

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 19, 2006

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B6200007

between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE: 517-351-1080
Passageways Travel 116 Cass Street Traverse City, MI 49684 Email:		Kevin F. Hamilton
		VENDOR NUMBER/MAIL CODE
		BUYER/CA (517) 373-8530 Rebecca Nevai
Contract Compliance Inspector: Rhonda Whiting		
Travel Services – Department of Management and Budget – Vehicle and Travel Services		
CONTRACT PERIOD:		From: October 1, 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 September 1, 2006, the following **CHANGES** are made to this contract:

The following prices are **INCREASED**:

Agent Supported Air Reservation	\$13.00
Internet Only Air Reservation	\$10.00

The buyer is **CHANGED** to Rebecca Nevai.

All other pricing, terms, and conditions remain unchanged.

AUTHORITY/REASON: Per vendor letter dated 9-5-06, agency email request dated 9-11-06, and approval of DMB Purchasing Operations.

TOTAL ESTIMATED CONTRACT VALUE REMAINS : **\$312,000.00**

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

October 20, 2005

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B6200007
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Passageways Travel 116 Cass Street Traverse City, MI 49684	TELEPHONE (517) 351-1080 Kevin F. Hamilton
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Rhonda Whiting (517) 322-5110 Travel Services – Department of Management and Budget – Vehicle and Travel Services	
CONTRACT PERIOD: From: October 1, 2005 To: September 30, 2008	
TERMS <p style="text-align: right;">N/A</p>	SHIPMENT <p style="text-align: right;">N/A</p>
F.O.B. <p style="text-align: right;">N/A</p>	SHIPPED FROM <p style="text-align: right;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

NATURE OF CHANGE (S):

Effective immediately, Spartan Travel is authorized to charge a transaction fee of \$1.12 per service fee charge transaction.

AUTHORITY/REASON:

Per DMB/Acquisition Services.

Total Estimated Contract Value Remains: \$312,000.00

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

October 20, 2005

**NOTICE
 TO
 CONTRACT NO. 071B620007
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Passageways Travel 116 Cass Street Traverse City, MI 49684	TELEPHONE (517) 351-1080 Kevin F. Hamilton
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Rhonda Whiting (517) 322-5110 Travel Services – Department of Management and Budget – Vehicle and Travel Services	
CONTRACT PERIOD: From: October 1, 2005 To: September 30, 2008	
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>	

The terms and conditions of this Contract are those of ITB #071I5200188, this Contract Agreement and the vendor's quote dated 05/12/2005. 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: **\$312,000.00**

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

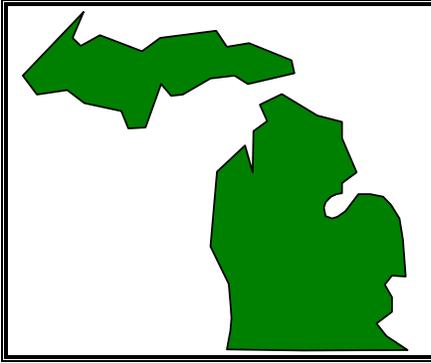
CONTRACT NO. 071B6200007
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF VENDOR Passageways Travel 116 Cass Street Traverse City, MI 49684	TELEPHONE (517) 351-1080 Kevin F. Hamilton VENDOR NUMBER/MAIL CODE BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Rhonda Whiting (517) 322-5110 Travel Services – Department of Management and Budget – Vehicle and Travel Services	
CONTRACT PERIOD: From: October 1, 2005 To: September 30, 2008	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
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MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: <p>The terms and conditions of this Contract are those of ITB #071I5200188, this Contract Agreement and the vendor's quote dated 05/12/2005. 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: \$312,000.00</p>	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 071I5200188. A Purchase Order Form will be issued only as the requirements of the Department of Management and Budget are submitted to Acquisition Services. Orders for delivery may be issued directly by the Department of Management and Budget through the issuance of a Purchase Order Form.

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

FOR THE VENDOR: Passageways Travel _____ Firm Name _____ Authorized Agent Signature _____ Authorized Agent (Print or Type) _____ Date	FOR THE STATE: _____ Signature Douglas Collier, CPPB, Buyer Specialist _____ Name Services Division, Acquisition Services _____ Title _____ Date
--	---



STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services

Contract No. 071B6200007
TRAVEL SERVICES

Buyer Name: Doug Collier
Telephone Number: 517/ 335-4804
E-Mail Address: Collierd1@michigan.gov



Travel Services

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Contract Pricing Sheet



Article1 – Statement of Work (SOW)

1.0 Introduction

1.001 DEFINING DOCUMENT

This document contains or incorporates defined requirements, the specifications and scope of work, and all contractual terms and conditions. Bid evaluation and award will depend upon which vendor represents the best value for the State.

1.002 PROJECT TITLE AND DESCRIPTION

The purpose of this Contract for Travel Services to include air (domestic and international), hotel, car, and rail reservations. Article 1 is designed to provide bidders with information on requirements associated with this ITB.

Air Travel Services

In 2004, 4,641 tickets were issued costing \$1,724,839 averaging \$371 per ticket. There are approximately 6,000 traveler profiles maintained. Fifty-four percent (54%) of travel is reserved 21 days in advance or more. Only 7% of the travel is reserved within three days of travel.

To minimize air costs and meet business travel needs the state contracts directly with airlines annually. These contracts result in state government rates by city pair for both domestic and international travel. The unrestricted YCAMI class fares combined with the consolidation of the travel arrangements yielded significant savings for the state. YCAMI fares are fully refundable and flexible to avoid penalty transactions. Additionally, the state is allowed to take advantage of other promotional, non-refundable, restricted and discounted airfare programs. State travelers are required to book the contracted airline for the city pair traveled with few exceptions. This may included the contracted fare or lower non-refundable fare offered on the contracted airline.

The airlines monitor usage through the form of payment restriction. All city pair YCAMI fares must be issued utilizing a state issued charge card number (currently JPM Chase Travel Accounts). The state will continue its "city pair" program with the carriers and bid the traveled routes annually. The awarded vendor will be required to assist in the bid evaluation process.

The successful bidder of the travel services contract will be the only authorized agency to issue tickets under the YCAMI class fare. The official travel agent will receive a complete list of state charge accounts, which must be programmed to the travelers CRS profiles. In the very few instances where a carrier does not accept the state charge card, the agency will invoice the state department directly or be provided with another credit card number. In the event the agency needs to invoice the state, the payment will be made within 30 days. This "invoicing" occurs less than 1% of the time.

Internet Booking

Currently, CoPilot II a private label Worldspan Trip Manager program supports the state Internet booking. Ticket fulfillment is through the travel agency and the ticket counts were included above. The state's adoption rate is currently 16%. Understanding the efficiencies that can be gained with a robust Internet booking tool, the state is looking to expand its use of this technology.

Ticket Delivery

The state has supported e-ticketing with 99% of the state's air tickets being ticketed electronically. E-ticketing is supported by appropriate verification and documentation. Paper tickets must have a guaranteed 24-hour delivery.

The successful bidder may use the state's internal mail system for ticket or confirmation deliveries. This system delivers documents to most State agencies overnight. A list of mail locations will be provided upon request.

Hotel Reservation Services

In 2004 the State of Michigan contracted travel agency booked 9,411 reservations accounting for 20,706 nights costing \$1,648,076.05. To meet the various hotel needs, the state developed a hotel program. The program allows travelers the following options to be fully reimbursed for their hotel expenses:

1. Book independently at the state per diem or less (currently \$65 per night plus tax);
2. Book directly with the conference facility when attending a conference (actual rate plus tax);
3. Use the state's contracted travel agency (actual rate plus tax).



The agency is responsible to obtain the best two or three star rated property with a "State of Michigan Rate" or "Government Rate" located near the business travel location. In the event that a property offers a free "hot breakfast" with the room rate, this must be identified on the hotel confirmation sent to the traveler.

Ground Travel/Car/Rail

In 2004 the State of Michigan contracted travel agency booked 757 car reservations accounting for 2,734 days costing \$107,749.65. Currently the State of Michigan is enrolled with corporate accounts in several car rental companies. Travelers usually require prior approval from their department to obtain a rental car.

The state traveler booked 52 rail tickets in 2004 averaging \$55.97 per ticket. The top booked route was Lansing to Chicago.

Emergency Service

The state is provided with seven day a week 24 hour a day travel service support. During FY 2004, the state canceled 16 reservations, made 79 changes and 56 new reservations through the after hours service. Employees also contacted after hours support and requested information 79 times during the year.

Article 1 - SOW will be used by the State for the evaluation process. Bidders will be submitting written proposals discussing how they meet the below specific requirements.

If any part of the Specific Requirements appears to be excessive, with respect to the overall outcome desired by the State, please notify the Buyer in writing for consideration of a possible change to the requirements (see 3.001).

1.003 PROJECT CONTROL

Project Control

- a. The Contractor will carry out this project under the direction and control of the Department of Management and Budget, Vehicle and Travel Services.
- b. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet *weekly* 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 that arise.
- c. The Contractor will submit brief written *biweekly* summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the client agency's project director; and notification of any significant deviation from previously agreed-upon work plans. A copy of this report will be forwarded to the named buyer in Acquisition Services.
- d. Within five (5) working days of the award of the Contract, the Contractor will submit to the *Department of Management and Budget, Vehicle and Travel Services* project director for final approval a work plan, which must include the following:

The Contractor's project organizational structure.

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

Reports

Biweekly brief summaries of progress will be required in conjunction with a monthly progress report during the implementation/transition phase or as requested by the state until the project is transitioned.



1.004 COMMENCEMENT OF WORK

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

1.1 Product Quality

1.101 SPECIFICATIONS

Reservations - The vendor must be able to meet all the travel reservation (domestic and international). Record all exceptions to policy for reporting and compliance purposes. All commissions earned and generated on state travel are required to be returned to the state.

Air Ticketing

- Provide a separate Pseudo City Code for all and only State of Michigan travel.
- Reserve official state travelers on contracted carriers.
- Reserve other carriers when the cost is less or contracted carrier is not available.
- Document and report on all exceptions to state policy.
- Ticketing should be issued as close to the departure as allowed. For "Y" class fares, ticketing should be 3 days prior to departure.

Passageways has full Air Ticketing capabilities through two Global Distribution Systems (GDS) in place at our *Regional Business Travel Call Center* in East Lansing. Each system can make reservations on contract carriers, compare prices on other carriers, and provide fully automated documentation. Our State of Michigan service team is well acquainted with the YCAMI fares used in state airline contracts and with the state's preferred guidelines for issuing these tickets close to departure in order to avoid re-issue fees.

Our primary global distribution system is *Worldspan* - a Windows-based reservations system that was originally developed by *Delta* and *Northwest Airlines*. *Worldspan* offers a variety of specialized resources to manage many aspects of travel, including air, car rentals, lodging, rail, ferry, and tours. It provides an automatic method of obtaining contracted and negotiated travel vendor data, which allows the Passageways travel managers to efficiently price and ticket specialized fares.

For air travel, *Worldspan* offers *Power Pricing* - a point of sale tool that automates the search for lower fares worldwide. Within seconds, the program evaluates over 1,000 travel options and returns up to four lower fare alternatives.

Worldspan offers the largest storage capacity of any of the major global distribution systems, connecting directly to 60 airline databases around the world. By accessing these primary displays, *Worldspan* ensures that all information, including last seat availability, is current and not inhibited. The system also allows Passageways to access car rental data from 35 global rental firms, and hotel data on 75,000 properties worldwide.

Some workstations at our East Lansing *Regional Business Travel Call Center* also utilize the *Galileo* GDS to check availability, price tariffs, capture traveler data and issue tickets. Our most significant reason for using *Galileo* at this regional call center is to access a product called *Preferred Fares Select*. This provides Passageways with the most integrated access to all published and web fares. These include all fares that participating airlines distribute through any GDS, third-party website, their own websites, or their own reservation offices. This is significant in that nearly all web search engines use a process known as scraping.



They can find fares, but do not have real time access to inventory. Consequently, many web fares displayed in search mode will come back as “unavailable” on attempt to ticket.

