

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

November 26, 2007

CHANGE NOTICE NO. 3
TO
CONTRACT NO. 071B6200093
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Detroit Bio-Medical Laboratories, Inc. 23955 Freeway Park Drive Farmington Hills, MI 48024	TELEPHONE (248) 471-4111 Jim Fradette
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7396 Andy Ghosh, CPPB
Contract Compliance Inspector: Sue Glenn Laboratory Services for Kalamazoo Psychiatric Hospital - DCH	
CONTRACT PERIOD: From: January 1, 2006 To: January 1, 2009	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE (S):

Effective immediately, this Contract is EXTENDED through January 1, 2009. All other terms and conditions remain unchanged.

AUTHORITY/REASON:

Per DCH request and DMB/Purchasing Operations.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: **\$300,579.40**

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

December 12, 2006

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B6200093
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Detroit Bio-Medical Laboratories, Inc. 23955 Freeway Park Drive Farmington Hills, MI 48024	TELEPHONE (248) 471-4111 Jim Fradette
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7396 Andy Ghosh, CPPB
Contract Compliance Inspector: Sue Glenn Laboratory Services for Kalamazoo Psychiatric Hospital - DCH	
CONTRACT PERIOD: From: January 1, 2006 To: January 1, 2008	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE (S):

Effective immediately, this Contract is EXTENDED through January 1, 2008, and INCREASED by \$120,000.00. All other terms and conditions remain unchanged.

AUTHORITY/REASON:

DMB/Sue Glenn (DCH)/Jim Fradette (DBML)

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$300,579.40

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

March 3, 2006

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B6200093
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Detroit Bio-Medical Laboratories, Inc. 23955 Freeway Park Drive Farmington Hills, MI 48024	TELEPHONE (248) 471-4111 Jim Fradette
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7396 Andy Ghosh, CPPB
Contract Compliance Inspector: Sue Glenn Laboratory Services for Kalamazoo Psychiatric Hospital - DCH	
CONTRACT PERIOD: From: January 1, 2006 To: January 1, 2007	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE (S):

Effective immediately, the phlebotomists are authorized to work from 6:00 am to 8:00 am. on Saturdays. All other terms and conditions remain unchanged.

AUTHORITY/REASON:

DMB/Sue Glenn (DCH)/Jim Fradette (DBML)

ESTIMATED CONTRACT VALUE REMAINS: \$180,579.40

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

January 3, 2006

**NOTICE
 TO
 CONTRACT NO. 071B6200093
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Detroit Bio-Medical Laboratories, Inc. 23955 Freeway Park Drive Farmington Hills, MI 48024	TELEPHONE (248) 471-4111 Jim Fradette
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7396 Andy Ghosh, CPPB
Contract Compliance Inspector: Sue Glenn Laboratory Services for Kalamazoo Psychiatric Hospital - DCH	
CONTRACT PERIOD: From: January 1, 2006 To: January 1, 2007	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

The terms and conditions of this Contract are those of ITB #071I5200409, this Contract Agreement and the vendor's quote dated 10/24/2005. 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: **\$180,579.40**

**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. 071B6200093
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR <p style="text-align: center;">Detroit Bio-Medical Laboratories, Inc. 23955 Freeway Park Drive Farmington Hills, MI 48024</p>	TELEPHONE (248) 471-4111 Jim Fradette VENDOR NUMBER/MAIL CODE BUYER/CA (517) 373-7396 Andy Ghosh, CPPB
Contract Compliance Inspector: Sue Glenn <p style="text-align: center;">Laboratory Services for Kalamazoo Psychiatric Hospital - DCH</p>	
CONTRACT PERIOD: From: January 1, 2006 To: January 1, 2007	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: <p>The terms and conditions of this Contract are those of ITB #071I5200409, this Contract Agreement and the vendor's quote dated 10/24/2005. 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: \$180,579.40</p>	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 071I5200409. Orders for delivery of equipment will be issued directly by the Department of Community Health 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: <p style="text-align: center;">Detroit Bio-Medical Laboratories</p> <hr/> <p style="text-align: center;">Firm Name</p> <hr/> <p style="text-align: center;">Authorized Agent Signature</p> <hr/> <p style="text-align: center;">Authorized Agent (Print or Type)</p> <hr/> <p style="text-align: center;">Date</p>	FOR THE STATE: <hr/> <p style="text-align: center;">Signature</p> <p style="text-align: center;">Andy Ghosh, CPPB, Buyer Specialist</p> <hr/> <p style="text-align: center;">Name</p> <p style="text-align: center;">Services Division, Acquisition Services</p> <hr/> <p style="text-align: center;">Title</p> <hr/> <p style="text-align: center;">Date</p>
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**STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services**

CONTRACT NO. 071B6200093

Laboratory Services – Department of Community Health, Kalamazoo Psychiatric Hospital

Buyer Name: Andy Ghosh, CPPB
Telephone Number: 517-373-7396
E-Mail Address: ghosha@michigan.gov



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Attachments

Attachment A - Pricing & Technical Proposal (Excepts Only)



Article 1 – Statement of Work (SOW)

1.001 PROJECT REQUEST

To establish a contract to provide laboratory services for the Department of Community Health, Kalamazoo Psychiatric Hospital (KPH).

