

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 17, 2008

CHANGE NOTICE NO. 1
OF
CONTRACT NO. 071B5200403
(Supercedes Contract #071B3001119)
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE
Pollard Banknote Limited Partnership 1499 Buffalo Place Winnipeg, MB R3T 1L7		(204) 474-2823
		VENDOR NUMBER/MAIL CODE
		(001)
		BUYER (517) 373-7374
		Joan Bosheff
Contract Administrator: Margery Reh		
Lease of Instant Ticket Vending Machines – State Lottery		
CONTRACT PERIOD: From: August 5, 2005 To: December 4, 2010		
TERMS	SHIPMENT	
N/A	N/A	
F.O.B.	SHIPPED FROM	
N/A	N/A	
MINIMUM DELIVERY REQUIREMENTS		
N/A		

NATURE OF CHANGE(S):

Please note that the total contract value has INCREASED \$1,650,000.

Also note that the Contract Administrator has changed to Margery Reh.

All other terms, conditions, and prices remain the same.

AUTHORITY/REASON(S):

Per DMB Purchasing Operations and Ad Board approval on July 15, 2008.

TOTAL INCREASE: \$1,650,000

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$7,770,000.00

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

November 22, 2005

NOTICE
OF
CONTRACT NO. 071B5200403
(Supercedes Contract #071B3001119)
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE
Pollard Banknote Limited Partnership 1499 Buffalo Place Winnipeg, MB R3T 1L7		(204) 474-2823
		VENDOR NUMBER/MAIL CODE
		(001)
		BUYER (517) 373-7374
		Joan Bosheff
Contract Administrator: Margie Reh		
Lease of Instant Ticket Vending Machines – State Lottery		
CONTRACT PERIOD: From: August 5, 2005 To: December 4, 2010		
TERMS		SHIPMENT
N/A		N/A
F.O.B.		SHIPPED FROM
N/A		N/A
MINIMUM DELIVERY REQUIREMENTS		
N/A		

The terms and conditions of this Contract are those of **ITB #071I2000301** this Contract Agreement and the vendor's quote dated **August 14, 2002**. 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: \$6,120,000.00

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. 071B5200403
(Supercedes Contract #071B3001119)

between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Pollard Banknote Limited Partnership 1499 Buffalo Place Winnipeg, MB R3T 1L7	TELEPHONE (204) 474-2823 VENDOR NUMBER/MAIL CODE (001) BUYER (517) 373-7374 Joan Bosheff
Contract Administrator: Scott Matteson Lease of Instant Ticket Vending Machines – State Lottery	
CONTRACT PERIOD: From: August 5, 2005 To: December 4, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of ITB #071I2000301 this Contract Agreement and the vendor's quote dated August 14, 2002. 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: \$6,120,000.00	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the **ITB No.071I2000301**. Orders for delivery of equipment will be issued directly by the **Department of Lottery** 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: Pollard Banknote Limited Partnership _____ Firm Name _____ Authorized Agent Signature Dion Grotkowski, Plant Manager, Ypsilanti Branch _____ Authorized Agent (Print or Type) _____ Date	FOR THE STATE: _____ Signature Sean Carlson, Director _____ Name Acquisition Services _____ Title _____ Date
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STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

September 9, 2005

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B3001119
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Pollard Banknote Limited 1499 Buffalo Place Winnipeg, MB R3T 1L7		TELEPHONE (204) 474-2323
		VENDOR NUMBER/MAIL CODE (008)
		BUYER/CA (517)373-7374 Joan Bosheff
Contract Compliance Inspector: Margie Reh Lease of Instant Ticket Vending Machines – State Lottery		
CONTRACT PERIOD: From: December 4, 2002 To: December 4, 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):

This Contract is hereby cancelled and replaced by Contract #071B5200403.

Effective August 5, 2005, Pollard Banknote has transferred all of its assets, including the Agreements, to Pollard Banknote Limited Partnership. (2980462232/001)

AUTHORITY/REASON:

Per DMB/Acquisition Services.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$6,120,000.000

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

December 5, 2002

NOTICE
TO
CONTRACT NO. 071B3001119
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Pollard Banknote Limited 1499 Buffalo Place Winnipeg, MB R3T 1L7	TELEPHONE (204) 474-2323
	VENDOR NUMBER/MAIL CODE (008)
	BUYER (517)373-7374 Joan Bosheff
Contract Administrator: Scott Matteson Lease of Instant Ticket Vending Machines – State Lottery	
CONTRACT PERIOD: From: December 4, 2002 To: December 4, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

The terms and conditions of this Contract are those of **ITB #071I2000301** this Contract Agreement and the vendor's quote dated **August 14, 2002** 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: \$6,120,000.000