We can commit to providing the State of Michigan with a dedicated Pseudo City Code within five business days of being awarded the contract. In order to improve flexibility in all ticketing situations this Pseudo City will be able to be emulated from all Passageways offices statewide. This will also guarantee that all reporting information pertinent to the state travel account is captured.

Hotel Reservations

- The agency must have in place a system to ensure that travelers are booked at the best value available.
- The agency must identify and offer the lowest cost possible at qualifying hotels. Travelers are allowed to reserve a room at a two or three star/diamond/crown rated hotel at the lowest rate excluding suites.
- Document and report on all exceptions to state policy.
- Official state travelers will provide a personal credit card to guarantee hotel reservations.

The Passageways’ Worldspan GDS maintains a hotel database that can search over 75,000 properties worldwide. The database uses a software enhancement that enables the agency to search for a variety of rates based upon location, type of accommodations, or amenities desired. Multi-access rates, government rates, and rates specifically negotiated for the State of Michigan are automatically available. The enhancement also allows Passageways to access a hotel vendor’s internal reservations system - offering real-time availability and local rate discount qualifiers. This guarantees that all existing rates are compared and that state travelers will always receive the best value, within any established per diem limits, for their specific lodging requirements.

Other enhancements include the integration of special discounts from the Carlson Wagonlit *Global Alliance Hotel Program* into the multi-level database, as well as a new *Web Hotels* enhancement. This enhancement expands the available inventory that can be secured and it tracks use for comprehensive travel management reporting.

Other Travel

- Rail reservations for the traveler that prefers this service.
- Rental car reservations for state travelers when authorized and approved.

Passageways has enhanced access to both rail travel rates and to car rental rates at locations around the world. Tariffs for the U.S. Passenger Rail System (*Amtrak*) and Canadian Rail System (*Via Rail*) are loaded into the global distribution system. These and other rail lines worldwide offering remote sales are also available online and through Rail Europe - for which Passageways is an official ticketing agency. Schedules for rail lines that remain a government monopoly, such as Russia and China, are available for planning purposes, but sales are restricted outside of their respective countries.

For car rentals, even if the state already has negotiated rates, there are often additional car rental discounts due to time of rental, length of rental, and competitive pricing at selected locations. In order to realize every price advantage, we conduct a database search for all qualifying rates with car rental agencies.

This begins with an automated search program that resides on our GDS. This enhancement permits Passageways to directly access car rental agencies for a variety of rental rates based upon day of rental (and number of days needed), size of car, location of rental company, and negotiated discounts.



The search then expands online to market sources that may have special rates available to the public. State travelers are thus assured that they will always receive the best rate for their car rental requirements, from sub-compact to full size van.

Our enhanced access program provides comprehensive rental data that can assist the state in bidding out a discounted state government car rental program with major suppliers - or can allow the agency to do this on your behalf. In addition to SOM-specific discounts, Passageways participates through Carlson Wagonlit Travel in Corporate Rate Programs with several major car rental companies. These guarantee state travelers' fixed rates worldwide.

The contractor shall establish, maintain, and update traveler profiles for all official state travelers. This will include electronic means by which the traveler can easily complete or update their profiles. All profile information must be kept confidential.

At the heart of our efficiencies in making travel arrangements for travelers is our *Profile* system. This system allows us to create and store service expectations in a two-tiered format that resides in a designated server node on our global distribution system.

The first tier will contain all state travel guidelines and will include a payment instrument attached to each accounting source. Anytime there is an update in procedures, it can be immediately placed in the briefing profile as part of a permanent record of policies and procedures.

The *Profile* second tier sorts by individual travelers and contains billing, contact, and delivery information for all frequent travelers. Although we would typically ask travelers to complete new *Profile* forms during a travel management implementation, as we managed the state account just three years ago, we would ask the incumbent agency to download all current profile information. Information is then verified as travelers make initial contact with Passageways. With our online *Profile* system, new travelers or changes to existing personal preferences can be handled quickly and efficiently.

Agency *Profiles* contain information on travelers' personal preferences and include:

- Traveler Name
- Home Phone Number
- Accounting Indexes
- E-Mail Address
- Office Phone
- Office Fax
- U.S. Mail Address
- State Inter-departmental Mail Address
- Travel Arranger Contacts
- Preferred Departure City
- Emergency Contacts
- Billing Authorization
- Discount Applicability
- International Travel Information



- Aircraft Seating Preference
- Special Diet Requests
- Mobility Restrictions

As these are created or updated for all State of Michigan travelers they are entered into an electronic database. As with actual travel reservations, Profile information is handled in the strictest confidence. With thousands of business accounts, Passageways travel managers are specially trained in client confidentiality. Information can only be verified or edited by the traveler for whom the Profile has been created, or by their designee - as addressed on their current Profile form.

On the hardware side, all Profiles are formatted so that only supervisory personnel can change data and an electronic log is kept of all attempts to access information. The data is stored on a mainframe off site, so that it is not accessible except through approved relays. All data entered by Passageways is keyed into specific network nodes that are designated solely for the agency.

All Passageways Profiles are formatted to a standard template and allow two-way synchronization between our online booking solutions and our agency GDS database. The Trondent synchronization software that we use for this process allows us to make global changes to Profiles, compartmentalized changes, or even individual changes that will be carried over without repetitive re-entry by the traveler.

Profiles can be flagged to direct the agency to request supervisory authorization for any traveler not accepting the lowest available airfares. For example, requests for authorization can be electronically queued from Vehicle and Travel Services to Passageways and ticket issuance restricted until these are received. This includes use of all contract fares, alternate routings and connecting flights as determined by state travel guidelines. Some of the criteria that can be used to restrict travelers to using lower airfares include:

- Accept flights on smaller "commuter" aircraft
- Accept penalty fare tickets when cost effective
- Accept stopovers when savings outweigh additional expenses
- Time reservation requests to take full advantage of available discounts
- Travel within specified time window of 4 hours
- Use alternate airports if savings is more than \$50 of that of the preferred airport
- Use carriers with whom the state has contract air fares

Internet Reservation System – The vendor must identify a managed Internet reservation tool that will accommodate the city-pair contract. All systems will be evaluated for their ease of use. Licensing fees or other access fees should also be identified where applicable. The system must include:

- Traveler profile sync with the agencies GDS system.
- Capture and display web fares.
- Identify contracted carrier per city pair.



Passageways can offer several online booking alternatives. However, our proposed pricing is based upon our proprietary *TravWell* online solution.

TravWell was created in partnership with Passageways in 2002 and uses specially-developed automated reservations technologies, totally integrated with databases created to load client travel policies and traveler profile information. *TravWell* has all of the worldwide flight availability and pricing functionality of the agency GDS using published tariffs as well expanded search capabilities to include web fares, as well as looking directly at price and availability in individual airline displays (including *Southwest Airlines*).

In addition, *TravWell* offers:

- Managed data assimilation that consolidates and reports all travel data.
- Directly booked hotel accommodations.
- Directly booked car rental arrangements.
- Directly booked airline seats and special menu requests.

TravWell has been tremendously well received and is already used by more than 150 companies - including the Capital Regional Airport Authority for Lansing's Capital City Airport website (www.flylansing.com). It is a completely managed program and, as our fully-owned product, has significant cost saving advantages to Passageways clients.

Included in the set-up of the *TravWell* Online solution is:

- A designated Product Support person at the Passageways offices.
- Administrative product-training seminars at Passageways offices.
- Customization of the *TravWell* product.
- Creating of custom profile fields.
- Maintaining a travel website created specifically for State of Michigan travelers.
- Posting an online tutorial for the *TravWell* application in the website partition.
- Product support training seminars at Passageways offices.
- Programming state travel guidelines to the *TravWell* application.
- User-focused product training seminars onsite at state offices.

The *TravWell* application provides flexible policy control and preferred vendor biasing. It can upload all state travel contracts including the full range of airline city pairs. It is fully capable to synchronize profiles with our global distribution system.

The product is easy to administer through step-by-step menus, with direct control over a wide range of variables, including:

- Contracted supplier preferences
- Negotiated airfares
- Negotiated car rental supplier agreements
- Online reports
- Online travel policy
- Preferred hotels and negotiated rates



- Traveler preferences

Again, when comparing online booking options, it is especially important to note that *TravWell* offers one of the most user friendly interfaces – encouraging higher adoption rates and lower overall service costs. As a managed site, all ticketing is subject to Passageways *Quality Assurance* standards and all reporting data is captured by the agency accounting system.

While we obviously feel that *TravWell* offers the best overall solution because of its impressive capabilities and general ease of use - we have evaluated alternative online engines offered by *Oracle*, *I:FAO*, *Sabre*, *Worldspan*, *Galileo*, *Vinnnet* and *TRX* in order to match special client needs.

For example, we have offered several of our clients *TRX's Res X* - a sophisticated application that allows for micro management of a travel program. While *TravWell* automatically offers the lowest fare, *Res X* can be programmed to show only contract fares. *Res X* also offers a trip template so that frequent travelers can model a trip and has a feature that automatically identifies the number of employees from any given unit booked on the same flight, based on a pre-set threshold.

We would be happy to preview any online option for the state, but for cost, speed, and ease of use our recommendation would be *TravWell*.

Cancellations and Changes – It is expected that cancelled reservations will not incur a transaction fee. Changes in reservations that do not generate a new ticket will not incur a transaction fee. Only when a change generates a new ticket or new reservation, will a transaction fee be allowed.

Communication – The statewide effectiveness of a centrally managed program requires prompt effective communication. The vendor must be able to provide electronic confirmation capabilities, FAX capabilities and phone response within hours. The vendor should address their communication turnaround times.

Passageways offers direct access calling, toll free calling, and faxing to our *Regional Business Travel Call Center* in East Lansing. Our telephone system is designed to distribute calls to other Passageways offices in case of high call volume, or service outage to this call center - so response to inquiries should be immediate.

We also have full e-mail capabilities (including Instant Messaging) and can have direct link access through a travel portal created for the state. Electronic confirmations of travel reservations are e-mailed immediately upon completion - with received response dependent upon the parameters of your e-mail server.

Passageways also offers innovative products that can save state government both time and money by automating the travel planning process offline through the regional call center.

For travelers who wish to have their travel reservations options visually available to them, we offer two travel request packages designed to increase efficiency - *ResFAX* and *ResMAIL*.



Each can communicate up to 36 combinations of flight and fare information (either via a completely automated fax or e-mail response) in an easy to read grid format. These grids offer accurate and complete information, enabling travelers to quickly select the most convenient and cost-effective routing, according to travel policy. As state employees are able to make choices more quickly and with fewer agent interventions, their time is freed up for their primary job responsibilities.

For business travelers with text data messaging from a pager, cell phone, e-mail, or PDA, Passageways can also offer wireless technologies that use automated systems to track itinerary information against real-time FAA flight status data for departures, arrivals, delays and cancellations. Moreover, messaging is generated to confirm travel information two hours prior to departure and is updated every 15 minutes, should conditions change. A user interface, with multi-party notification capabilities, can not only update the traveler, but also any designated friends, family, or assistant on flight status changes or gate information. On itinerary changes there is even the capability to instantly rebook alternative flight option.

Data Collection - This includes monthly data by airline, point-to-point destinations, average ticket costs, and compliance/deviation from policy reports. These reports must be received no later than the 20th of each month and produced by Department as well as a statewide summary.

Passageways collects data along an electronic audit trail. Our travel managers input travel request data through a workstation on a global distribution system. This is processed by a GDS mainframe, which is linked to the individual airline reservations systems. Processed information is then pulled across a program interface into a back office accounting system. For managed online booking engines too, all reservations information is automatically mirrored across. Because all streams of data information (including airline, destination, ticket costs, and compliance report generators) are automatically captured, the result is fewer mistakes or omissions in processing comprehensive travel management reports.

Cost Savings - The state is interested in realizing any cost savings. The travel agency will be required to utilize the state contracted airlines at the lowest cost available or offer competing airline fares that are lower in cost. The contracted travel agency will be required to assist in the annual city pair bid analysis.

Passageways' branch office at the former Spartan Travel is well acquainted with contract airline and low fares requirements of the State of Michigan. It was the first state travel agency to participate in the analysis of the airlines city pairs bid and the first travel agency to load the information into the airline tariffs. The agency conducted this analysis each year over a seven year period. This is the regional office that will be responsible for managing the State of Michigan account for Passageways.