1.002 BACKGROUND

Laboratory services for consumers residing at the Kalamazoo Psychiatric Hospital are required as part of treatment programs. Laboratory services are necessary in determining treatment programs, diagnosis, monitoring drug levels, etc. and necessary to protect the health and/or safety of Michigan citizens residing at the Kalamazoo Psychiatric Hospital. These services are mandated by the courts and to meet Joint Commission on the Accreditation of Healthcare Organizations standards for accreditation which is necessary to participate in managed care contracts and the Center of Medicare and Medicaid Services programs.

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

- a. The Contract will carry out this project under the direction and control of the Department of Community Health, Kalamazoo Psychiatric Hospital.
- b. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet monthly for the first six months of the Contract and then quarterly, 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 quarterly 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 Community Health, Kalamazoo Psychiatric Hospital 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.

1.102 OUT OF SCOPE

The Contractor will not provide any oversight on agency staff.

1.103 ENVIRONMENT

The laboratory services are provided to consumers residing in a psychiatric hospital.

1.104 WORK AND DELIVERABLE

Contractor shall provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:



- a. The Contractor agrees to maintain all required State and Federal licensures as a clinical laboratory and submit copies of licenses prior to contract award. Failure to maintain such a license will result in immediate cancellation of this contract.
- b. The Contractor must have an active, formal quality control program and certifications that conform to generally accepted industry standards. Evidence of such a formal quality control program, certifications and its utilization in laboratory operations shall be submitted on an annual basis to the Clinical Affairs Office.
- c. The Contractor shall provide an in-house phlebotomist, who shall be an employee of the Contractor, sufficient to provide contracted service, but at least 22 hours per week. The working hours of the in-house phlebotomist shall be 5:30 AM to 9:30 AM, Monday through Friday, and 7:00 AM to 9:00 AM on Saturday. (Hours are based on Hospital operations and subject to change to facilitate hospital needs.)
- d. Additional on-call phlebotomy service shall be available at no cost to KPH, via pager, Monday through Friday between the hours of 10:00 AM and 4:00 PM for blood draws, processing of samples, and completion of all necessary paperwork associated with the blood draws. The Contract phlebotomist shall arrive at the agency within 30 minutes of paging for service. The Contractor shall not charge the Agency for this on-call service required during these regular business hours.
- e. On-call phlebotomy service shall also be available after 4:00 PM during weekdays and after 9:00 AM on Saturdays. Contractor bills for this "non-regular business hours" services, at a rate of \$20.00 per hour.
- f. The Contractor shall provide all supplies, materials and equipment required to obtain and transport specimens to and from the Contractor's laboratory, i.e., needles, centrifuge, tubes, telephones, etc. It shall be the responsibility of the Contractor to remove and dispose of all infectious waste generated as a result of this contract, i.e., needles, syringes, etc.
- g. The Contract shall provide two (2) daily pickups of specimens Monday through Friday, and one (1) pickup of specimens on Saturday, at no additional cost to the Agency.
- h. Laboratory Test Reports must provide necessary information required to file the report in the consumer's medical record.
- i. Printed Laboratory Test Reports shall be distributed by the Contract phlebotomist during his/her work hours.
- j. The Contractor shall report lab results, to the Agency, as follows:

Abnormal Results

Any test result that has a value equal to, greater than, or less than the established Contractor's alert range will be telephoned to the patient's unit, or the Central Nursing Office, as soon as the results are available in the lab, between the hours of 7:00 AM and 7:00 PM. A printed report shall be made available by 9:00 AM the next day.

STAT Test Results

Any STAT test result, regardless of the value, will be telephoned to the patient's unit, or the Central Nursing Office, as soon as the results are available in the lab. The contact shall be made day or night, regardless of the time. A printed report shall be made available by 9:00 AM the next day.

Critical Values Results

Any test result that falls within the Contractor's critical values criteria, OR any test result for which the Agency has requested a critical value adjustment, will be telephoned to the patient's unit, or the Central Nursing Office, as soon as the results are available. The contact shall be made day or night, regardless of the time. A printed report shall be made available by 9:00 AM the next day.

Test Results for which a critical value adjustment has been requested by the Agency are reflected on Attachment 1.