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. 071B3001119
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Pollard Banknote Limited 1499 Buffalo Place Winnipeg, MB R3T 1L7	TELEPHONE (204) 474-2823 VENDOR NUMBER/MAIL CODE (008) BUYER (517)373-7374 Joan Bosheff
Contract Administrator: Scott Matteson Lease of Instant Ticket Vending Machines – State Lottery	
CONTRACT PERIOD: From: December 4, 2002 To: December 4, 2010	
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>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of ITB #071I2000301 this Contract Agreement and the vendor's quote dated August 14, 2002. 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: \$6,120,000.00	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the [ITB No.071I2000301](#). Orders for delivery of equipment will be issued directly by the [Department of Lottery](#) 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: <div style="text-align: center;">Pollard Banknote Limited Firm Name</div> <div style="text-align: center; border-top: 1px solid black;">Authorized Agent Signature Dion Grotkowski, Plant Manager, Ypsilanti Branch Authorized Agent (Print or Type)</div> <div style="text-align: center; border-top: 1px solid black;">Date</div>	FOR THE STATE: <div style="text-align: center;">Signature Kathryn Jones, Director Name</div> <div style="text-align: center; border-top: 1px solid black;">Acquisition Services Title</div> <div style="text-align: center; border-top: 1px solid black;">Date</div>
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CONTRACT #071B5200403
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SECTION I - REQUIREMENTS

I-A INTRODUCTION

This is a Contract for Instant Ticket Vending Machines (ITVMs) to be used for dispensing instant tickets by the Bureau of State Lottery (Lottery).

I-B SPECIFIC REQUIREMENTS

A. COMPANY INFORMATION

1. STAFFING AND SUB-CONTRACTORS

- a) The Contractor must be able to provide appropriate staff to properly service the Contract.
- b) The Contractor's employees and any subcontractor's employees providing services directly under this contract are required to undergo a criminal history background check. The Lottery may reject the assignment of any person (or any subcontractor or consultant that has an officer, partner, or key employee), that has been convicted of a felony within five (5) years of the date of this contract or during the term of this contract.
- c) The Contractor's personnel (including partners, temporary employees, subcontractors, and consultants) involved in the performance of this contract, including members of their households, shall be prohibited from purchasing any Lottery tickets, playing any Lottery games, and engaging in any Lottery promotions during the period of this contract. No Lottery prize shall be paid to any of the above persons. The Contractor shall ensure that this requirement is made known to all personnel involved in the performance of this contract.

B. PRODUCT QUALITY

1. SPECIFICATIONS

All commodities and/or services to be furnished hereunder shall conform to the specifications as noted hereafter.

The Contractor shall supply, deliver, install and provide maintenance and other related services for up to 500 ITVMs, each with a capacity of sixteen (16) bins and each expandable to up to twenty-four (24) bins. The Contractor shall provide 230 ITVMs the first delivery of which shall take place within 90 days of the contract date. A minimum delivery/installation of no less than 15 ITVMs shall take place per week until the first group of 230 ITVMs are operational. At the Lottery's option and request, the Contractor shall provide up to 270 additional ITVMs.



The Contractor shall provide the equipment, warranty, upgrades or enhancements, delivery, packaging and marking, installation, training and support, maintenance and repair services, and accounting as specified in this Contract.

The Contractor shall provide the manufacturer's operating manuals, maintenance service agreements, warranties, and any technical documentation for the equipment as specified in this Contract.

A. Equipment External Features

1. Only new equipment will be accepted. No reconditioned or refurbished ITVMs will be accepted.
2. The locking system, at a minimum, should provide a separately keyed lock and separate vault for the bill acceptor drawer for optimal security. Access to the bill acceptor shall be inside the main door of the machine, not from the outside.
3. Each window shall display one game only, display a minimum 4- x 4- inch ticket and be reinforced with metal back plating.
4. The customer shall press on the display window to dispense the ticket displayed. The windows through which tickets can be seen shall be made of either unbreakable glass or durable plastic resistant to compromise.
5. The color and graphics for the ITVMs shall be approved by the Lottery in writing.
6. Each ITVM must be clearly labeled, "Players must be 18 years of age or older to play", and "This machine does not give change." These labels shall be placed above or near the bill acceptor. Additional labeling instructions may be required by the Lottery.
7. Each ITVM shall operate on 110 volts, 60 cycles AC, and have at least 12 feet of electric cord with a ground wire. (The State will accept the maximum allowable cord length per UL standards). Each ITVM shall also be equipped with an internal surge protector.
8. The casing material for the ITVMs shall be extremely durable and resistant to illegal entry and accidental damage. Casings shall be made of steel, aluminum, heavy-duty plastic or durable resilient material and be resistant to fading, marring, chipping and rust.
9. ITVMs must meet all requirements of the Americans with Disabilities Act (ADA).
10. ITVMs shall be constructed in such a manner that prevents accidental "tipping" and makes even purposeful tipping very unlikely.