As far as realizing additional cost savings, we would propose several initiatives outside of the requirements of this ITB. These would include leveraging rates through judicious negotiation with travel vendors in car rentals and hotel accommodations (such initiatives were pursued by the agency in our prior tenure as the state-appointed agency). Likewise, Passageways feels that we can be of invaluable assistance in reviewing the airline city pairs contracts to bring in additional regional carriers.

Service Level – The state has identified certain minimum service levels required to meet traveler needs. The vendor must identify whether they can meet these levels and report on them monthly.

Emergency Service

- 24/7 assistance provided.



Passageways staffs our own company call centers 6am-11pm weekdays, 9am-5pm Saturdays, and 9am-11pm Sundays. We also subscribe to an after hours emergency travel service offered by our investor partners in *TravWell* – The Travel Authority. This guarantees all of our travelers that their travel needs can be met 24 hours a day, 365 days a year (including holidays). One toll free number seamlessly transfers all calls without the hassle of remembering several phone numbers or which office to call.

Travel Services Phone Center

- . 90% of the phone calls answered and directed to an agent (not voice mail) before the 3rd ring.
- . 90% of Calls returned within 30 minutes.
- . 85% of Reservations confirmed back to traveler within 24 hours.
- . Less than 2% of calls abandoned.
- . 2 minutes or less average hold time.

Passageways uses Cisco AVVID (Architecture for Voice, Video and Integrated Data) communications technologies using fully integrated IP call distribution. Call traffic prioritization and intelligent networking services maximize network efficiency for optimized performance. This allows Passageways to meet all service standards for taking calls as the network monitors phones in use or not signed in for service and will automatically route calls to the next office in a distribution network in order that all calls are answered expeditiously. Enhanced features of this phone system include informational screen pops, skills based most qualified call routing, agent monitoring, and real time reporting.

As for reservations - all airline reservations can be confirmed immediately with the traveler, all real time hotel and car rental reservations can be confirmed within minutes and all offline hotel and car rental reservations can be confirmed within four hours.

Ticket Pricing

- . 99% of the time the lowest ticket price identified and booked.
- . Contracted airline carrier booked 90% to the contracted city pair.

Other agencies make promises to provide business travel accounts with the lowest air fares, but Passageways is one of very few travel management companies in the country that guarantees against audit to refund the difference between the fare offered and any lower applicable fare that falls within your stated travel policy guidelines. We are confident in making such an unprecedented guarantee because of the proven performance of our *Quality Assurance Process*.

Unlike other agencies, our *Quality Assurance Process* does not end when a reservation is ticketed, but continues up to the date that a passenger travels. For example, the *Fare Check* module from our automated QA program runs a nightly check on GDS pricing formats, searching for fare decreases and notes any re-pricing opportunity.

There are also occasions when an airline faces a cash flow shortage and makes short-term dramatic reductions in price. The world's airlines are highly competitive and so all carriers wind up offering similar discounts on routes that they share with the first airline. Whenever such a situation occurs, the agency batches all records of participating carriers and compares the new pricing with the previously confirmed pricing - taking into account the airline's administrative surcharge for making a change. We are the only travel agency in Michigan to batch without a direct client request.



Although our *Quality Assurance Process* is basically an ad hoc audit function and every *Passenger Name Record* for which Passageways issues a ticket is subject to this processing, we can also offer traditional methods for an audit of all travel documents.

The most basic is a general travel authorization for any record, booked either online or through a *Regional Business Travel Call Center*. All pending travel records would be transmitted to a travel auditor at Vehicle and Travel Services, who would have to append their approval to the passenger record and queue it back to the agency's *Quality Assurance Process* for a ticket to be issued.

This could also be set-up as a supervisory authorization only for those travelers not accepting either a contract rate or the lowest available rate. Again, a request for authorization can be electronically queued and ticket issuance restricted until auditor approval is received. Supervisor authorization would give VTS a pre-ticket opportunity to enforce state travel guidelines.

Another possibility Passageways offers is a third party audit of all passenger records. In fact, our Spartan Travel office did this while the state appointed agency. In every single audit since our first in 1987, we have been found to be outstanding - including six straight years in receiving a nationally-recognized Certificate of Excellence). This has been both in the form of an audit that checks fares before a reservation is ticketed and a post ticketing audit.

Although a pre-ticket audit is preferred because it would allow your budget to immediately reap any savings up front instead of having the state collect a refund from the agency at a later date, it must be remembered that there has to be a mechanism for immediate response. Airline contracts of carriage provide that no passenger reservation can be protected with regard to pricing until that ticket has been issued. Automation advances allow tariffs to be updated hourly in the airline reservation systems and un-ticketed reservations are subject to these stock market-like fluctuations.

Quality Assurance

- . 98% of transactions are error free.
- . 98% of complaints acted upon within 72 hours.
- . Travel satisfaction 3+ on a scale of 1-5.

Advanced automation technologies guarantee error-free transactions as all data input is automatically captured. We utilize *Profiles*[®] to ensure that information is comprehensive; we utilize *Scripting*[®] to ensure that the process is methodical; we utilize *Cornerstone*[®] to ensure that a query is thorough; and we utilize *ALPHA*[®] to ensure that information is accurately captured.

Any complaint made to the agency is acknowledged within 24 hours and resolved within 3 business days (72 hours).

Internet Reservation System

- . Available 99% of the time.
- . Contract Airfare rates loaded within 15 days after award of contracts.
- . Hotel rates loaded within 15 days after award of contracts.



The *TravWell* Internet booking engine can be guaranteed at 99% as the server resides next door to our East Lansing branch office. The *ResX* server has met all customer standards and has redundant back-up. While we have no statistical evidence of server performance, we have never received a complaint that this server has been down. In either solution, all contract airfares and hotel rates can be uploaded within 10 business days after receipt.

Domestic Agent Average Productivity

- . 9.5 transactions per day

Billing Dispute Resolution

- . All billing disputes must reach consensus and resolution within 30 days of notification.

All service level minimums described under “Specifications” in Section 1.101 can be met by Passageways and can be reported as required.

1.102 RESEARCH AND DEVELOPMENT

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

Passageways is committed to provide all of its customers with the latest in proven technology to assist in handling their travel needs quickly, easily and economically. We have been on the leading edge of travel technology for more than 25 years and have been a beta test agency for many travel automation releases.

Nothing says this more emphatically than our significant investment in *TravWell*, our primary private online booking engine. Passageways is uniquely positioned to provide proprietary tools to its customers in order to respond to our customers' specific requests for focused development. We know of no other Michigan-based agency that can offer this level of commitment.

1.103 QUALITY ASSURANCE PROGRAM

Bidders to provide detail regarding any Quality Assurance Program(s) that are currently in place within their organization. Quality Assurance Programs should be able to provide checking to assure lowest ticket pricing, post ticket auditing, preferred seat checking and e-ticket tracking. Quality Assurance Programs to track service levels such as statistics on number of calls received during a time period, average hold time, abandoned rate, and peak call times etc...



Automated Quality Assurance - Passageways has worked with *Cornerstone Information Systems* for the past ten years in developing an automated Quality Assurance product to monitor the continuous fluctuation of airfares. The result is a QA package that provides outstanding integration with our Global Distribution System (GDS) on a Windows platform.

<p><i>QA Manager module</i></p> 	<p>Checks over 150 pre-programmed agency configurations and up to 100 state-designated checks against your travel directives. This module also automatically enters data into records based on pre-defined variables and performs checks against preferences entered into each traveler's <i>Personal Account Record (PAR)</i>, including seating, dietary and others.</p>
<p><i>Fare Check module</i></p> 	<p>Runs a nightly scan of GDS pricing formats, searching for fare increases or decreases. Airline regulations provide that only the state-contracted YCAMI fare can be protected with regard to pricing. Automation advances allow all other tariffs to be updated several times daily in the airline reservation systems and un-ticketed reservations on these tariffs are subject to market fluctuations. A "reservation" may be briefly held for a designated period of time (varies from one hour to time of boarding), but this does not guarantee either a seat or a fixed price until a ticket is actually issued.</p> <p>However, these same airline regulations provide an opportunity for ticketed reservations to be re-ticketed in the event of a fare decrease. Records with re-ticketing or re-pricing opportunities are noted and returned to the booking agent. Once in the <i>Fare Check</i> module, a <i>Passenger Name Record (PNR)</i> stays there and is re-checked daily - up until 24 hours prior to departure.</p>
<p><i>Alternate Routing module</i></p> 	<p>Identifies alternatives to selected airfares. Taking the originally booked itinerary in a <i>Passenger Name Record</i>, the module then uses the GDS to check for alternate routings and airlines that meet state-defined booking parameters. The <i>Alternate Routing</i> module also uses reservations system entries to find price alternatives that are lower than the existing itinerary. These options are written back on the <i>PNR</i>, which is then returned to the travel manager.</p>
<p><i>Upgrade Module</i></p> 	<p>Looks at identifications in traveler profiles and provides automatic class of service upgrades for qualifying travelers.</p>



Wait List Module



Runs a continuous check of updates made to flight inventories against agency wait list requests. Although the airlines purport to work wait list requests, in practice this has been proven to be somewhat sporadic and ineffective.

If inventory is added to the fare basis classification that qualifies the same itinerary for a lower fare, the *Wait List* module will automatically confirm the segment and queue the record back to the travel manager. From here, the travel manager verifies the applicability of the new *PNR* before manually releasing the previously reserved space.

Passenger Name Records that have wait list segments that have not been so cleared will be kept in the queue and rechecked daily, until the wait list is cleared or up until 24 hours prior to departure.

Seat Check module



Processes preferred seat assignments. This module secures preferred seating based on traveler-selected parameters, using live seat maps. Seat requests can be made for aisles, windows, front and back of plane, bulkhead and aisles across.

Seat Check can be used to secure an initial seat assignment on all reservations, as well as to improve upon seat assignments up to the day of departure. It operates 24 hours a day 7 days a week, trying to improve all seat assignments.

E-Ticket Tracking module



Pulls information from the GDS, from our *ALPHA III* accounting package and from *Airline Reporting Corporation (ARC)* to compile a database of tickets that have been issued, but were not reported used past the designated travel date. This database can then be updated into the *Profile* of the traveler so that a ticketing agent can recognize the availability of a ticket whose value can be applied to future travel.

Automated Quality Control is a basic component in all Passageways reservations - both online and if placed through our *Regional Business Travel Call Centers*. It ensures reservation accuracy, travel policy compliance, utilization of lowest applicable fares, preferred seat assignments and fare utilization - looking not only at published fares on the global distribution system, but also at web-based fares. It can be programmed too for all fares specifically negotiated for the State.

Finally, Automated Quality Control has a huge advantage in that it can vary restrictions to ticketing. Report generators are appended to every *Passenger Name Record (PNR)* that confirm:

- If the lowest published fare was used.
- If a contracted state government fare was used
- If a non-published consolidator fare was used
- If an unavailable inventory was waitlisted
- If the lowest fare was declined by the traveler within travel policy parameters
- If the lowest fare was declined by the traveler for personal reasons



Before a reservation is ended, a report generator would be required to explain why a traveler booked outside of State travel guidelines. We could even restrict ticketing altogether on any travel that does not comply with listed travel policy parameters.

Agent-Assisted Quality Assurance – Whether booked online or through a call center, every ticket issued by Passageways undergoes a three-part inspection to verify passenger compliance with state travel guidelines, verify that the passenger record adheres to the preferences of the traveler, and verify that each fare quote is the lowest available. This is possible due to our state of the art automated Quality Assurance product.

However, all call center generated *Passenger Name Records (PNRs)* undergo additional extensions of this Quality Assurance process. While other agencies focus on error management, Passageways uses these extensions to build accuracy into the reservations process before records are even submitted to an automated review.

The front end of this accuracy process resides in the reservations system itself. All travel requests handled by our *Regional Business Travel Call Centers* have both the individual traveler's personal profile as well as the state agency profile automatically appended as a *PNR* is created. Passageways travel managers are skilled in using GDS enhancements, such as "flexible edits", to then ensure profile compliance. For example, State of Michigan travel will always default to state contracted YCAMI fares as a baseline. Travel managers see pertinent information **highlighted** and underlined, enabling this critical information to be identified more quickly.