The Contractor will accept any future critical value adjustment requests, made by the Agency, and will implement within 30 days of receipt of such written request.



Therapeutic Serum Drug Levels

Serum Drug Levels of the following drugs, which are greater than the established therapeutic level, will be telephoned to the patient's unit, or the Central Nursing Office, as soon as the results are available. The contact shall be made day or night, regardless of the time. A printed report shall be made available by 9:00 AM the next day.

Lithium	Carbamazepine, Total	Digoxin
Clozapine	Carbamazepine, Free	Lamotrigine
Valproic Acid	Phenytoin, Total	Phenobarbital
Gabapentine	Phenytoin, Free	Gabitril (Tiagabine)

When requested, in writing by the Agency, the Contractor will, within 30 days of receipt of the request, accept additional drugs for reporting of therapeutic drug levels.

- k. Specimens picked up in the morning shall be processed and test results, which are within normal range, shall be provided in writing (hard copy) to the Agency by 9:00 AM the following morning.
- l. Results of cultures and other tests which require more than 18 hours for completion shall be delivered to the Agency within one (1) working day after the report is available.
- m. A computer terminal and printer are not required, but the Contractor may provide a computer terminal and printer for transmission/receiving of test results at the Agency.

If the Contractor proposes the use of a computer terminal and printer as a part of this proposal, the Contractor shall provide the terminal, printer and telephone equipment at the Agency for the receiving of laboratory reports at no additional cost to the Agency.

- n. Repeat tests shall be performed without charge to the Agency, if in the opinion of the Contractor or physician, the results of the initial testing are not or may not be consistent with the normally expected test results for consumers within similar diagnoses, resulting in the need to repeat the same procedure. Repeat tests, if desired by the physician, shall be requested within two (2) working days.
- o. STAT specimens shall be picked up, processed and the results telephoned to the designated Agency medical personnel or consumers' unit within a maximum of two and a half (2-1/2) hours from the time the specimen is collected. The specimen will be picked up within one (1) hour of being notified. (The Agency staff will draw blood for STAT tests during non-regular business hours.) This service should be available seven (7) days a week, 24 hours a day. This service is to be provided at no additional cost to the Agency.
- p. The Contractor shall be responsible for drawing blood, preparing specimens for pickup and for instructing KPH staff in the preparation of the request forms. This service is to be provided at no additional cost to the Agency.
- q. The Contractor shall provide at no additional charge the consultation services of a duly qualified pathologist. The consultative services of the pathologist shall be available to Agency medical personnel, Monday through Friday, between 8:00 AM and 5:00 PM.
- r. The Agency requires that a pathologist must read both gross and microscopic specimens.
- s. The Contractor agrees to provide continuing medical educational training sessions for KPH medical staff about the cost effective selection of tests and other aspects of laboratory services as identified by the Agency or Contractor. This service shall be at least once every quarter (four (4) times per year), at the discretion of the agency, of which one (1) of the sessions may be conducted as a teleconference. Topics will center on the cost-effective selection of tests and other aspects of laboratory services and may include lectures, case studies, CPC, etc. This is to be provided at no additional cost to the Agency.
- t. Blood samples and specimens will be saved based upon "Standard of Care" criteria which includes ability to recover clinically reliable results. Most blood samples and specimens are currently stored for a minimum of seven (7) days.
- u. The Contractor shall deliver RPR (VDRL) positive specimens to Lansing Central State Lab on a daily basis (Monday through Friday), at no additional cost to the Agency.



- v. The Contractor shall retain all slides submitted for Pap smear evaluation according to CLIA and CAP specifications.
- w. The Facility Contract Administrator, through the Department of Management and Budget, Acquisition Services Office, reserves the right to modify this service contract during the course of the contract in order to meet its needs. Any changes, including pricing, must be authorized via an Advice of Change from the Department of Management and Budget, Acquisition Services.
- x. The number and type of tests to be performed under this contract will depend on the medical needs of the consumers. Therefore, no definite quantities are cited. For reference purposes, attached listing of tests is provided as an estimate for pricing purposes. Due to the nature and changing condition of consumers, exact types and quantities of tests required through the year cannot be determined. Also, listed are various panels for which package pricing is requested. In addition, the Contractor shall apply a _____% discount from the regular catalog price for any laboratory test that is not in the agreed pricing found in Attachment 1. The Contractor shall supply a copy of "regular catalog pricing" at the time the contract is awarded.