B. ITVM Dispensers

1. The price of tickets in each bin shall be clearly visible to the customer.
2. The lottery instant tickets shall either be automatically cut or burst by the ITVMs. The ITVMs shall not require the customer to tear the tickets from the dispensers.
3. The ITVM shall be designed to mechanically prevent any extra tickets from being dispensed without payment.
4. Tickets shall be dispensed in a manner that does not distort any ticket such that the appearance or playability of any ticket is compromised.
5. The dispensing hopper (customer ticket retrieval bin) shall hold a minimum of twenty (20) lottery instant tickets.
6. The dispensers shall be activated by means of pushing on the ticket display window.
7. The ITVM must clearly indicate when a particular bin of tickets is sold out by illuminating a “sold out” or “out” sign directly over or adjacent to the display window.
8. When a book of lottery instant tickets sells out during a transaction and before a transaction is complete, the ITVM shall clearly indicate that the tickets are sold out, and the ITVM shall retain the credit for the customer to either select another ticket or until the retailer inserts a replacement book of tickets that the customer had originally intended to purchase. Player credits must be maintained when the ITVM is opened for any purpose.
9. Ticket bins shall be configured such that they are easy to access, remove and replace.
10. Each ticket bin shall be easily exchangeable as an entire unit and shall be interchangeable between all units.
11. Ticket loading and cash storage areas shall be easily accessible by the retailer and loading procedures shall be quick and simple. .
12. Dispensers shall be capable of dispensing various priced lottery instant tickets, a minimum price of \$1.00 in increments of \$1.00 and must easily be set to do so by the retailer. ITVMs shall accommodate a minimum display of the ticket price four digits with two (2) to the left of the decimal point (\$99.00).
13. Each ITVM must provide sixteen (16) bins and each shall be expandable in increments of four bins to 24 bins at the direction of the Lottery.



14. A lottery instant ticket shall be dispensed no longer than three (3) seconds after the corresponding selection button is pushed.
15. Each ticket bin within the dispenser shall be capable of handling at least three (3) books of 250 2" x 4" fan-folded tickets of the same game and shall handle books of variable sizes (variable number of tickets in a book as well as different sized tickets).

C. ITVM Currency Acceptor

1. The currency acceptor shall be capable of accepting \$1.00, \$5.00, \$10.00 and \$20.00 denomination bills at a minimum. The currency acceptor shall be capable of accepting new U.S. currency. Any modifications to the ITVM required by a change in U.S. currency during the term of this Contract shall be at the expense of the Contractor and shall be completed within 60 days of the new currency issuance. The contractor is responsible for changes to software and/or firmware.
2. The currency acceptor shall accept accumulated credits from multiple bills at a minimum of \$100.00.
3. The customer's remaining balance shall be clearly visible after each ticket is dispensed.
4. The currency acceptor shall have the capability to accept bills face up from either the left or right side without being susceptible to counterfeit bills.
5. The currency acceptor shall have a storage capacity of 1,000 bills.
6. The currency acceptor shall be easy to access, remove and exchange by the retailer.
7. The currency acceptor shall meet current industry standards for rejecting counterfeit, photocopies, or altered currency.
8. The currency acceptor shall be jam resistant and tamper resistant.

D. ITVMs

1. Each door/drawer of the ITVM shall be equipped with high security locks to prevent prying, tampering and theft.
2. Window material shall be resistant to breaking, shattering, scratching and theft.
3. Each ITVM shall be equipped with an audible alarm system to alert the retailer of unauthorized entry, loss of power, or tilting. The ITVM shall prominently display via surface sticker that the unit has an audible alarm system. The audible alarm shall be readily heard above normal store noises a minimum of fifty (50) feet from the ITVM.



4. Each ITVM shall be equipped with wireless remote control deactivation device capable of shutting down the ITVM within 100 feet. When utilized, this device will prevent the ITVM from accepting currency or dispensing tickets in the event the retailer detects improper activity.
5. All locks shall be keyed and number coded separately. All keys shall be marked and stamped "Do Not Duplicate."
6. The Contractor shall provide two (2) sets of keys for each ITVM to the retailer.
7. The money acceptor drawer shall be keyed separately from the rest of the locks and the keys for these locks shall be made available only to the management at the retailer locations.
8. A duplicate set of keys for each ITVM shall be provided to the Lottery.

E. Optional Features

The following optional features shall be provided by the Contractor at the Lottery's request. Contractor shall supply, deliver, install, de-install, and provide maintenance and service for up to 500 ITVMs with the following optional equipment features. .