Because price is generally held as a standard to which the agency is measured, all Passageways travel managers are trained to quote the lowest published market fare, regardless of whether or not the passenger's desired itinerary qualifies for that rate. Then the qualifying rules are fully explained so that travelers can be aware of qualifying criteria the next time that they may make a reservation (i.e. day of travel, advance purchase requirement, etc.).

Next, the lowest available fare is offered from alternative points of departure or destination. It is not unreasonable for people to drive to an alternative airport if there is a significant savings and our travel managers try not to second-guess what that level of significance may be. There are also circumstances wherein the traveler may be actually closer to an alternative airport than their primary office location. For example, an employee living in Owosso may find a Flint departure both more economical and more convenient than Lansing, if leaving from home and not from a Lansing-based state office.

Reservations are documented as to whether a passenger accepts the lowest available fare. Any alternate fares offered are also documented. Again, Passageways can set any reservation not meeting specified parameters to be submitted for pre-authorization or even denied for ticketing.

After pricing is resolved, travel managers then check for 10 specific standards. These include:

1. Itinerary continuity
2. Accuracy of information against the existing profile
3. Accuracy in the use of report generator codes
4. Accuracy in GDS formats
5. Compliance to state and departmental travel directives
6. Seat assignments and special services requests in place



7. Use of contract fares for air and appropriate discounts with ancillary travel vendors such as car rentals and hotels
8. Follow-up queue minders in place
9. Record locator codes from the airlines and inserted confirmations from ancillary travel vendors
10. Proper ticketing procedures

Once any air itinerary has been confirmed, special requests are verified for seat assignments, special diets and mobility-impaired services from the traveler's profile. Hotel reservations and car rental reservations are then processed – again with special services checked against stated personal preferences found in the traveler's profile.

Records are then verified for fare verification and information auditing. The agent-assisted extensions to the Quality Assurance Process are always completed before the passenger record is sent over for automated verification so that the automated parameters are not affected by errors or omissions. Once completed, the record is placed in the agency ticketing queue.

Ticketing is then set-up to take advantage of optimal timing - in order to lock-in the lowest available fare without restricting cash flow or sacrificing the ability to avoid purchase or change penalties. A Quality Assurance process is at the core of any managed travel program and ours is widely recognized as among the best in our industry.

International QA - The complexity of international travel arrangements requires Passageways to apply additional Quality Assurance standards to every international reservation. This additional four-step process to cross-check all international fares includes:

- Use of travel managers specialized with international tariffs to check all published fares prior to verification by automated QA modules.
- Fares cross-checked against airline international tariff desks.
- Fares cross-checked against specific consolidator markets.
- Passenger records electronically queued to the Carlson *International Resource Department*, the premier international travel rate desk in the world.

Telephone System QA - We utilize a state-of-the-art Cisco ICS 7750 IP phone system connected by a Qwest PRN/VPN network and fully capable of real time statistical reporting. Not only does this track all call information, but gives us an operational advantage in distributing calls to other Passageways locations in case of a localized emergency, or in the event of unexpected high call volume.

1.104 WARRANTIES FOR PRODUCTS OR SERVICES

Bidders shall discuss all aspects of their warranty. This shall include the warranty associated with the actual product being proposed, as well as the warranty associated with any service work performed under the contract. Bidders shall also discuss how they will handle any (disputes.)



In business travel, we recognize that customer satisfaction is gauged by two criteria:

- Having a user-friendly framework
- Service execution that meets or exceeds standards

If we have made our case for a comprehensive travel management program herein, then the state's measure of our having a user-friendly framework will be in your acceptance of this proposal. Therefore, the remaining measurement that you will have to concern yourselves with is whether or not Passageways meets or exceeds the standards that we have set throughout this proposal. Passageways categorically warrants all service work performed under this contract.

Dispute Resolution - All travelers who call, write or otherwise submit a specific customer service issue to the agency are contacted within 24 hours. Our operational standards guarantee that we will respond quickly and efficiently to any comment from our clients. We handle all issues following the below outlined procedures:

1. Acknowledge receipt of the letter, call or evaluation within 24 hours. Initial response is to thank the traveler for taking the time to communicate their important feedback. Based upon any queries the agency may have to make, the traveler will be specifically told when they can expect an additional response.
2. Agency will research the problem and offer a resolution. All resolutions will be offered to Vehicle and Travel Services for review.
3. A written response to the traveler will follow within 3 business days.

Passageways believes in addressing issues quickly and honestly. Immediate attention to a situation can often resolve it and get the traveler on their way. Even if a resolution is not immediately possible, a response must be made expediently in order to convey to the traveler that their concerns are important to us. Whether issues are truly serious or merely matters of a misperception, our travel managers are directed to do everything to accommodate a traveler's immediate needs.

All communications from travelers routed through VTS or copied to VTS will allow us to answer every inquiry promptly and clearly while we seek to identify whether any concern to be addressed is an isolated incident or some emerging trend. Once identified as such, these trends may be best addressed during face-to-face periodic sessions where agency personnel and VTS respond to submitted and spontaneous questions in an informal setting.

1.2 Service Capabilities

1.201 CUSTOMER SERVICE/RESERVATIONS

Bidders shall discuss their reservation / customer service capabilities. This includes having the capacity to receive reservations electronically, by phone, facsimile, and by written order. The Contractor shall provide a statewide toll-free phone number for phone reservations. Contractor shall have internal controls, approved by Acquisition Services, to insure that authorized individuals with the State place reservations. The Contractor shall verify reservations that appear to be abnormal or excessive.

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

All reservations are subject to the terms and conditions of this contract. In the event of conflict between a reservation and this contract, the contract shall control.



Reservations may be issued orally, by facsimile, or by electronic commerce methods.

Travel fulfillment (reservations) is the core service that we offer. Passageways travel fulfillment options are based upon managing client-specific models. Your travelers can use a completely automated online reservation system, work one-on-one with our *Regional Business Travel Call Center*, or process requests electronically through an administrative approval process.

Electronic (Online) Reservations - Our most effective example for cost containment has been in the increasing accessibility of online products, such as automated reservations. As adoption rates increase for programs that streamline labor-intensive tasks, ticket distribution costs are lowered. At the same time, it is important to select an online product that continues to support a managed program, capable of accessing preferred vendors and remaining in compliance with state travel guidelines. Managed programs have an added advantage that all sign in authorizations are reviewed and approved by Passageways before the user is authorized - thus protecting the state from unauthorized access to state contract rates and payment instruments.

In seamlessly supplying access to point-of-sale discounts, contract fares, net fares, zone fares, etc., online reservations can allow the state to direct traveler choices, while giving travelers complete control over the reservations process.

Working within a managed travel program that monitors Quality Assurance, contract fares, travel policy compliance, and full disclosure reporting, Passageways online booking tools offer significant advantages for business travel that include:

- 24/7 accessibility with real time processing for air, car rental and lodging availability, fares and seats.
- Ad hoc Internet reporting to monitor travel patterns and compliance to established travel guidelines.
- An agency Quality Assurance process to verify fares, compliance, ticketing authorization and data capture.
- Business logic and policy filters.
- Delivery of lowest logical fare alternatives, including negotiated vendor discounts.
- Easy integration of travel directives as a whole, by department or by function level.
- Recognition of individualized profile information to create custom travel choices.
- Reduction of indirect costs from streamlining of the communications, review and purchase process.
- Synchronization of traveler profiles to allow consistent mass changes between online and travel agency GDS information.

Booking online allows travelers more control over their own reservations, as well as flexibility and speed with frequent trip processing. Industry statistics also show fewer exceptions to policy and increased use of preferred vendors when travelers book their own travel online, because justification of non-compliance travel is exclusively the traveler's responsibility. We believe that the *TravWell* online product which we offer is sufficiently user friendly and effective so as to significantly increase the adoption rate from your current 16 percent.



Business Travel Call Center - There is a trade off between an online travel reservations solution and agent-assisted services. Because labor costs are reduced, the service fees for an online fulfillment solution reflect these lower costs. However, not even the most prohibitively expensive state-of-the-art automated system is able to create the algorithm that can replace the experience and intuition of a professional travel agent.

For example, consider travel to the New York Metropolitan area. LaGuardia Airport is considered the major domestic airport for the area. But what if the traveler is going to West Point, to New Rochelle, to Huntington, or to Queens? Is a \$10 fare savings to LaGuardia worth the convenience of a closer Newark Airport to the Wall Street financial district? Does the car rental savings at White Plains, NY offset the \$20 fare difference on a trip to Greenwich, CT? Because Hartford is in Connecticut, would it be a better option for the Greenwich traveler than White Plains?

Another example is the traveler who insists that they want to leave from a more convenient airport than to fly out of a more distant hub airport. Even so, is there actually a dollar savings level that will cause them to change their mind? Is it \$50, \$100, or even \$200. What if the destination were Sarasota? Would they consider flying Delta to Tampa because Delta's fare is \$150 less? Would they fly *AirTran* to Ft. Meyers because *AirTran* is having a sale and the savings is nearly \$200?

Professional travel managers know what questions to ask and what alternatives are available. They know routings and what carrier should not be booked for travel four months from now because they may not emerge from bankruptcy. They know that a stopover city beyond a hub may be cheaper than booking a flight to the hub airport - even though the flight stops at the hub airport first. They also know that a \$40 savings on taking a flight with an additional two-hour layover is worthless to a consultant whose billable time is valued at \$100 an hour. The professional travel manager builds upon years of training and experience.

Passageways' *Regional Business Travel Call Centers* are fully staffed by professionals whose average experience with the agency is over 12 years and whose experience in their profession is more than 15 years. Their longevity speaks for their extreme competency in a highly competitive field.

Travelers using a call center will find themselves entering into a relationship with the professional staff that can never be duplicated by an online experience. Travel managers learn how to interpret traveler preferences in making arrangements as personable as possible. They not only learn what travelers like and don't like, but why. This allows them to extrapolate future travel choices, using past travel preferences, in order to make selections based on more than trial and error.

The State of Michigan travel support team at the Passageways *Regional Business Travel Call Center* in East Lansing can be directly accessed by local travelers at **(517) 333-5880**, by travelers calling toll free from anywhere in North America at **(800) 968-2238**, by fax at **(517) 351-8111**, or by e-mail. Again, authorization to arrange travel under the state program is restricted to those who have a profile approved and entered into our database or to state employees designated as authorized travel arrangers.



Customer Service - The first hallmark of Customer Service within Passageways can be found in the character of our employees. Our agency prides itself in attracting and retaining personnel who passionately espouse the skills, knowledge and attitudes essential to delivering superior customer service.

We then provide our people with state of the art tools to ensure precision in the execution of our responsibilities. We utilize *Profiles*[®] to ensure that information is comprehensive; we utilize *Scripting*[®] to ensure that the process is methodical; we utilize *Cornerstone*[®] to ensure that a query is thorough; and we utilize *ALPHA*[®] to ensure that information is accurately captured.

We next benchmark performance and establish best practices in all of our management strategies. We don't guess and we don't assume. We recognize that each of our accounts has a unique business culture and will require a well-coordinated solution to maximize their travel management potential.

We recognize that specialization helps us to maintain our competitive advantage. We don't dilute our resources by creating payment systems, or insurance, or becoming wholesalers ourselves. We seek out the best partners in their field so that we can offer an overall superior product to our clients, while concentrating our efforts on our core business - travel management.

We strive to create an environment that is not dogmatic. We instill a competitive spirit that goes beyond simply outperforming our business competition and challenges us to outperform ourselves. We try to plan for every contingency. We allow a great deal of flexibility and encourage operating outside of traditional paradigms. For example, our IP phone system allows us to distribute calls to other Passageways locations in case of a localized emergency, or in the event of unexpected high call volume. We are also able to work through our *Carlson Wagonlit Travel* partners to allow direct access to travel assistance by international travelers in 141 countries.

Finally, we work hard to establish trust. In a very short time you will believe that your Passageways Account Manager, Honey Jankowiak, is on the state payroll and not ours. Your Account Manager will be your Customer Service Representative - available to address all concerns that travelers may have. We recognize that we are here to build a quality partnership and that trust is at the foundation of that relationship.