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

- a. The Contractor agrees to maintain all required State and Federal licensures as a clinical laboratory and submit copies of licenses prior to contract award. Failure to maintain such a license will result in immediate cancellation of this contract.
- b. The Contractor must have an active, formal quality control program and certifications that conform to generally accepted industry standards. Evidence of such a formal quality control program, certifications and its utilization in laboratory operations shall be submitted on an annual basis to the Clinical Affairs Office.
- c. The Contractor shall provide an in-house phlebotomist, who shall be an employee of the Contractor, sufficient to provide contracted service, but at least 22 hours per week. The working hours of the in-house phlebotomist shall be 5:30 AM to 9:30 AM, Monday through Friday, and 7:00 AM to 9:00 AM on Saturday. (Hours are based on Hospital operations and subject to change to facilitate hospital needs.)
- d. Additional on-call phlebotomy service shall be available at no cost to KPH, via pager, Monday through Friday between the hours of 10:00 AM and 4:00 PM for blood draws, processing of samples, and completion of all necessary paperwork associated with the blood draws. The Contractor phlebotomist shall arrive at the Agency within 30 minutes of paging for service. The Contractor shall not charge the Agency for this on-call service required during these regular business hours.
- e. On-call phlebotomy service shall also be available after 4:00 PM during weekdays and after 9:00 AM on Saturdays. Contractor bills for this "non-regular business hours" service, at a rate of \$20.00 per occurrence.
- f. The Contractor shall provide two (2) daily pickups of specimens Monday through Friday, and one (1) pickup of specimens on Saturday, at no additional cost to the Agency.
- g. The Contractor shall be responsible for drawing blood, preparing specimens for pickup and for instructing KPH staff in the preparation of the request forms. This service is to be provided at no additional cost to the Agency.
- h. The Contractor shall provide at no additional charge the consultation services of a duly qualified pathologist. The consultative services of the pathologist shall be available to Agency medical personnel, Monday through Friday, between 8:00 AM and 5:00 PM.
- i. The Agency requires that a pathologist must read both gross and microscopic specimens.
- j. The Contractor agrees to provide continuing medical educational training sessions for KPH medical staff about the cost effective selection of tests and other aspects of laboratory services as identified by the Agency or Contractor. This service shall be at least once every quarter (four (4) times per year), at the discretion of the Agency, of which one (1) of the sessions may be conducted as a teleconference. Topics will center on the cost-effective selection of tests and other aspects of laboratory services and may include lectures, case studies, CPC, etc. This is to be provided at no additional cost to the Agency.



- k. The Contractor shall deliver RPR (VDRL) positive specimens to Lansing Central State Lab on a daily basis, Monday through Friday, at no additional cost to the Agency.
- l. The Contractor shall retain all slides submitted for Pap smear evaluation according to CLIA and CAP specifications.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

- a. Agency staff will be available to meet with, complete survey, and provide information to the Contractor's staff.
- b. The Agency Project Manager will be the facilitator for making necessary contact for the Contractor.
- c. Allow the Contractor entrance to the buildings mutually agreed upon with the Contractor and the Contract Administrator.
- d. The Agency or the State of Michigan will not be responsible for, nor make reimbursement for travel time or mileage.
- e. Pay the Contractor within 45 days of receipt of properly prepared invoices. Invoices improperly prepared shall be returned to the vendor.
- f. The Agency Project Manager, through the Department of Management and Budget, Acquisition Services Office, reserves the right to modify this service contract during the course of the contract in order to meet it needs. Any changes, including pricing, must be authorized via an Advice of Change from the Department of Management and Budget, Acquisition Services.

1.203 OTHER ROLES AND RESPONSIBILITIES

Working Conditions

- a. All work is to be conducted between the hours of 5:30 AM to 9:30 AM, Monday through Friday, and 7:00 AM to 9:00 AM on Saturday unless otherwise agreed upon between the Contractor and Kalamazoo Psychiatric Hospital.
- b. Unattended vehicles must be accounted for at all times.
- c. All equipment must be accounted for at all times.
- d. While working at KPH, the Contractor may encounter information relative to our patients, including their identity. The Contractor shall maintain confidentiality of patients at all times, under the HIPPA requirements.
- e. All Personal Protection Equipment (PPE) must be used when appropriate.
- f. All Federal (OSHA) and State (MIOSHA) standards and NFPA (National Fire Protection Associations) Life Safety Codes must be followed during the course of any work or service being performed at this Agency.

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

The designated Agency Contract Compliance Inspector will be:

Sue Glenn, Accounting
Kalamazoo Psychiatric Hospital
1312 Oakland Drive
Kalamazoo, MI 49008
Phone: (269) 337-3048
Fax: (269) 337-3350

Quality Assurance Program

The Contractor shall provide detail regarding any Quality Assurance Program(s) that are currently in place within their organization.