1. Electronic LED message board located on the top of the ITVM. The location of the LED shall be approved by the Lottery. Contractor shall describe how the messages are programmed into the LED.
2. Coin acceptors shall be provided for each ITVM at the request of the Lottery. Coin acceptors shall meet the same specification requirements as the currency acceptors.
3. Contractor shall provide modems and equipment needed to enable the Lottery the capability to centrally capture sales data for all ITVMs at a centralized location.

C. **WARRANTY/SERVICE**

The Contractor shall warrant that all equipment it provides shall be of the newest and latest technology, shall be free from defects in materials and workmanship, shall be fit for the purpose of which it is intended, and shall meet or exceed the performance standards and specifications required herein. Any equipment provided by the Contractor that does not conform to this Section and to the performance requirements outlined elsewhere in this document, shall be replaced by the Contractor at no cost to the Lottery.



1. SERVICE

The Contractor shall provide the following services:

- a. The Contractor shall provide a toll-free support telephone number to which service problems and questions can be addressed. This number shall be provided to the retailers on the quick reference card. This support center shall be staffed 7 a.m. through 11 p.m., seven days per week. Retailers will contact the Contractor directly regarding service problems and the Contractor shall have 24 hours to respond to the service call. The response shall take place within 24 hours during regular business hours of the retailer.
- b. An ITVM shall be made operable within 48 hours of the retailer's call for service, either by repair or replacement of the ITVM.
- c. The Contractor shall maintain a service log detailing time, date, and resolution of all service calls received. A weekly report shall be provided to the Lottery detailing transactions recorded on the service log. (See reporting section for further information on reports to be provided.)
- d. Contractor shall supply all paper, ribbons and other miscellaneous supplies needed for printing reports and operating the ITVM. Contractor shall be responsible for ensuring an adequate supply of these materials remains on hand for the retailers' uninterrupted use.
- e. The Contractor shall provide periodic preventative maintenance on each ITVM. The Contractor shall provide the Lottery a copy of the preventive maintenance schedule. The periodic preventive maintenance shall include cleaning and adjusting the ITVMs as required, as well as checking all components for proper operation, checking exterior of ITVMs for dents, scratches and mars and repair as necessary. Contractor shall replace worn stickers, logos or other identification labels as needed. Paper, ribbons and other supplies necessary for printing reports and otherwise operating the ITVM shall be restocked during this preventative maintenance visit in order to provide appropriate supplies to last until the next preventative maintenance visit. This preventative maintenance cycle shall be conducted a minimum of every six months, or more frequently if needed.
- f. An ITVM requiring service more than three (3) times within a one (1) month period shall be considered inoperable and the Lottery reserves the right to require the Contractor to replace the equipment at no cost to the Lottery.
- g. When an ITVM is repaired or replaced, any accounting data normally available for that ITVM shall be preserved. Before an ITVM is replaced, the Lottery will direct the Contractor on reports and data to be provided to the retailer and the lottery before the replaced machine is removed from the retailer's location.



- h. Any and all repair costs involved with servicing an ITVM shall be the Contractor's responsibility and shall be covered under the contract and not charged to the Lottery on a per occurrence basis.
- i. All ITVMs shall be Underwriters Laboratory (UL) and Federal Communications Commission (FCC) approved. Each ITVM shall clearly reflect these approvals.

2. TRAINING

- a. The Contractor shall provide a comprehensive training program on how to operate the ITVMs for all retailers who receive the ITVM equipment within two (2) working days following the delivery/installation of the equipment. Lottery district sales reps (DSRs) shall be included in the training at the retailer locations, scheduling of training shall be coordinated with the retailer and the Lottery. At a minimum, the training shall include:
 - 1. All necessary instructions to perform an instant ticket transaction;
 - 2. Proper maintenance and basic repairs such as clearing jams and troubleshooting;
 - 3. Replacement of paper stock and printer ribbons;
 - 4. Loading machine;
 - 5. Printing reports;
 - 6. Interpreting reports;
 - 7. Ordering supplies;
 - 8. Requesting service;
 - 9. How to handle players' questions or complaints; and
 - 10. Instructions on monitoring and curtailing underage purchasing
- b. The Contractor shall provide user's manuals, which shall include complete instructions on the operation of the equipment including loading and unloading lottery instant tickets, printing reports, balancing procedures for sales and inventory, loading and replacing printer paper and ribbons, connecting several books of tickets together prior to loading, setting ticket size and price, basic trouble-shooting procedures, security issues, lost keys and problem reporting procedures. In addition to the user's manual, the Contractor shall provide a quick reference card that briefly outlines the most frequently used functions. A copy of the user's manuals and quick reference cards are to be included with each ITVM, and additional copies are to be furnished at the Lottery's request. Two copies of the user's manual and reference card shall be included with the bid for the Lottery's reference in the bid evaluation process.
- c. The Contractor shall provide updates to the users manuals as needed at no cost to the Lottery.
- d. The Contractor shall provide a training manual as a reference guide for Lottery training programs. The Contractor shall include with its bid two copies of the training manual.