Evaluations - Being in a service industry, we recognize that it is crucial that we understand how customers perceive what the agency provides. With the travel industry becoming increasingly competitive, having a customer feedback program is not only smart, but necessary in order to remain competitive. Passageways can provide transactional, sampled, or annualized evaluations - as desired. Especially in a travel-mandated environment, customer service standards must be part of a total evaluation process that includes operations standards.

Coordinated by your Account Manager, our communication with the State of Michigan will be on-going. We would propose to be accessible to your travelers both online and by phone for comment and question. In turn, we can provide a communications platform through our own website and through our *Business Travel Briefing* - an e-mail collectively sent to over 10,000 agency business travel customers.



1.202 TRAINING

Bidders shall discuss their training capabilities and the training to be included in the Contract. The Contractor shall provide training to individual agencies, when necessary, on aspects of reservations and online services. At the request of the Contract Administrator, the Contractor shall provide in-service training to agency personnel on online systems. The Contractor shall also provide agency training jointly with the State as needed during the period covered by the contract at no additional charge.

Passageways is committed to hiring and training the most experienced and capable travel managers in our industry. We are in an enviable position because our considerable investment in travel technology allows our individual agents to be far more productive than those of any other agency in our market. Not only does this allow for the needs of our travelers to be more thoroughly met, but it also means that Passageways offers a less stressful work environment and a better compensation package than most of our competitors. Our enviable work environment allows us to raise our employment standards so that we are recruiting and retaining the best-qualified personnel in our market.

Employees of East Lansing *Regional Business Travel Call Center* average over 15 years of total professional travel management experience, and over 12 years with our agency. Our extraordinary customer retention rate is reflected by an employee retention rate that is also among the highest in any competitive industry.

A great portion of this is owed to the fact that our employees recognize that we offer continuous professional development opportunities and they take a certain measure of pride in being regarded as among the best in their field. Our commitment to rapidly evolving technologies requires a parallel commitment to training our employees to be proficient with these technologies.

New employee orientation is coordinated by our Regional Operations Managers. Each new travel manager hire receives a thorough briefing on the employment standards that we hold at the agency, as explained in detail in our *Employee Handbook*.

But even if an employee has been at the agency over ten years, Passageways feels that keeping them abreast of both the rapid changes in the travel industry and the advancements in new automation technologies requires a strong commitment. This commitment includes:

- Training programs for all of our current employees are held on a continuing basis. All departments are required to hold in-house training sessions each year and all branches are required to attend training at our Traverse City headquarters facility on a rotating basis each year.
- Outside training is promoted with our GDS vendor, through specialized airline training schools (especially in the area of international travel), and through the *Carlson Wagonlit* travel network.
- Membership is encouraged in professional organizations, including the *American Society of Travel Agents (ASTA)*. These associations all hold professional conferences and training seminars that help us to better address our role in the travel industry.
- Passageways and our East Lansing branch office have been beta test agencies (initial field release) with both our Worldspan and Galileo GDS providers for many of their automation enhancements before general market release. This puts us far ahead on the learning curve of new technologies.



- The agency hosts travel vendors at all of our offices in order to receive training on new products and services. Whenever such training seminars are held at a neutral location, we are committed to sending representatives to every function.

Fortunately, training specific to the State of Michigan account should be minimal as most of the team that handled that account for seven years at Spartan Travel is still in place at the East Lansing *Regional Business Travel Call Center*. Training will center primarily upon new vendor contracts and a review of customer service issues over the past three years.

1.203 REPORTING

Bidders shall discuss their capabilities related to generating reports. Contractor shall be able to provide various reports, when requested by the State. The contractor will submit no later than the 20th of each month reports reflecting, at a minimum:

- Travel data by contracted versus non-contracted airlines
- Point to point departures and destinations
- Ticket cost for all air travel
- Tickets issued, refunded, exchanged and voided
- Exception report
- Hotel reservation activity
- Car rental reservation, and use information
- A monthly management report must include all services
- Department level individualized management reports
- Quality Assurance Reports reflecting service level requirements
- Activity reports to support Revenue Sharing Summary

The contractor should identify any capability for Ad hoc reports through on-line database queries. The Contractor should also monitor industry changes and enhancements and point out problems, real or anticipated, which should be brought to the attention of the Contract Administrator.

Generating Reports - In order to determine the cost vs. benefits yield from travel, it is crucial to be able to organize data in a usable form. Passageways provides monthly activity summaries as part of our core services, but we are also fully capable of creating ad hoc and custom-detailed travel management reports. Passageways can organize travel data by any subject requested for a management report and can break out these reports by division, by unit, by project, or for an entire department. We could also provide a data summary formatted onto an MS Excel spreadsheet and electronically transmit this directly to a VTS travel manager.

We can provide a travel audit function through reconciliation between the agency sales report for the state and your selected payment instrument. We can provide a quantifiable analysis of the impact of traveler non-compliance to state travel guidelines - allowing you to see where savings have been lost and the reasons why. Exception reports can then be used to identify and educate travelers on policy directives.

There is even an option of uploading your travel database across a secured FTP and into a web-based automated reporting product. This would give you full control over your reporting options and eliminate both the need for paper reporting and the time in processing printouts of reports. In addition to standard report sets, this web-based option, *iBank*, offers both a Pre-Travel module that monitors exceptions to corporate travel policy and a data cleaner module that electronically audits data to ensure accurate corrections to travel management information. *iBank* provides our accounts with the flexibility to use either pre-defined or customized rules to ensure data integrity and saves time in tracking e-tickets, refunds, and service fee billing.



Report Detail - Our Accounting department has an incomparable hard drive storage capacity and performs regular back up onto tape drives - fully compliant with all *Airline Reporting Corporation (ARC)* regulations.

We can provide the state with a wide variety of custom reports to enable you to more closely track expenditures and provide documentation to leverage vendor discounts. Our standard travel management reporting options include nearly 200 pre-populated reports, with basic information including name of traveler, date reservation was made, dates of travel and itinerary, cost and method of payment provided on a monthly basis. The most common of these reports includes:

Report	Feature	Benefit
Reconciliation Report	<ul style="list-style-type: none"> • Reconciles agency billings against payment system charges. • Provides future reference for un-matched items 	<ul style="list-style-type: none"> • Account only pays for tickets issued, not voids or cancellations • Reduces time on manual reconciliation and data entry function
Destination Analysis	<ul style="list-style-type: none"> • Provides summarized information regarding directional or non-directional destination frequency, including number of trips, class of service and frequency of airlines used. • Dollars spent per market can also be included. 	<ul style="list-style-type: none"> • Helpful in preparing for airline/hotel negotiation • Identifies top markets • Serves as a summary of company-wide travel patterns
E-Ticket Tracking Report	<ul style="list-style-type: none"> • Identifies and reports all unused e-tickets 	<ul style="list-style-type: none"> • Applies any applicable refund value • Reduces fraud from e-ticket exchanges
Airfare Analysis Detail Exception Report	<ul style="list-style-type: none"> • Provides detailed air/rail ticket information • Provides invoiced amount, low fare benchmark and high fare benchmark • Provides applicable savings or loss • Provides client defined reason as to why a particular fare was used. 	<ul style="list-style-type: none"> • Exceptions can be defined by reason and/ or dollar amount or percentage of dollars lost • Monitors your travel policy effectiveness and agency performance
Hotel Activity Report	<ul style="list-style-type: none"> • Provides summarized information regarding confirmed hotel reservations • Available by individual travelers or property with more detailed information • Summary provides final total page sorted by room type with all activity 	<ul style="list-style-type: none"> • Useful tool when negotiating with hotel chains or properties • Shows employee compliance to company policy



<p>Car Rental Activity Report</p>	<ul style="list-style-type: none"> • Rental activity by supplier • Auto type for both domestic and international markets 	<ul style="list-style-type: none"> • Allows tracking of supplier usage by city or market
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We can also download travel information from any of the following standard fields or from a designated custom field:

- | | | |
|--------------------------|-------------------------|------------------------|
| • # changes in PNR | • account code | • actual miles flown |
| • airline code | • ARC indicator | • arrival |
| • base fare | • booking agent | • booking location |
| • car cancellation | • car company code | • car confirmation |
| • car drop off location | • car number of days | • car pick-up location |
| • car size code | • city code | • class of service |
| • customer account | • day | • date of void |
| • delivery address | • delivery date | • departure time |
| • destination city | • destination stopover | • discount coupon |
| • document number | • due date for AP | • exchange indicator |
| • fare | • fare basis | • form of payment |
| • full fare amount | • hotel cancellation | • hotel confirmation |
| • hotel property code | • hotel room type | • invoice number |
| • low fare amount | • lost savings code | • manual entry |
| • market code | • month | • negotiated rate |
| • number of hotel nights | • number of units | • original fare |
| • originating city | • passenger address | • passenger fax |
| • passenger name | • passenger phone | • PFC amount |
| • PFC airport code | • PNR creation date | • product code |
| • product type | • purge flag | • refund notice |
| • record locator | • record type | • reservation system |
| • savings code | • seat assignment | • segments |
| • segment miles | • service date | • sorting codes |
| • special meal code | • stopover city code | • tariff indicator |
| • ticketing agent | • ticket control number | • ticket designator |



- ticketing location
- transaction number
- travel date
- vendor code
- total sale amount
- transaction type
- validating airline
- vendor name
- transaction date
- travel arranger
- vendor address
- vendor phone

Our accounting processors also have the capability to accept up to 210 miscellaneous re-marks encoded in the *Passenger Name Record (PNR)* and to generate up to 500 additional remarks codes for Travel Management Reports. If for some reason even this should prove to be insufficient, we can download all information onto an ODBC compliant database that will give the State of Michigan a virtually unlimited number of programmed fields.

Automated Reporting - As travel management moves towards automating the reservations process, automated travel reporting also is an increasingly popular option. As mentioned earlier, Passageways can offer travel reports for retrieval across a web-based reporting platform at a lower cost and in a fraction of the time.

Working with *Cornerstone Information Systems*, our automated Quality Control service provider, Passageways has helped to develop a suite of web-based reporting tools that allows travel managers the ability to import and manipulate state travel data in a real-time environment.

This resulting product, *iBank*, not only queries any user defined ad hoc report, but also has standard template and customized travel management reporting capabilities. *iBank* would allow VTS to select and view travel information for airline, hotel and car rental reservation data. This information can be viewed in a “Preview” mode for Pre-Trip review and approval, or in a “History” mode for reservations ticketed and processed through the *Airline Reporting Corporation (ARC)*. Not only is there a wide range of reports for internal cost analysis, but *iBank* also provides an important tool to aid in negotiation with travel vendors.

Within the application, information can be sorted by ranges for date of travel, booking date, or invoice date. It can present information in alpha/numeric order or ranked by volume use. It can look at variables for cities, vendors, travelers, department, or cost center. It can automatically calculate averages and percentages and can format information in either an activity-based or in an analytical form.

Access can be divided by administrative unit or cost center so that VTS can see all state travel, but can also grant limited access for department managers to compartmentalized portions of the data. Finally, *iBank* offers a Custom Reporting tool to allow you to create, save, query and run reports designed to your own specifications.

Standardized Reporting includes:

Summary Reports

- Quick View Summary
- Quick View by Month
- Executive Summary
- Executive Summary – Year-To-Year Comparison
- Validating Carriers (Ranked)



- Validating Segments (Ranked)
- City Pairs (Ranked)
- Segment Carriers
- Car Rental Companies (Ranked)
- Hotel Property Bookings (Ranked)
- Travelers (Ranked)
- User Defined Texts (Ranked)
- Exception Reasons – Sub-totals
- Exception Travelers – Sub-totals

Analytical Reports

- Air Exceptions
- Traveler Activity
- Abbreviated Traveler Activity
- Passenger Arrivals
- Passenger Departures
- Travelers on Aircraft
- Travelers in City
- Market Share Analysis
- Advance Purchase Analysis
- Fare Savings Analysis
- Service Fee History
- Post Ticketing Traveler Detail
- Car Rental Activity Detail
- Car Rental Analysis by City
- Car Rental Advance Reservations
- Car Rental Analysis by Vendor
- Hotel Bookings Activity Detail
- Hotel Bookings Analysis by City
- Hotel Bookings Advance Reservations
- Hotel Bookings Analysis by Vendor

Because data is captured and forwarded automatically, there would be no time delay in printing and delivering reports. In fact, the state would not be limited to when or how many reports could be processed - they are immediately available on your schedule.

iBank offers a tool to save costs before they are even incurred. *iBank's PreVIEW* mode allows every reservation to be reviewed daily for pre-trip approval. You no longer have to settle for a review on what you could have saved had your travelers been in compliance with travel policy directives, because now you can approve any ticket before it is ever issued at a greater cost. *PreVIEW* allows VTS to immediately address potential problems and abuses of travel policy and to avoid costly mistakes.