The Contractor and Kalamazoo Psychiatric Hospital agree to the following quality assurance effort, as a means of assessing the quality of the service performed by the Contractor:

- a. Quarterly, the Agency Clinical Affairs Director will identify one (1) or two (2) consumer test(s) for quality assurance testing.
- b. The Contractor's technician shall collect two (2) blood samples. One (1) sample shall be utilized by the Contractor to perform contracted laboratory tests, while the second sample will be provided to the Clinic Nurse for the performance of laboratory testing by another laboratory.
- c. The Contractor agrees to work diligently assist in the identification of the source of any discrepant result that may arise.

There shall be no extra charge by the Contractor for the collection of additional blood sample(s) under the terms of this paragraph. The Agency shall be responsible for the processing of the separate sample, as well as, responsible for the cost of the laboratory test.

1.302 REPORTS

The Contractor will provide one (1) written copy of the following reports as specified to the Contract Compliance Inspector for Kalamazoo Psychiatric Hospital.

- a. Written results of specified routine laboratory tests are to be returned by the following day by 9:00 AM (unless a routine test requires longer).
- b. Tests results that significantly exceed expected normal levels should be telephoned and faxed to appropriate personnel as soon as tests are available.
- c. By the fifteenth (15th) of each month, an itemized statement of costs by procedure incurred in the preceding month.
- d. Monthly Quality Assurance Reports.

1.4 Project Management

1.401 ISSUE MANAGEMENT

This contract could possibly be impacted by funding that could be reduced not only due to budget constraints but impacted by consumer census levels and needs. The funding could be reduced due to budget issues which could result in only part of the deliverables that funding can support being received. Additionally, due to increasing or decreasing consumer census levels, the amount of deliverables required could change.

1.402 RISK MANAGEMENT

This contract is to provide laboratory services to consumers located in a mental health facility. Exposure to injury and disease may be inherent in the work.

1.403 CHANGE MANAGEMENT

Any changes to the project will be identified by the Agency Project Manager. These changes could include increased/decreased need.

If a proposed contract change is approved by the Contract Compliance Inspector, the Contract Compliance Inspector will submit a request for change to the Department of Management and Budget, Acquisition Services Buyer, who will make recommendations to the Director of Acquisition Services regarding ultimate approval/disapproval of change request. If the DMB Acquisition Services Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Acquisition Services Buyer will issue an addendum to the Contract, via a Contract Change Notice.



Vendors who provide products or services prior to the issuance of a Contract Change Notice by the DMB Office of Acquisition Services, risk non-payment for the out-of-scope/pricing products and/or services.

1.5 Acceptance

1.501 CRITERIA

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

Services must be presented in writing to the Agency Contract Administrator. Services must meet the agreed upon criteria between the Agency Contract Administrator and the Contractor. The Agency Contract Administrator must approve the services in writing to the Contractor within two weeks from the date of submittal. Any rejections of services shall be in writing to the Contractor and shall outline the reasons for rejection.

1.502 FINAL ACCEPTANCE

The Agency has the right to determine if the services are acceptable and the specified requirements are complete.

1.6 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

Authorized Services and Price List are as listed in Article 1, Attachment A – Pricing (attached).

1.7 Additional Terms and Conditions Specific to this SOW

1.701 ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO THIS SOW

Contract Payment

The Contractor shall bill the Agency directly for services provided by the Contractor. Under no circumstances is the Contractor to bill agency consumers or employees for services provided.

The Contractor shall bill the Agency on a calendar month basis, by the 15th of each month for all services performed for agency consumers the prior month. Under no circumstances will the Contractor bill, or agency pay, for more than the contracted price.

In the event a billing adjustment is required, the adjustment shall follow the same billing format as the original invoice. This adjustment shall not be billed any later than two (2) months after the date of the service month.

The Contractor shall submit an itemized statement of costs incurred by the 15th of each month for the preceding month. The statement shall include case number, name, date of service, procedure HCPCS number (as listed in current Michigan Uniform Procedure Code), procedure name and cost for each service by consumer.

The Agency shall fax request for special profile breakdown (those not listed as part of the contract) as needed. Breakdown to include individual procedure within the profile, complete with HCPCS numbers and prices for each procedure. Contractor shall respond with all requested information within three (3) working days maximum. (NOTE: Whenever there is an approved price increase, Agency shall request updated pricing for any profile breakdowns received previously. Contractor shall respond to these requests with all requested information within five (5) working days maximum.)

The Contractor shall provide, by the 15th of each month, a summary of costs incurred the preceding month. All tests performed for Agency consumers shall be summarized by procedure and count. Procedure HCPCS numbers (as listed in the current Michigan Uniform Procedure Code) shall be used, along with procedure name.