3. REPORTING

A. ITVM Activity Reports

The Contractor shall provide reports specific to ITVM activity to the Lottery as follows. Each report shall be available in printed copy as well as electronic format capable of being uploaded into the Lottery's current version of Excel or other spreadsheet application. Sample reports meeting these specifications shall be provided in printed form with this ITB. :

1. The Contractor shall provide a weekly report detailing service and preventive maintenance calls on all ITVMs. Report shall include date and time of all calls and maintenance activity, location, issues or problems, action taken, time of action taken, equipment, parts or replacement ITVMs that were required to resolve the problem.
2. The Contractor shall provide a projected schedule for preventative maintenance reflecting locations to be serviced for the forthcoming one hundred twenty (120) days, and "up-time" for all ITVMs in operation (percentage of time during the reporting period that each ITVM was available for use). This report shall be provided quarterly or more frequently upon the request of the Lottery.
3. The Contractor shall provide a report of location and serial numbers of all ITVMs including agent number upon the request of the Lottery and at the end of each semi-annual fiscal period (March 31 and September 30) each year.

B. Each ITVM shall provide the following reports.

1. Each ITVM shall provide, at a minimum, the reports listed below for accounting purposes:
 - Current Day Sales Report; shift reports
 - Week-to-Date Sales Report
 - Previous Day Sales Report
 - Previous Week Sales Report.
 - Current Month Sales Report.
 - Sales for previous two weeks
 - Current inventory
 - Cash received
- a. Each of the above reports shall be broken down by bin number with a total for each bin reported separately and a summary of all bins provided.
- b. The retailer shall be able to print reports that are easily accessible at any time without clearing or affecting stored data in any way.
- c. The internal accounting system of the ITVM shall store data for a minimum of a one-month period.



- d. The ITVM shall have battery backup for reports and memory during power loss that stores this data for a minimum of 48 hours.
- e. All accounting features shall be tamper proof.
- f. There shall be a single time setting upon installation of the ITVM that by default defined the sales day to begin at midnight.
- g. There shall be automatic printing of the current day's sales report, which shall execute automatically at the retailer's pre-selected time.
- h. An audit trail discrepancy report shall be available for the retailer to print out the last transaction executed by the ITVM. This report shall include the credit(s) last introduced into the bill acceptor and how those credit(s) were used from each dispenser. This report shall show all activity from the time that the accumulated credits were changed from zero dollars to the time that the accumulated credits return to zero dollars.
- i. A current settings report shall be provided which provides physical ticket information (i.e. game #, game name, ticket size.) The report shall also provide accounting time setting, machine and retailer numbers and ticket price information for each dispenser.

D. DELIVERY/INSTALLATION

1. TIME FRAMES

All orders shall be delivered in accordance with a schedule agreed to with the Lottery, within the guidelines of Section I-B, B.1, Specifications.

2. DELIVERY/INSTALLATION OF ITVMs AT RETAILER LOCATIONS:

The Contractor shall provide for delivery and installation of the ITVMs to all the retailer locations throughout the state, at the Lottery's direction:

- a. The Contractor shall coordinate with the Lottery, in advance of actual delivery, all arrangements for installation or de-installation relative to physical building layout, loading dock, elevator capacity, etc., of the retailer location. The Lottery shall provide the Contractor with written instructions for the delivery, installation or de-installation of the ITVMs
- b. The Contractor and the Lottery shall reach a mutual agreement on the scheduling of installation, removal, and training schedules.
- c. The Contractor shall install all ITVMs during the retailer's business hours on the pre-scheduled date and time agreed to with the Lottery.



- d. The Contractor shall accomplish the installation of all equipment with minimal interruption to the retailer's ongoing operations.
- e. The Contractor shall not move any equipment from the location in which it was initially installed unless directed in writing by the Lottery to do so.
- f. The Contractor shall provide a separate price on the moving of equipment from one location to another, at the discretion of the Lottery due to a Lottery business decision, if there is to be a separate charge for this service. The Contractor shall be responsible for removal and installation of the equipment at the new site.
- g. The Lottery shall not be held responsible for loss or damage of ITVMs during periods of transportation to or from the Contractor's facility or with installation or de-installation activities to or from the various retail locations.
- h. Within two (2) weeks after the expiration of the contract or any extensions thereof, the Contractor shall remove all ITVMs from the retailer locations. ITVMs not removed within two weeks after the contract shall be considered abandoned and may be disposed of at the discretion of the Lottery.
- i. Equipment damaged after installation and acceptance shall be replaced by the Contractor at no cost to the Lottery.

3. MINIMUM ORDER

It is anticipated that a minimum delivery/installation of no less than fifteen (15) ITVMs shall take place per week until the first group of 230 ITVMs are operational. At the Lottery's option and request, up to an additional 270 ITVMs may be ordered and with the minimum order of five (5) ITVMs.