We would also recommend the installation of an *iTicketBank* option. This *iBank* module provides an automated means for tracking and identifying unused portions of a traveler's e-ticket for credit towards future flights. It uses the *iBank* server to continually monitor the airline global distribution system for unused e-tickets, reporting on available credits, status of unused coupons and expiration dates. It gives you instant access to credits in order to apply them when a reservation is made. *iTicketBank* can also be configured to automatically delete expired tickets.

1.204 SPECIAL PROGRAMS

The State is interested in any other special programs that vendor's may have. Please discuss these programs and costs.

Automated Expense Reporting

A recent Price Waterhouse study shows that automating the expense process can reduce expense reporting time, processing time and processing cost by over 70 percent.

Passageways has worked for years with automated expense reporting developers to find easy to use, secure, fully automated, cost-effective web-based expense management solutions that enable users to create, submit, approve, process and even reimburse expenses online. Management objectives of such solutions include:

- Generate additional cost savings through reduced reporting errors, improved policy compliance and better vendor management
- Increase employee productivity
- Improve expense report policy compliance
- Increase control and visibility of expenses with real-time reporting
- Empower management to quickly analyze expenses, assess spending trends, guide budget decisions and improve forecasting
- Eliminate paper expense reports and receipts
- Provide streamlined integration of expense data with payroll and financial systems

Employees are able submit expense reports online, using simple checklists and templates.

Reports can also be custom configured to isolate trends, forecast budgets, and see which expenses need better management. Typical kinds of reports include:

- Request for Travel Authorization
- Cash Advance Reconciliation
- Expense Report by Employee
- Expense Validation Warnings
- Expense Receipt Verification
- Payment Status Report
- Credit Card Reconciliation
- Audit Trail Report



Travel directives can be enforced by creating business rules within each report that do not allow the report to be submitted unless it is within compliance guidelines. Business rules can also be formulated relative to projects so that employees may not charge to a specific project - or they may be provided limits on types or limits of allowable expense.

Expense may be automatically submitted against pre-configured or custom cost centers mapped to General Ledger accounts or other alternate routing paths. Special provision can even be made for travel policy violations or missing information. Notifications regarding the status of reports and rejections of reports, or of individual charges, are provided by e-mail.

Finally, automated expense reporting can also offer an advantage in Project Management. Expense transactions can be tied to a project. Individual charges can even be distributed over multiple projects. Detailed reporting of this kind can be invaluable in helping the state understand the true costs of business.

Meetings and Events

Passageways offers outstanding meeting and events planning services. Such events require both time organization and sensitivity to budgetary guidelines.

Managing the myriad of details can be overwhelming. From 10 attendees to 10,000, our advanced automation technologies can quickly set-up and manage all facets of your meeting and event requirements and objectives - from business meetings, seminars, conferences, and trade-shows to full scale conventions at an international destination.

We create successful meetings and events by tailoring each event to client-specific needs. Event contacts meet one-on-one with our staff to qualify needs based on budget, goals, promotion and content (each group is analyzed on an individual basis).

Passageways then formulates recommendations for service and price. Our standard meetings and event services include

Site Selection	<ul style="list-style-type: none"> • Suggestions based on budget, space requirements and access • Proposals development • Site inspection and proposal modification
Communication, Registration, and Promotion	<ul style="list-style-type: none"> • Design and coordination of event objectives • Satellite video conferencing • Preparation and distribution of promotional pieces • Development of questionnaire and registration forms • Registration by mail, toll free telephone, or web-based • Document preparation • Compile attendee information database



<p>Air Transportation</p>	<ul style="list-style-type: none"> • Evaluation of air carrier and routing alternatives • Negotiating air fares (net fares if international) • Negotiating back end incentives • Air charter services • Air volume reports
<p>Hotel Arrangements</p>	<ul style="list-style-type: none"> • Specially negotiated group rates • Client preference tracking • Accommodation of deviations
<p>Pre/Post Meeting Arrangements</p>	<ul style="list-style-type: none"> • Individual deviations • Incidental charges
<p>Group Transfers</p>	<ul style="list-style-type: none"> • Airport transfers • Negotiated car rental agreements • Luggage vans • Limousine service • Transportation to special events
<p>Meeting Function / Food and Beverage Arrangements</p>	<ul style="list-style-type: none"> • Audio-visual equipment • Menu selection and coordination • Staging • Light, sound and special effects production • Decoration • Theme or activity suggestions • Amenities and gifts
<p>International Events</p>	<ul style="list-style-type: none"> • Split ticketing in local currencies • Passport and visa service • Meet and greet • Translation Services • Multi-Lingual Signage • Currency conversion/travelers checks
<p>On-Site Coordination</p>	<ul style="list-style-type: none"> • Coordinators, escorts and meeting planners on-site • Conference registration services • Check-in services • Fully staffed hospitality and information desks • Meet and greet services • Airport departure assistance



Activity/Side Trip Arrangements	<ul style="list-style-type: none"> • Optional sightseeing and local tours • Recreation activities • Simultaneous spouse/guest/children programs
Reporting	<ul style="list-style-type: none"> • Arrival/departure lists • Expense reconciliation • Activity List • Cost savings statements • Rooming lists
Ancillary Services	<ul style="list-style-type: none"> • Shipping of materials and supplies • Theme development • Speaker arrangements • Product fairs and exhibits • Custom signage at airport, hotel and off-site locations • Room amenity selection and distribution • Entertainment selections and booking • Event communication services
Final Details	<ul style="list-style-type: none"> • Event resume to conference site • Develop contact list • Vendor updates
Final Billing	<ul style="list-style-type: none"> • Currency conversions • Master account reconciliation • Invoicing and collections

Online Meeting Management

Passageways offers online meeting management to make such programs instantly accessible at an affordable cost. We can build fully personalized event websites with a resourceful user interface for attendees to register themselves online quickly and easily.

Online management supports the key components of the meeting planning process, so that planners have the functionality needed for every meeting. Paperwork, printing costs, mailing costs, and clerical costs are all eliminated - making your programs more affordable or allowing you to shift funds into improving program content instead of administration. Combined with our travel fulfillment services (transportation, accommodations, transfers, etc.), online meeting management can give state agencies a complete and highly-efficient way to host meetings, conferences, seminars, conventions, or other affiliate groups.

More than database management, Passageways can include enhancements such as Name Badge module to print and barcode name badges, tent cards, and even roommate matching - a unique room block pooling feature all on a fully personalized web portal. Best of all, we make it easy to access registration data for real time reporting - arrival lists, room lists, function lists, etc.

The capabilities of our online meeting management product include:



- Customizable front end, with the ability to customize the registration website to match state agency branding (headers and footers, font styles and colors, graphics, links, etc.)
- Full Personalization, with the ability to break out a program into several audiences or sub-programs and the ability to customize information for a particular audience
- An integrated event marketing e-mail system that includes personalized emailing, data mining by creating a specific query of attendees, status of invited guests, profile analysis, archive feature and much more
- Variable question formats to setup the entire look and field/section placement of registration forms per audience
- Registrants can view program agenda inclusions by date or by type and registration criteria can be set for maximum attendance, wait listing, pricing, auto-assignment and other factors
- Housing inventory system tracks contracted inventory and gives warnings in advance to any hotel or room type being completely sold out
- Travel inventory system tracks air or surface transportation inventory and creates travel reports
- Security features that may be enabled for restricted access to events or to limit permissions to edit registration key elements
- Complete *Speaker* Module
- Comprehensive Real-time Reporting (Standard and Ad Hoc)
- Credit Card Transactions (or other user-defined payment options)
- Name Badge and event ticketing production (including bar coding)
- Attendee Self-edits
- Ability to customize an authentication routine to allow the use of third party authentication systems to authenticate users for a meeting without having to upload the login and passwords of your secure contact database
- All data is exportable into tab delimited files
- Online Help documentation
- Web based reporting - both standardized and available for complete customization

In **Group Travel Services**

in addition to handling all travel fulfillment for our meeting and event programs, the Group Travel Services division of Passageways can handle all travel fulfillment needs for any affinity group - either outbound from a single origin or inbound from multiple origins.

Passageways can negotiate group air contracts and reduce costs through front-end discounts and cumulative incentives. We can look at all conveyance alternatives including scheduled air, charter air, rail, ship, car rental, shuttle van, motorcoach or any other method of conveyance. *Group Travel Services* will handle all aspects of a group travel movement, starting with the following standard components:

- Air fare analysis derived from evaluation of both scheduled air (including carrier and routing alternatives), as well as viability of air charter services



- Negotiate air fares (net fares on international itineraries)
- Negotiate back end incentives (i.e. site inspection tickets, free tickets, etc.)
- Block airline space from major cities as needed
- Coordinate and supervise group air travel arrangements
- Coordinate program participant deviations
- Coordinate advance seat selection
- Issue all airline tickets and flight itineraries (split ticketing in local currencies for international ticketing)
- Provide flight arrival/departure manifests
- Monitor flight schedules/changes
- Issue refunds for returned tickets and make claims for any lost tickets

In Partnership with *Carlson Wagonlit Travel*

Passageways is the second largest affiliate within the global *Carlson Wagonlit Travel* organization – itself a division of *Carlson Companies*. This position allows us to pass along enhanced purchasing power with travel suppliers and to recognize the advantage of additional service support through the largest travel agency network in the world.

Unlike other national travel networks that are supported by credit card management, insurance, or some other spreadsheet source of primary revenue, *Carlson Companies* are vested in many brick and mortar travel-related businesses, including:

- *Carlson Wagonlit Travel*
- *Country Inns and Suites*
- *Cruise Holidays*
- *Front Row Sports Grill*
- *Park Inn hotels*
- *Park Plaza Hotels and Resorts*
- *Radisson Hotels*
- *Radisson Seven Seas Cruises*
- *Regent International Hotels*
- *T.G.I. Fridays*

This creates an impressive financial and management portfolio within a core business of travel and hospitality. In fact, *Carlson Wagonlit Travel*'s extensive network alone boasts over 4,100 locations in 141 countries and is committed to continuing development in key markets, including Asia Pacific and Latin America.

Carlson Wagonlit realizes that the people, partners and systems of both *CWT* and their affiliates must work together seamlessly. In order to accomplish this, they have invested in the integration of sophisticated technology, as well as a thorough understanding of how the travel process should work.



More than just expanding the resource base that we are able to offer the state, our affiliation with *Carlson Wagonlit* has helped us to develop a comprehensive and resourceful approach to travel and expense management.

As an account of Passageways, all of *Carlson Wagonlit Travel* offices become immediately available for emergency assistance to State of Michigan travelers. *Carlson Wagonlit Travel's* global leadership position enables our customers to benefit from its extremely strong vendor relationships, buying power and industry relations expertise - virtually everywhere in the world.

In addition to a wide range of product and management support services, *Carlson Wagonlit* also provides Passageways accounts with many traveler services. These include:

International Travel Services - *Carlson Wagonlit Travel* built its own solution for complex international itineraries – the *International Resource Department (IRD)*. *IRD* can automatically calculate complex itineraries to find the best routing and price in as little as 4 hours. Each year, *IRD* saves millions of dollars in excess expense for corporate accounts. In fact, the average savings per reservation is over \$650.

Carlson Global Alliance Hotel Program - *Carlson Wagonlit's Global Alliance Hotel Program* offers a broad range of services and products that are specifically targeted to business travelers. With a portfolio of over 10,500 hotels worldwide, the *Global Alliance Hotel Program* provides *Carlson Wagonlit* travelers with preferred rates discounted up to 50% from standard corporate rates, as well as value added amenities at select properties. This program also features last room availability from inventory and even blocked space agreements at over 1570 hotels in major cities.