1B.200 Qualifications

1B.201 PRIOR EXPERIENCE

Indicate the prior experience of your firm, which you consider relevant to your ability to successfully manage a contract for the commodity or service defined by this Invitation to Bid. Include sufficient detail to demonstrate the relevance of this experience. Proposals submitted should include, in this section, descriptions of qualifying experience to include project descriptions, costs, and starting and completion dates of projects successfully completed. Also, include the name, address, and phone number of the responsible official of the customer organization who may be contacted. Bidders shall provide 3 (three) specific references with their proposal.

1B.202 STAFFING

The written proposal should indicate the competence of personnel whom the Vendor intends to assign to the project as specified Section 1.2. Qualifications will be measured by education and /or experience, with particular reference to experience on projects similar to that described in the RFP. Emphasis will be placed upon the qualifications of Vendor's Project Manager and the Manager's dedicated management time as well as that of other Key Personnel working on this project.

For all personnel identified in Section 1.2, Vendor must provide resumes, which shall include detailed, chronological work experience.

Vendor must provide a list of all subcontractors, including firm name, address, contact person, and a complete description of the work to be contracted. Include descriptive information concerning subcontractor's organization and abilities.

1B.203 PAST PERFORMANCE

Please list any contracts that you have had with the State in the last ten (10) years.

1B.204 CONTRACT PERFORMANCE

Indicate if the Vendor has had a contract terminated for default in the last three (3) years. Termination for default is defined as notice to stop performance which was delivered to the Vendor due to the Vendor's non-performance or poor performance and the issue of performance was either (a) not litigated due to inaction on the part of the Vendor, or (b) litigated and determined that the Vendor was in default.

If no such terminations exist, the Vendor must affirmatively state this.

Note: If the Vendor has had a contract terminated for default in this period, the Vendor shall submit full details including the other party's name, address, and phone number Acquisition Services will evaluate the facts and may, at its sole discretion, reject the proposal on the grounds of past experience.

Termination: _____

Reason: _____

1B.300 Disclosures

1B.301 DISCLOSURE OF LITIGATION

(a) Disclosure. Vendor must disclose any material criminal litigation, investigations or proceedings involving the Vendor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Vendor (and each Subcontractor) must disclose to the State any material civil litigation, arbitration or proceeding to which Vendor (or, to the extent Vendor is aware, any Subcontractor hereunder) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Vendor or any Subcontractor hereunder; or (ii) a claim or written allegation of fraud against Vendor or,



to the extent Vendor is aware, any Subcontractor hereunder by a governmental or public entity arising out of their business dealings with governmental or public entities. Any such litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") must be disclosed in a written statement in Vendor's bid response. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated as such. Information provided to the State from Vendor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.

1B.302 DISCLOSURE OF RFP ASSISTANCE

The Vendor shall notify the State in its bid proposal, if it, or any of its subcontractors, or its officers or directors have assisted with the drafting of this RFP, either in whole, or in part. This includes the conducting or drafting of surveys designed to establish a system inventory, and/or arrive at an estimate for the value of the solicitation.

The Vendor shall provide a listing of all materials provided to the State by the Contractor, or by the State to the Contractor, containing information relevant to this RFP, including, but not limited to: questionnaires, requirements lists, budgetary figures, assessments, white papers, presentations, RFP draft documents. The Vendor shall provide a list of all individuals within the State with whom any of their personnel, and/or subcontractors' personnel has discussed this RFP or any portion of this RFP.

The following constitutes a list of actions that would preclude the developer/co-developer of a Request for Proposal (RFP) from bidding on an RFP. This list is not comprehensive, and the State reserves the right to disqualify any Vendor, if the State determines that the Vendor has used its position (whether as an incumbent Vendor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering assistance gratis), to gain a leading edge on the competitive solicitation:

- The RFP development results in a "unique solution," having proprietary influence for the benefit of the developer, or a very limited source list. The resulting RFP must be of a nature that displays neutrality and fairness; any implication of impropriety will preclude the developer from participating in the ensuing bid process.
- Retaining information assembled or compiled for the development of the RFP by the developer. The Contractor must share all pertinent information assembled for the RFP development, by making such information equally and fully available to all potential bidders, via the DMB Acquisition Services Buyer.
- The use of information assembled that would lead to an early response to the RFP by the RFP developer. This includes, but is not limited to: assessments, surveys, white papers, RFP draft documents, questionnaires, requirements lists, budgetary figures, presentations, notes from conversations with State personnel, and any other form of information resulting in a competitive advantage.

1B.303 MIDEAL - EXTENDED PURCHASING (SEE ARTICLE 2, SECTION 2.320)

NON-STATE AGENCY REQUIREMENTS

Act Number 431 of the Public Acts of 1984 permits the State of Michigan, Department of Management and Budget, to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. The bidder is requested to complete the attached "Non-State Agency Statement" to indicate a willingness to supply commodities to these authorized local units of government, school districts, etc. as well as the state departments and agencies. Should a contract result, a listing of approved program members will be included.