4. F.O.B. POINT

Prices are "F.O.B. Delivered" with transportation charges prepaid on all orders.

E. BILLING

Contractor shall submit a detailed invoice monthly with payment terms of no less than net thirty (30) days. Invoice shall provide sufficient detail in order that the Lottery can easily determine which ITVMs are being billed. Failure to provide detailed invoices may result in delay of payment. The Lottery shall approve the format of invoices to be submitted. Billing for an ITVM may occur only after the ITVM is installed, the training has taken place, and the retailer has indicated the ITVM is dispensing tickets appropriately. ITVMs installed prior to the 16th of the month may be included with that month's invoice, those installed on the 16th or after shall be first billed the month following installation.

**F. LIQUIDATED DAMAGES**

If at any time during the contract or extensions thereof the Contractor fails to provide any of the contract provisions listed below, liquidated damages shall be assessed at the discretion of the Lottery. Written notification shall be provided to the Contractor in the event liquidated damages are to be assessed.

1. Failure to deliver or install ITVMs in accordance to schedule, \$100 per day for each ITVM not installed. After fifteen days from the date in the installation schedule, the amount shall be increased to \$200 per day per ITVM for each subsequent day.
2. Failure to repair or replace ITVMs according to terms of the contract, \$200 per day per ITVM.
3. Failure to perform preventative maintenance according to the terms of the contract, \$50 per occurrence the maintenance is performed within two weeks of scheduled maintenance, \$50 per day from the scheduled preventative maintenance date if maintenance has not taken place within two weeks of schedule.
4. Failure to provide training according to the terms of the contract, \$200 per occurrence.
5. Failure to remove the ITVMs at the end of the contract. Last payment under the terms of the contract may be withheld pending proper notification that all equipment has been properly removed. If the Contractor fails to remove the ITVM and the Lottery is forced to provide this service, the costs to the Lottery for removal of the equipment shall be withheld from the final payment(s) to the Contractor.



SECTION II - GENERAL CONTRACT PROVISIONS

II-A GENERAL

The Contract is for the lease or lease/purchase of a minimum of 230 ITVM units for the State of Michigan, Bureau of State Lottery for various locations in the State of Michigan. Exact quantities to be acquired are unknown; however, it is estimated that up to 500 ITVM units will be acquired and the Contractor will be required to furnish all such materials and services as may be ordered during the contract period. Orders for delivery will be issued directly to the Contractor on the Purchase Order Contract Release Form by the Lottery.

The Contract will be a Unit Price Contract.

II-B ISSUING OFFICE

The Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for the Bureau of State Lottery, hereinafter known as Lottery. Where actions are a combination of those of Acquisition Services and the State agencies, the authority will be known as the State.

Acquisition Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the commodities and/or services described herein. Acquisition Services is the only office authorized to 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. All communications covering this procurement must be addressed to:

Department of Management and Budget
Acquisition Services
Attn: Joan Bosheff
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
(517) 373-7374
BosheffJ@michigan.gov

II-C CONTRACT ADMINISTRATOR

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

Scott Matteson
Bureau of State Lottery
101 East Hillsdale, P.O. Box 30023
Lansing, MI 48909
MattesonS@michigan.gov Ph 517-335-5634



II-D CONTRACT TERM

The term of this contract will be for an eight (8) year period and will commence with the issuance of a Contract. This will be December 4, 2002, through December 4, 2010.

Orders for ITVM's may be placed by the State within three years of the contract commencement date. The term of the contract shall depend on the pricing option elected by the Lottery. If a lease option is elected, the contract shall not exceed the duration of the lease term from the date of the last delivery for ITVM's.

II-E ENTIRE AGREEMENT AND ORDER OF PRECEDENCE

The following documents constitute the complete and exclusive agreement between the parties. The following order of precedence shall apply (in descending order):

- A. Any contract resulting from the State's ITB No. 071I2000301.
- B. Any addenda to that ITB.
- C. The Contractor's response to that ITB.

The State of Michigan shall not be bound by any part(s) of the bidder's response to the ITB which contains information, options, conditions, terms, or prices neither requested nor required in the ITB. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the Contractor, those of the State take precedence. The contract supercedes all proposals or other prior agreements, oral or written, and all other communications between the parties relating to this subject.

II-F 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.

II-G REVISIONS, CONSENTS, AND 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.

II-H 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.

**II-I SURVIVOR**

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

II-J GOVERNING LAW

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

II-K RELATIONSHIP OF THE PARTIES (INDEPENDENT CONTRACTOR)

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.

II-L 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.

II-M 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 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.

II-N NEWS RELEASES

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

II-O 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.

II-P PERFORMANCE REVIEWS

Acquisition Services in conjunction with the Lottery 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.