Global Alliance Hotel Program directories are produced in both electronic and hard copy form and are excellent reference tools for travel planners and travelers. All versions of the directory indicate both the corporate rate and the lower *Carlson Wagonlit Travel* preferred rates. All versions also supply extensive facility and amenity information, and all versions include easily accessible city maps.

Global Traveler Services - *Global Traveler Services (GTS)* is an exclusive travel assistance service available to Passageways business travelers through a single phone call. It is designed to aid our travelers, should they encounter any unforeseen circumstances or difficulties while traveling. This novel program offers access from anywhere in the world to a complete package of special services, 24 hours a day, 365 days a year through highly trained consultants who speak over 30 languages.

Travelers enrolled in this program will receive immediate action should they require assistance from a collection of the following *GTS* services:

Customer Care Services

- Provides a global network of doctors, hospitals and medical assistance providers. If a state traveler needs medical care while traveling, *GTS* can put them in touch with local medical assistants who speak their native language.

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- Provides a worldwide database of legal assistance providers and can be especially important in circumstances sensitive to, or outside the immediate assistance of the US Department of State. If a traveler should require legal advice while traveling, *GTS* can provide advice on local legal help. They can also send an urgent message to family/friends and assist with the transfer of funds, if needed.
- Provides emergency cash transfers worldwide in as little as 10 minutes. If a traveler should lose their wallet and urgently need some cash, *GTS* can arrange to have it replaced.

Lost or Stolen Services

- Provides reporting and replacement assistance for travelers checks. If they're lost or stolen, *GTS* can help sort out the reporting process and assist with replacements.
- Provides assistance with reporting and replacement of credit cards. Again, *GTS* can assist with reporting and the replacement process.
- Provides assistance for lost or stolen passports or other travel documents. Should a passport be lost or stolen outside the United States, *GTS* can help with procedures and directions to the nearest embassy or consulate. They can also contact relatives or friends if copies of any documents from home are needed.

Financial Services

- Provides cash transfers, drafts, and wire transfers. If a state traveler needs additional funds in the U.S. or around the world, *Global Traveler Services* can arrange it.
- Provides foreign currencies. *GTS* can help with any need to purchase foreign currency.
- Provides travelers checks. *GTS* can also help get travelers checks, if needed.

Special Concierge Services (may require an additional charge)

- Courier referral service. If a package needs to be sent while traveling, one call to *GTS* and they can put the traveler in touch with a local courier company.
- Translation and interpretation services. *GTS* can help when assistance is needed communicating in a foreign language.
- Global messaging services. If help is needed in getting a message to loved ones, relatives or the office back home, *GTS* can relay a voice, fax or e-mail message on behalf of a traveler.
- Worldwide event ticketing. *GTS* can assist in securing tickets for events world-wide (subject to availability of course) through Ticket Master.
- Restaurant referrals. When a traveler is not sure where to go for dinner while traveling, one call to *GTS* can point them in the right direction to satisfy their culinary desire.

Passageways can provide this *Global Traveler Service* to the state at an annual membership fee of only \$35 per covered traveler. When the state has enrolled, we will provide your travelers with a brochure describing all of the services available from *GTS* and a wallet card with the numbers to call for assistance.



Air Charter and Fleet Management

Passageways is able to coordinate air charter and fleet arrangements anywhere in the world through *Worldspan Corporate Fleet*. This includes obtaining leased aircraft from a two-seater Beechcraft to a five hundred seat Boeing or coordinating deployment of state-owned aircraft. In all cases, an analysis is also included that compares costs and time to available commercial air travel.

Flight inventory is managed through the Passageways global distribution system and is automatically decremented with each sell. Specific passengers can be prioritized, capacities adjusted, and flights opened to all bookings. Active wait lists may be maintained, but flights will not be oversold as is common with scheduled airline yield management. This can be a particularly effective solution for sharing aircraft among state agencies.

All information is fully integrated into a standard PNR containing all travel details, including private and commercial air segments, lodging and rental car bookings. This information is downloaded into our *ALPHA III* back office accounting system.

Flight manifests can then be prepared by the agency to meet all government-mandated flight plan requirements, as well as a *Worldspan* PNR for each passenger

The benefits of this program include:

- Helps the state maximize aircraft use and decrease spending on commercial flights
- Eliminates manual handling of flight inventory
- Ensures compliance with state fleet travel strategies
- Optimizes investment returns in aircraft

Consolidator Rate Access

Along with published tariffs, Passageways has developed agreements with international ticketing consolidators who can offer discounts of up to 40% from the published air tariffs. We use *SolarNet LiveLinx* technology to access qualifying suppliers in all markets worldwide.

However, for commonly traveled routings we tend to use preferred suppliers. Although price is a consideration, most of the world's major airlines use similar discounting formulas for all of their recognized consolidators and the price differential is not a deciding consideration. In selecting our consolidator partners in major world markets, our primary considerations are the reliability of the consolidator and acceptance of the consolidator documentation by the vendor. It is also imperative that a consolidator partner provides a documented expense trail in order to reduce the potential for fraudulent travel expense entries.

International Rate Specialists

Passageways services many organizations whose travel transcends international borders. Such travel itineraries can be extremely complex and are subject to the dynamics of currency exchange fluctuation, intricate routings, and connections across political borders. Only through intensive training and years of practiced experience can an agency offer to guarantee lowest available airfares on scheduled international service and only Passageways is willing to stake our reputation to such a guarantee.



First, the faring and routing specialists at Passageways review complicated international itineraries in order to ensure the least expensive calculation. Fares are manually constructed for all connecting points and alternate fares and carriers for each segment are reviewed. Currency differentials and fluctuations in exchanges rates are examined for opportunities to capitalize on savings using local currencies (this is especially effective as Carlson Wagonlit has offices in 141 countries). We can also review techniques such as split ticketing, wherein specific segments may be issued in local currencies in order to obtain the lowest overall fares. Particularly complex itineraries may be submitted to the faring specialists at the Carlson Wagonlit Travel *International Resource Department*.

In addition to constructing fares, Passageways can also provide international travelers with:

- Currency exchange rates posted daily through links on our Internet site
- International rail passes
- Itineraries printed in 17 languages, in addition to English (particularly effective if bringing foreign nationals inbound to the U.S.)
- Multi-lingual travel managers to verify travel arrangements at locations where English may not be the preferred language for verifiable communications
- Networking with Carlson Wagonlit affiliates, including meet and greet services
- Passport processing
- Recovery of Value Added Taxes on purchases made abroad
- Tickets issued overseas to take advantage of favorable exchange rates against the U.S. dollar (through Carlson Wagonlit partners)
- Traveler checks and bank drafts in foreign currency denominations
- Updated local tourist board information through our Internet site
- Updated weather information through our Internet site
- Visa documentation, as required by host country

International travel advisories from both government and commercial sources are posted on the Passageways Internet site (*Pways.com*). Travel managers issuing international ticketing could print summaries from these advisories and attach them to all international itineraries.

Emergency Preparedness

Passageways has developed very detailed contingency plans - both for all operational aspects of our reservations centers and to recover travelers who encounter widespread travel difficulties such as war, terrorist act, cessation of carrier service, natural disaster, etc.

Operational Preparedness - Operationally, Passageways has a distinct advantage in having 21 branch offices located across the state of Michigan. Loss of power or communications access from facilities breakdown, weather, or even civil emergencies at any one of our locations can be easily compensated for from any of our other offices. Likewise, our *24/7 Emergency Reservations Center* uses geographic dispersement of its staff to protect our ability to be in constant communication with our travelers.



Situational Preparedness - Passageways has prepared a very detail contingency plan to communicate with, protect, and recover travelers who may encounter widespread travel difficulties. Over the past six years, these plans have been actively tested during airline strikes, regional snowstorms, widespread power outages, and during the deadly terrorist attacks of September 11, 2001. They cover every event for which we can conceive a response and are updated continuously.

Our planning strategies are broken into areas of avoidance planning and reactive planning. That is, what precautions to take and what to do when everything goes wrong.

Avoidance Planning assumes that we are aware that a possible situation could exist. For this we engage both active and passive approaches to providing travel intelligence. The active approach is to include appropriate information on travel industry developments in the agency's *Business Travel Briefing*. This briefing is distributed in an e-mail broadcast to all corporate accounts which have enrolled in the online travel option, or who have specifically subscribed to the service.

The passive approach to intelligence gathering has been to collect and post resources on the agency's proprietary website at *Pways.com* (this information is replicated on privately branded sites that are cloned from *Pways.com*). Priority is given to collecting intelligence on behaviors predicted on current global political situations. The primary focus is based on travelers with U.S. citizenship, but we also consult sites that post potential risks to citizens of other predominantly English-speaking countries, as national distinctions are not always clear to those who seek to do harm.

In addition to public sector information, Passageways gathers intelligence through private sector resources too. The agency's preferred provider is *Air Security International* (www.airsecurity.com), which furnishes a daily update of *Hot Spots* around the world.

This briefing includes political and labor unrest, crime activity and natural disasters. Information may be disseminated by country, region, or even city and an overall security factor is assigned to each country based upon daily intelligence. In addition, *ASI* provides a list of local and national holidays that may affect commerce, inspire public demonstrations, or disrupt normal communications.

Passageways, again in partnership with *ASI*, also offers the *Travel Security Manager* that allows state government to keep track of your employees traveling anywhere in the world. More than just traveler tracking, the *ASI Travel Security Manager* incorporates state-of-the-art content and communications features in one complete package. A secured website will allow you to access your traveler's itineraries anywhere in the world and sort the information by date, city, country, traveler name, airline, flight number, city threat level, hotel and much more. The uniqueness of the platform is that it is flexible and simple to use and will provide you with customizable information.

Travel Briefs will be automatically sent to state employees before they leave on a trip, giving them country and city information, travel tips, security information and tips, cultural information and tips, emergency contact information, health information and more. *ASI* will monitor traveler itineraries, cities, countries and even hotels, and will alert the employee and/or travel security of an extreme event that could affect life, business or travel.

The final piece of our Avoidance Planning strategy has been to develop Personal Protection Strategies that examine individual initiatives by travelers to minimize their risks. While the majority of these have been elaborated on to counter crime against an individual traveler, there are many that also may apply to reduce exposure to civil unrest, terrorism, and even natural disasters. These include:



- Exploring Communications Options
- Preparedness Prior to Departure
- Air Travel
- Public Transportation
- Car Rentals
- On the Streets
- In the Hotel
- Handling Money
- Avoiding Legal Difficulties
- Countering Terrorism
- Hijacking/Hostage Situations

On the other hand, our Reactive Planning strategies recognize that while there is no way to eliminate unpredictable factors, we can take action to minimize risk of exposure specific to certain aspects of travel. These include:

- Tracking Traveler Location by Itinerary
- Re-Accommodation of Stranded Travelers
- Communicating Updates to Travelers and Their Sponsoring Organizations
- Developing Travel Recommendations
- Recognizing Traveler Responsibility
- Establishing Multi-Level Agency Contacts

Passageways offers an extensive list of additional options and special programs to completely customize the level of service that the State of Michigan may require:

- Account research on credit card billings
- Additional copies of invoices and tickets
- Analyze travel logistics to identify opportunities for vendor negotiation
- Automated E-Mail pre-ticket authorization
- Change/Cancel car rental reservations
- Change/Cancel hotel room reservations
- Change/Cancel/Void/Refund domestic and international airline reservations
- Consulate and Country information for international travel
- Contact hotel property to investigate and request specific requests (parking rates, family programs, room location, etc.)
- Contact vendors for waivers on date-expired airline tickets
- Contact vendors for waivers on name changes
- Contact vendors for waivers on no-show fees
- Contact vendors for waivers on vendor change/penalty fees