Inasmuch as these are non-state agencies, all invoices will be submitted to and payment remitted by the local unit of government on a direct and individual basis. Orders received from non-approved local units of government shall not be considered unless prior approval is granted by DMB Office of Acquisition Services.

Estimated requirements for authorized local units of government are not included in the quantities shown in this ITB.



NON-STATE AGENCY STATEMENT

Act Number 431 of the Public Acts of 1984 permits the State of Michigan, Department of Management and Budget, to provide purchasing services to As a result of the enactment of this legislation, the MIDEAL Program has been developed. This program extends the use of state contracts to program members. The governmental agency must enter into an agreement with the State of Michigan to become authorized to participate, thus ensuring that local units of government secure a greater return for the expenditure of public funds. It is the policy of the Office of Acquisition Services, Department of Management and Budget, that the final approval to utilize any such contract in this manner must come from the contract vendor.

In such cases, contract vendors supply merchandise at the established State of Michigan contract prices and terms. Inasmuch as these are non-state agencies, all purchase orders will be submitted by, invoices will be billed to, and payment will be remitted by the authorized MIDEAL member on a direct and individual basis in accordance with contract terms.

Therefore, it is required that all bidders indicate, by checking the appropriate box below, whether they will (first box) or will not (second box) honor orders on any contract resulting from this Request for Quotation from State of Michigan authorized MIDEAL members. It is the responsibility of the contractor to ensure the non-state agency is an authorized MIDEAL member prior to extending the state contract price.

BIDDER MUST CHECK ONE BOX BELOW

Commodities and/or services on this Request for Quotation will be supplied to State of Michigan departments and agencies, and authorized MIDEAL Program members in accordance with the terms and prices quoted. A complete listing of eligible participants in the MIDEAL Program will be provided if this option is selected.

Commodities and/or services on the Request for Quotation will not be supplied to State of Michigan authorized MIDEAL members. We will supply to State of Michigan departments and agencies only.

Detroit Bio-Medical Laboratories, Inc.
Vendor Name

Jim Fradette
Authorized Agent Name (print or type)

Authorized Agent Signature



Article 2 – General Terms and Conditions

2.010 Contract Structure and Administration

2.011 Definitions

Capitalized terms used in this Contract (including its Exhibits) shall have the meanings given below, unless the context requires otherwise:

- (a) "Days" means calendar days unless otherwise specified.
- (b) "24x7x365" means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
- (c) "Additional Service" means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. "Additional Service" does not include New Work.
- (d) "Amendment Labor Rates" means the schedule of fully-loaded hourly labor rates attached as **Article 1, Attachment C**.
- (e) "Audit Period" has the meaning given in **Section 2.111**.
- (f) "Business Day," whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
- (g) "Incident" means any interruption in Services.
- (h) "Business Critical" means any function identified in any Statement of Work as Business Critical.
- (i) "Deliverable" means physical goods and/or commodities as required or identified by a Statement of Work
- (j) "Key Personnel" means any Personnel designated in **Article 1, Section 1.201 and/or Attachment B**, as Key Personnel.
- (k) "New Work" means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. "New Work" does not include Additional Service.
- (l) "Services" means any function performed for the benefit of the State.
- (m) "State Location" means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
- (n) "Subcontractor" means a company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
- (o) "Work in Process" means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

2.012 Attachments and Exhibits

All Attachments and/or Exhibits attached to any, and all Statement(s) of Work, attached to, or referencing this Contract, are incorporated in their entirety into, and form part of, this Contract.

2.013 Statements of Work

- (a) The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract, or an amendment to this Contract (see 2.106). Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.
- (b) Unless otherwise agreed by the parties, each Statement of Work (as defined in Article 1) will include, or incorporate by reference to the appropriate Contract Article 1 Attachment containing, the following information:
 - a description of the Services to be performed by Contractor under the Statement of Work;
 - a project schedule (including the commencement and completion dates for all tasks, subtasks (for all projects of sufficient duration and complexity to warrant sub task breakdown), and Deliverables;



- a list of the Deliverables to be provided, if any, including any particular specifications and acceptance criteria for such Deliverables, and the dates on which the Deliverables are scheduled to be completed and delivered to the State;
 - all Deliverable price schedules and other charges associated with the Statement of Work, the overall fixed price for such Statement of Work and any other appropriate pricing and payment terms;
 - a specification of Contractor's and the State's respective performance responsibilities with respect to the performance or completion of all tasks, subtasks and Deliverables;
 - a listing of any Key Personnel of Contractor and/or its Subcontractors for that Statement of Work and any future Statements of Work;
 - any other information or provisions the parties agree to include.
- (c) Reserved.
- (d) The initial Statements of Work, as of the Effective Date, are attached to this Contract.