II-Q AUDIT OF CONTRACT COMPLIANCE

The Contractor agrees that the State may, upon 24-hour notice, perform an audit at Contractor's location 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.

II-R SAFETY AND ACCIDENT PREVENTION

In performing work under this Contract on State premises, the Contractor shall conform to any specific safety requirements contained in the Contract or as required by law or regulation. The Contractor shall take any additional precautions as the State may reasonably require for safety and accident prevention purposes. Any violation by the Contractor of such safety requirements, rules, laws or regulations shall be a material breach of the Contract subject to the cancellation provisions contained herein.

II-S WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

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

**II-T ASSIGNMENT**

The Contractor shall not have the right to assign the Contract or to assign 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.

II-U DELEGATION

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.

II-V DISCLOSURE

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.

II-W TAXES

- A. 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.
- B. 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.
- C. Contractors are expected to collect and pay all applicable federal, state, and local employment taxes for all persons involved in the resulting Contract. Also, bidders shall maintain appropriate payroll information on a system that can produce any reports that may be needed by Acquisition Services.

II-X PRICE ADJUSTMENTS

Prices quoted are the maximum for a period of 24 months from the date the Contract becomes effective. The Contractor may request an increase in prices for maintenance and technical support and services at the end of the first 24 months of the contract and at the end of each 365 day period thereafter. Documentation of such changes must be provided with the request for price changes in order to substantiate any requested change. Price increases shall be for increased costs to the Contractor for providing this service and shall not exceed 10% annually. The Office of Purchasing reserves the right to consider various pertinent information sources to evaluate price increase requests (such as the CPI and PPI, US City Average, as published by the US Department of Labor,



Bureau of Labor Statistics). The Office of Purchasing also reserves the right to consider other information related to special economic and/or industry circumstances, when evaluating a price change request. Changes may be either increases or decreases, and may be requested by either party. Approved changes shall be firm for the remainder of the contract period unless further revised at the end of the next 365 day period.

Requests for price changes shall be RECEIVED IN WRITING AT LEAST TEN DAYS PRIOR TO THEIR EFFECTIVE DATE, AND ARE SUBJECT TO WRITTEN ACCEPTANCE BEFORE BECOMING EFFECTIVE. In the event new prices are not acceptable, the Contract may be cancelled. The continued payment of any charges due after September 30 of any fiscal year will be subject to the availability of an appropriation for this purpose.

II-Y ADDITIONAL PRODUCTS/SERVICES

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

II-Z CONTRACTOR'S LIABILITY INSURANCE

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

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract. The Contractor also agrees to provide evidence that all applicable insurance policies contain a waiver of subrogation by the insurance company.

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

The Insurance shall be written for not less than any minimum coverage herein specified or required by law, whichever is greater. All deductible amounts for any of the required policies are subject to approval by the State.

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

BEFORE THE CONTRACT IS SIGNED BY BOTH PARTIES OR BEFORE THE PURCHASE ORDER IS ISSUED BY THE STATE, THE CONTRACTOR MUST FURNISH TO THE DIRECTOR OF ACQUISITION SERVICES, CERTIFICATE(S) OF INSURANCE VERIFYING INSURANCE COVERAGE. THE CERTIFICATE MUST BE ON THE STANDARD "ACCORD" FORM. THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.



All such Certificate(s) are to be prepared and submitted by the Insurance Provider and not by the Contractor. All such Certificate(s) shall contain a provision indicating that coverages afforded under the policies **WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED** without THIRTY (30) days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. Such NOTICE must include the CONTRACT NUMBER affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909.

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

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

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

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as **ADDITIONAL INSURED**s on the Commercial General Liability policy.

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

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as **ADDITIONAL INSURED**s on the vehicle liability policy.

- ☒ 3. Worker's disability compensation, disability benefit or other similar employee benefit act with minimum statutory limits. NOTE: (1) If coverage is provided by a State fund or if Contractor has qualified as a self-insurer, separate certification must be furnished that coverage is in the state fund or that Contractor has approval to be a self-insurer; (2) Any citing of a policy of insurance must include a listing of the States where that policy's coverage is applicable; and (3) Any policy of insurance must contain a provision or endorsement providing that the insurers' rights of subrogation are waived. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

- ☐ 4. For contracts providing temporary staff personnel to the State, the Contractor shall provide an Alternate Employer Endorsement with minimum coverage of \$1,000,000.

- ☒ 5. Employers liability insurance with the following minimum limits:

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



II-AA INDEMNIFICATION

A. General Indemnification

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

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

B. Patent/Copyright Infringement Indemnification

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



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

C. Indemnification Obligation Not Limited

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

D. Continuation of Indemnification Obligation

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

II-BB CONTRACT DISTRIBUTION

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

II-CC 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.