- Customize travel management reports to establish internal/external baselines
- Design proprietary travel data collection systems to support vendor negotiation
- Detect and prevent travel related fraud, including audits of both travelers and vendors
- Develop contingency plans for reduced staff and disaster management scenarios
- Develop pricing strategies with other vendors that reflect the same cost of actual services model used by Passageways
- Develop trip templates to frequent business destinations
- Direct data transfer of travel management information
- Domestic and international hotel reservations directly with the property location (i.e. hotel not a participant of GDS, sold out in the GDS, etc.)
- Domestic and international hotel reservations directly with the property sales department (meeting space for small groups)
- Domestic and international hotel reservations through a blocked space program
- Domestic and international hotel reservations through a reservations processing center (i.e. GDS non-participating vendors, sold out via the GDS, conference and group rates, etc.)
- E-mail re-issued air itineraries due to schedule changes
- Establish appropriate Preferred Vendor programs
- Evaluate and reconcile the Expense Reporting Process
- Expedite Express Rental Applications (usually via fax)
- Fax-transmit multiple flight options
- Foreign currency conversion assistance
- Foreign Independent Travel (FIT) packages
- Ground transfer arrangements
- Identify needs and quantify opportunities through *Account Management*
- International faxes/phone calls/e-mail (where available) for international travel reservations
- Limousine reservations
- Long distance telephone call to check status of an E-ticket
- Lost baggage tracking
- Manual input of report tracking information
- Manual input of tracking information and hotel policy remarks
- Measure internal/external performance to provide for continuous improvement
- Print E-tickets, if applicable, in order to process changes, cancellations, voids, refunds, or exchanges
- Processing domestic and international airline reservations directly with an airline (required if airline a non-participant with GDS)
- Processing non-revenue tickets
- Profile maintenance
- Provide an IT infrastructure to house all travel policies and operational guidelines online
- Provide copies of past date tickets and/or invoices



- Provide updates on travel operations and management issues - domestic and international
- Provide worldwide data collection
- Re-issue of itineraries on schedule changes, seat assignment improvements, etc
- Re-validate for lower air fares after purchase
- Request preferred seat assignments through the airline sales support office
- Review effectiveness and validate current operating practices against peer benchmarks
- Schedule change tracking
- Specialized Accounting Services
- Specialized delivery services
- Travel manager training
- Unused Ticket Tracking
- VAT recovery on traveler purchases made abroad
- Visa/Passport Services for international travel
- Work waitlist clearance directly with the airline

Finally, Passageways proposes going beyond the scope of this contract to explore entering into a full partnership with the State of Michigan to more actively manage your travel account. While we recognize that the state has many more expensive contracts to manage, there is a significant percentage of additional savings that could be realized here - all without losing a high level of service. We believe that the travel services program is important and viable, but that rates delivered to the state by travel vendors have eroded in a market that should be more responsive.

We bring a local presence to a partnership, and extensive coverage of the state - while also bringing to the table the resources of one of the country's largest travel management companies. We have the capability to build and manage an interactive web portal exclusive to State of Michigan travelers and authorized Extended Purchase members. We also propose rebuilding a comprehensive car rental agreement, initiating a dynamic hotel program, and refining the city pairs contracts to bring in additional regional carriers.

1.205 SECURITY

Traveler profile information must be kept confidential and secure at all times. It is important that the traveler trust that their personal information is used in the appropriate business manner.

All traveler profiles are formatted so that only supervisory personnel can change data and an electronic log is kept of all attempts to access information. The data is stored on a mainframe off site, so that it is not accessible except through approved relays. All data entered by Passageways is keyed into specific network nodes that are designated solely for the agency.

Security protocols also apply to reservations information in a PNR. Once Passageways captures reservations data in our Global Distribution System (GDS), the data is transmitted across a Novell network into our state-of-the-art ALPHA III automated accounting system.



This closed-system (confidential processing) interfaces with data input from each of our travel managers to store all travel reservations data within the accounting processor. Passageways travel managers are prohibited from supplying travel data except to the originating travel arranger or to the passenger themselves. Our accounting processors are set-up on an independent network that has restricted access within our company. Travel information is protected by a secure virtual private network (VPN) firewall in both the GDS mainframe and in our agency's ALPHA III accounting processor.

Online transmission is encrypted in a File Transfer Protocol (FTP) that uses a 128-bit Secure Socket Layer (SSL). Information being sent is encrypted using a symmetric algorithm (a pair of mathematically related encryption keys) so that the information packet can be read once it is received. Next an asymmetric algorithm is generated to prevent the session from being later recalled or accessed without having logged into the process again.

1.3 Delivery Capabilities

1.301 TIME FRAMES

All bidders must be prepared to establish a process/method that will enable all paper tickets and confirmations to reach state employees within 24 hours.

Distribution of paper tickets is an available option at a minimal distribution cost for certain tickets not available in an electronic distribution format (e.g. consolidator tickets). Tickets requiring agency validation can be delivered by agency courier to state offices within 30 minutes of any of the agency 21 branch offices across Michigan. All other tickets can be delivered by overnight courier to reach state employees anywhere in North America.

It should be noted that where this electronic alternative is available, the airlines will attach an administrative fee for paper tickets that currently ranges from \$25-\$50 per ticket. Many cost-conscious airlines no longer even offer a paper ticket option.

1.302 RESERVED

1.303 RESERVED

1.304 RESERVED

1.305 RESERVED

1.306 RESERVED FOR ACCEPTANCE OF DELIVERABLES / PARE EXPLANATION

1.4 Project Price

1.401 PROPOSAL PRICING

Bidders shall provide pricing for the items included on this ITB (see attached Item Listing)

All direct commissions on travel services, hotel, air, ground transportation will be returned to the state.

**SERVICE FEE**

The Contractor must collect on behalf of the State of Michigan a Service Fee to be set by Vehicle and Travel Services on the airfare transacted under this Contract. The Contractor must remit the Service Fee in U.S. dollars within thirty (30) days after the end of the monthly sales reporting period. The Contractor will be required to reconcile the Service Fee collected on behalf of the State of Michigan with the Contracted Transaction Fees and all commissions earned on State of Michigan reservations.

The Contractor must remit any monies due as a result of the reconciliation report at the time the report is submitted to Vehicle and Travel Services.

The Contractor must pay any monies due the State of Michigan DMB by check. To ensure the payment is credited properly, the Contractor must identify the check as "Revenue Sharing" and include the following information with the payment:

Report amount(s), with backup reports supporting amounts (see attached Revenue Sharing Example).

Please make check payable to: "Treasurer, State of Michigan".

Contractor must forward the check to the following address:

Vehicle and Travel Services
6951 Crowner Drive
Lansing, MI 48913

1.402 RESERVED**1.403 PRICE TERM**

Firm Fixed Price per Transaction

Prices quoted are firm for the entire length of the Contract.

1.5 Quantity term

Requirements – Vendor agrees to supply all travel services that the state requires

1.6 Other Terms and Conditions Needed for this Contract Reserved



Article 2 – General Terms and Conditions

2.0 Introduction

2.001 GENERAL PURPOSE

The Contract is for *Travel Agency Services* for the State of Michigan. Exact quantities to be purchased are unknown, however the Contractor will be required to furnish all such services as may be needed during the CONTRACT period. Quantities specified if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities. Orders for delivery will be issued directly to the Contractor by various State Agencies. Bids are due and will be publicly identified at the time noted on the Invitation To Bid (ITB) Form.

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

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

The Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for the *Department of Management and Budget, Vehicle and Travel Services*, hereinafter known as *DMB, VTS*. 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 three (3) years and will commence with the issuance of a Contract. This will be approximately October 1, 2005 through September 30, 2008.



Option. The State reserves the right to exercise 1 one-year options, at the sole option of the State. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

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

2.005 GOVERNING LAW

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

2.006 APPLICABLE STATUTES

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

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

MI OSHA MCL §§ 408.1001 – 408.1094

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

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

MI Consumer Protection Act MCL §§ 445.901 – 445.922

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

Department of Civil Service Rules and regulations

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

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

MCL §§ 423.321, et seq.

MCL § 18.1264 (law regarding debarment)

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

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

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

Rules and regulations of the Environmental Protection Agency

Internal Revenue Code

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

The Civil Rights Act of 1964, USCS Chapter 42

Title VII, 42 USCS §§ 2000e et seq.

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

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

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

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

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

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

Sherman Act, 15 U.S.C.S. § 1 et seq.

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

Clayton Act, 15 U.S.C.S. § 14 et seq.

**2.007 RELATIONSHIP OF THE PARTIES**

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

2.008 HEADINGS

Captions and headings used in 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 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 one million dollars (\$1,000,000.00), 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.

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 RESERVED

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 contractor will be compensated on a transaction fee basis. The fees due the contractor will be tabulated and summarized by the contractor and submitted by the 30th day following the end of the monthly reporting period. The travel agency will reconcile all transaction fees due the contracted agency, by deducting all transaction fees from the commissions and service fees collected on behalf of the state.

The contractor will charge the departments directly on the state corporate credit card for each air reservation and service fee. The state will require the contractor to accept a corporate card, monthly invoicing or subsequent state warrants as forms of payment. Employees may, at the state's option, make direct payments by personal credit card or check in extreme cases where the supplier will not accept the current corporate card or a miscellaneous charge order.

All direct commissions on travel services, hotel, air, ground transportation will be returned to the state.

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 30th day of the following month.

2.203 RESERVED

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



2.205 ELECTRONIC PAYMENT AVAILABILITY

(This clause is to be used for those vendors that are not required to use EFT; for example small vendors, general services)

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

2.206 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

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

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 PURCHASING FROM OTHER STATE AGENCIES 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 3 months after the expiration or cancellation of this Contract, all reasonable transition assistance requested by the State, to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees.



Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this Contract, (notwithstanding this expiration or cancellation) except for those Contract terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for Contract performance.

2.312 RESERVED

2.313 RESERVED

2.314 WEBSITE INCORPORATION

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

2.4 Contract Review and Evaluation

2.401 CONTRACT COMPLIANCE INSPECTOR

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

Ronda Whiting
Department of Management and Budget
Agency Services, Vehicle and Travel Services
6951 Crowner Drive
Lansing, MI 48913
WhitingR1@michigan.gov

2.402 PERFORMANCE REVIEWS

Acquisition Services in conjunction with the DMB, VTS 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.



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 RESERVED

2.503 RESERVED

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 RESERVED

2.508 RESERVED

2.509 RESERVED

**2.6 Breach of Contract****2.601 BREACH DEFINED**

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

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

2.602 NOTICE AND THE RIGHT TO CURE

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

2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.
2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.



2.7 Remedies

2.701 CANCELLATION

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

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

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

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

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

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.
3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.
4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.



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

2.702 RIGHTS UPON CANCELLATION

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 Contractors 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 Government.

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

A claim under this clause shall not be allowed:

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

2.8 Changes, Modifications, and Amendments

2.801 APPROVALS

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

2.802 TIME EXTENTIONS

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



2.803 MODIFICATION

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

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

2.804 AUDIT AND RECORDS UPON MODIFICATION

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

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

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

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

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

2.805 CHANGES

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



Pricing Sheet

CONTRACT PRICING

Domestic Reservations

Agent Supported Air Reservation
 3,000 reservations x \$10 = Est. contract per year \$30,000

Internet only Air Reservation
 1,000 reservations x \$ 7 = Est. contract per year \$ 7,000

Hotel Reservation
 Agent supported 8,000 reservations x \$ 7 = Est. contract per year \$56,000

Hotel Reservation
 Internet only 2,000 reservations x \$ 0 = Est. contract per year \$ 0

Car Rental Reservation
 Agent supported 400 reservations x \$ 3 = Est. contract per year \$ 1,200

Car Rental Reservation
 Internet only 100 reservations x \$ 0 = Est. contract per year \$ 0

Total Combined (Air, Hotel, Car)
 Agent Supported 300 reservations x \$18 = Est. Contract per year \$ 5,400

Total Combined (Air, Hotel, Car)
 Internet only 200 reservations x \$ 7 = Est. Contract per year \$ 1,400

International Reservations

Agent Supported Reservation
 120 reservations x \$25 = Est. contract per year \$ 3,000

All direct commissions on travel services, hotel, air, ground transportation will be returned to the state.

Clarification: Direct commissions are defined as "up-front" commissions and do not include retroactive "back-end" commissions.

It is expected that cancelled reservations or changed reservations that do not generate a (new) ticket will not incur a transaction fee. However the state shall pay a fee for VOIDED Tickets (within 24 hours or per CRS rules).

Estimated 3 YEAR CONTRACT VALUE \$312,000