breaches this warranty, then the State shall be entitled to replacement of the non-compliant copy by Contractor, at Contractor's expense (including shipping and handling).

**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.

A. Rights and Obligations Upon Termination

- (1) If this Contract is terminated by the State for any reason, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in equipment and software that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables and other Developed Materials intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (2) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to this Contract, for partially completed Deliverables, on a percentage of completion basis. All completed or partially completed Deliverables prepared by Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
- (3) If any such termination by the State is for cause, the State shall have the right to set-off against any amounts due Contractor the amount of any damages for which Contractor is liable to the State under this Contract or pursuant to law or equity.
- (4) Upon a good faith termination, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and materials provided under this Contract, and may further pursue completion of the Services under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

**B. Termination Assistance**

If the Contract (or any Statement of Work issued under it) is terminated for any reason before completion, Contractor agrees to provide for up to two-hundred seventy (270) calendar days 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 the Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. The State shall compensate Contractor for such termination assistance at the same rates and charges set forth in the Contract on a time and materials basis in accordance with the Labor Rates indicated within Contractor's pricing section. If the Contract is terminated by Contractor under **Section 20**, then Contractor may condition its provision of termination assistance under this Section on reasonable assurances of payment by the State for such assistance, and any other amounts owed under the Contract.

C. Reservation of Rights

Any termination of the Contract or any Statement of Work issued under it by a party shall be with full reservation of, and without prejudice to, any rights or remedies otherwise available to such party with respect to any claims arising prior to or as a result of such termination.

D. End of Contract Transition

In the event the Contract is terminated, for convenience or cause, or upon expiration, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of the Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 270 calendar days. These efforts shall include, but are not limited to, the following:

- (1) Personnel - The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor shall allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors.
- (2) Knowledgeable Personnel. Contractor will make available to the State or a Third Party Provider knowledgeable personnel familiar with the operational processes and procedures used to deliver products and services to the State. The Contractor personnel will work with the State or third party to help develop a mutually agreeable transition plan, work to transition the process of ordering, shipping and invoicing equipment and services to the State.
- (3) Information - The Contractor agrees to provide reasonable detailed specifications for all Services needed by the State, or specified third party, to properly provide the services required under the Contract. The Contractor will also provide any licenses required to perform the Services under the Contract.
- (4) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services under the Contract. This shall include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level.



- (5) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after Contract expiration that result from transition operations). The hourly rates or fixed price to be charged will be agreed upon prior to the work commencing.
- (6) Single Point of Contact. Contractor will maintain a Single Point of Contact (SPOC) for the State after termination of the Contract until all product and service obligations have expired.

E. Transition out of this Contract

- (1) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the Contractor agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
 - (i) Cooperating with any contractors, vendors, or other entities with whom the State contracts to meet its telecommunication needs, for at least two hundred and seventy (270) days after the termination of this Contract;
 - (ii) Reserved.
 - (iii) Providing the State with all asset management data generated from the inception of this Contract through the date on which this Contract is terminated, in a comma-delimited format unless otherwise required by the Program Office;
 - (iv) Reconciling all accounts between the State and the Contractor;
 - (v) Allowing the State to request the winding up of any pending or ongoing projects at the price to which the State and the Contractor agreed at the inception of the project;
 - (vi) Freezing all non-critical software changes;
 - (vii) Notifying all of the Contractor's subcontractors of procedures to be followed during the transition out phase;
 - (viii) Assisting with the communications network turnover, if applicable;
 - (ix) Assisting in the execution of a parallel operation until the effective date of termination of this Contract
 - (x) Answering questions regarding post-migration services;
 - (xi) Delivering to the State any remaining owed reports and documentation still in the Contractor's possession.
- (2) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
 - (i) Reconciling all accounts between the State and the Contractor;
 - (ii) Completing any pending post-project reviews.

2.703 LIQUIDATED DAMAGES

RESERVED

2.704 STOP WORK

1. The State may, at any time, by written stop work order to the Contractor, require that the Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to the Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this section. Upon receipt of the stop work order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either:



- a) Cancel the stop work order; or
 - b) Cancel the work covered by the stop work order as provided in the cancellation section of this Contract.
2. If a stop work order issued under this section is canceled or the period of the stop work order or any extension thereof expires, the Contractor shall resume work. The State shall make an equitable adjustment in the delivery schedule, the contract price, or both, and the Contract shall be modified, in writing, accordingly, if:
- a) The stop work order results in an increase in the time required for, or in the Contractor's costs properly allocable to the performance of any part of this Contract; and
 - b) The Contractor asserts its right to an equitable adjustment within 30 days after the end of the period of work stoppage; provided, that if the State decides the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Contract.
3. If the stop work order is not canceled and the work covered by the stop work order is canceled for reasons other than material breach, the State shall allow reasonable costs resulting from the stop work order in arriving at the cancellation settlement.
4. If a stop work order is not canceled and the work covered by the stop work order is canceled for material breach, the State shall not allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop work order.

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

2.705 SUSPENSION OF WORK

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

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

A claim under this clause shall not be allowed:

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



2.8 Changes, Modifications, and Amendments

2.801 APPROVALS

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

2.802 TIME EXTENTIONS

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

2.803 MODIFICATION

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 including but not limited to the incorporation of program changes / requirements of any RFI or RFP's . 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 State-furnished facilities, equipment, materials, services, or site; or
 - (4) Directing acceleration in the performance of the work.

- (b) 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.

- (c) 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.



Article 3 – Certifications and Representations

Completed See DMB Contract File