II-DD NON-DISCRIMINATION CLAUSE

In the performance of a Contract, the Contractor agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental handicap or disability. The Contractor further agrees that every subcontract entered into for the performance of any Contract or purchase order resulting herefrom will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2201, et seq, and the Michigan Handicapper's Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, et seq, and any breach thereof may be regarded as a material breach of the Contract.

II-EE 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 necessarily be 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, (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, and (d) legislative action precluding the use of ITVMs in Michigan.

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. In the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Article 11, Section 5 of the Michigan Constitution of 1963, and Chapter 7 of the Civil Service Rules. Notwithstanding any other provision of this Contract to the contrary, the State Personnel Director is authorized to disapprove contractual disbursements for personal services if the Director determines that the Contract of the disbursements under the Contract violate Article 11, Section 5 of the Constitution or violate applicable Civil Service rules or regulations. Cancellation may be in whole or in part and may be immediate as of the date of the written notice to the Contractor or may be effective as of the date stated in such written notice.

**II-FF NOTICE AND RIGHT TO CURE**

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

II-GG ELECTRONIC FUNDS TRANSFER

Electronic transfer of funds is available to State contractors. Contractors are encouraged to register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically (www.state.mi.us/dmb/ofm/).

II-HH MODIFICATION OF CONTRACT

Acquisition Services reserves the right to modify this contract at any time during the contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases.

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

II-II UNFAIR LABOR PRACTICES

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to Section 2 of the Act. A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to Section 4 of 1980 Public Act 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.

II-JJ 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 the 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.

**II-KK CONTRACT PAYMENT SCHEDULE**

The specific payment schedule for the Contract will be mutually agreed upon by the State and the Contractor. 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.

II-LL 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.

II-MM RECYCLED CONTAINERS

Contractor is encouraged to offer products packaged in containers using recovered materials suitable for the intended use. 'Recovered material' is defined as post-consumer waste (any products generated by a business or consumer which have served their intended end use, and which have been separated or diverted from solid waste for the purpose of collection, recycling, and disposition) and 'secondary waste' (industrial by-products and wastes generated after completion of a manufacturing process that would normally not be reused).

II-NN 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.

II-OO QUALITY ASSURANCE

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

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

**II-PP INSPECTION**

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

II-QQ OPTIONAL USE OF STATE AGENCY PRODUCTION FACILITIES

State agencies are exempt from utilizing the resulting Contract if they would instead prefer to purchase similar items from the following State agency production facilities:

- Michigan State Industries (MSI), which provides valuable training opportunities for inmates at State correctional facilities.
- Department of Management and Budget, Print and Graphics Services

II-RR NON-EXCLUSIVE RIGHT

Nothing in the contract shall preclude the Lottery from purchasing goods or services similar to those described herein from other sources, subject to State purchasing policies, procure the good or service from another source.

ITEM LISTING
INSTANT TICKET VENDING MACHINES

<u>Item</u>	<u>Description</u>	<u>Monthly</u>	<u># Mths</u>	<u># Devices</u>	<u>Total</u>
1	16-Bin ITVMs (each)	<u>\$119.00</u>	x 60 x	500 =	<u>\$3,570,000.00</u>
2	4-Bin Add-On Dispensers (each)	<u>\$ 25.00</u>	x 60 x	1,000 =	<u>\$1,500,000.00</u>
3	Monthly Maintenance (each)	<u>\$ 35.00</u>	x 60 x	500 =	<u>\$1,050,000.00</u>
TOTAL CONTRACT PRICE					<u><u>\$6,120,000.00</u></u>

<u>Item</u>	<u>Description</u>	<u>Monthly</u>	<u># Mths</u>	<u># Devices</u>	<u>Total</u>
4	Optional Equipment				
	LED Displays	<u>\$ 7.00</u>	x 60 x	500 =	<u>\$210,000.00</u>
	Coin Acceptors	<u>\$ 5.00</u>	x 60 x	500 =	<u>\$150,000.00</u>
	Modem Devices	<u>\$10.00</u>	x 60 x	500 =	<u>\$300,000.00</u>
5	Purchase Price at end of lease period				<u><u>\$300.00 per machine</u></u>

<u>Item</u>	<u>Description</u>	<u>Monthly</u>	<u># Mths</u>	<u># Devices</u>	<u>Total</u>
6	Additional Options				
	3-dimensional holographic sign (ITVM front)	<u>\$ 1.00</u>	x 60 x	500 =	<u>\$30,000.00</u>
	EZ Load barcode based ticket Loading system	<u>\$ 10.00</u>	x 60 x	500 =	<u>\$300,000.00</u>

Note: Price is based on a 60-month term. If the lease term at the time of the upgrade for the Add-On Dispensers is less than 60 months, the lease price will have to be adjusted accordingly.