2.014 Issuing Office

This Contract is issued by the Department of Management and Budget, Office of Acquisition Services ("OAS") and Department of Community Health, Kalamazoo Psychiatric Hospital (collectively, including all other relevant State of Michigan departments and agencies, the "State"). OAS is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. **OAS is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contractor Administrator within the Office of Acquisition Services for this Contract is:

Andy Ghosh, CPPB
Office of Acquisition Services
Department of Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Email: ghosha@michigan.gov
Phone: 517-373-7396

2.015 Contract Compliance Inspector

Upon receipt at OAS of the properly executed Contract, it is anticipated that the Director of DMB Acquisition Services, in consultation with (insert the end using agency), will direct that the person named below, or any other person so designated, be authorized to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of such Contract as that authority is retained by the Office of Acquisition Services.** The Contract Compliance Inspector for this Contract is:

Sue Glenn, Accounting
Kalamazoo Psychiatric Hospital
1312 Oakland Drive
Kalamazoo, MI 49008
Phone: (269) 337-3048
Fax: (269) 337-3350
2.016 Project Manager

2.020 Contract Objectives/Scope/Background

2.021 Background

Laboratory services for consumers residing at the Kalamazoo Psychiatric Hospital are required as part of treatment programs. Laboratory services are necessary in determining treatment programs, diagnosis, monitoring drug levels, etc. and necessary to protect the health and/or safety of Michigan citizens residing at the Kalamazoo Psychiatric Hospital.



These services are mandated by the courts and to meet Joint Commission on the Accreditation of Healthcare Organizations standards for accreditation which is necessary to participate in managed care contracts and the Center for Medicare and Medicaid Services programs.

2.022 Purpose

To establish a contract to provide laboratory services for the Department of Community Health, Kalamazoo Psychiatric Hospital (KPH).

2.023 Objectives and Scope

See Section 1.1 Scope of Work and Deliverables

2.024 Interpretation

Sections 2.021 through 2.023 are intended to provide background and context for this Contract and are not intended to expand the scope of the obligations under this Contract or to alter the plain meaning of the terms and conditions of this Contract. However, to the extent the terms and conditions of this Contract are unclear or otherwise ambiguous, such terms and conditions are to be interpreted and construed in light of the provisions of this Section.

2.025 Form, Function and Utility

If the Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

2.030 Legal Effect and Term**2.031 Legal Effect**

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

2.032 Contract Term

This Contract is for a period of one (1) year commencing on January 1, 2006. All outstanding Purchase Orders shall also expire upon the termination (cancellation for any of the reasons listed in 2.210) of the Contract, unless otherwise extended pursuant to the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.033 Renewal(s)

This Contract may be renewed in writing by mutual agreement of the parties not less than thirty (30) days before its expiration. The Contract may be renewed for up to two (2) additional one (1) year periods. Successful completion of negotiations surrounding the terms of the extension, will be a pre-requisite for the exercise of any option year.

2.040 Contractor Personnel**2.041 Contractor Personnel**

(a) Personnel Qualifications. All persons assigned by Contractor to the performance of Services under this Contract shall be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and shall be fully qualified to perform the work assigned to them. Contractor shall include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of this Contract, independent contractors engaged by Contractor solely in a staff augmentation role shall be treated by the State as if they were employees of Contractor for this Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

(b) Key Personnel

(i) In discharging its obligations under this Contract, Contractor shall provide the named Key Personnel on the terms indicated. **Article 1, Attachment B** provides an organization chart showing the roles of certain Key Personnel, if any.

(ii) Key Personnel shall be dedicated as defined in **Article 1, Attachment B** to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.

(iii) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. Additionally, the State's request shall be based on legitimate, good-faith reasons. Proposed alternative for the individual denied, shall be fully qualified for the position.

(iv) Contractor shall not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. If the Contractor does remove Key Personnel without the prior written consent of the State, it shall be considered an Unauthorized Removal ("Unauthorized Removal"). It shall not be considered an Unauthorized Removal if Key Personnel must be replaced for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. It shall not be considered an Unauthorized Removal if Key Personnel must be replaced because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides thirty (30) days of shadowing unless parties agree to a different time period. The Contractor with the State shall review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its rights under **Section 2.210**.

(v) It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.210**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount shall be \$25,000.00 per individual provided Contractor identifies a replacement approved by the State pursuant to **Section 2.041** and assigns the replacement to the Project to shadow the Key Personnel s/he is replacing for a period of at least thirty (30) days prior to such Key Personnel's removal.

If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least thirty (30) days, in addition to the \$25,000.00 liquidated damages for an Unauthorized Removal, Contractor shall pay the amount of \$833.33 per day for each day of the thirty (30) day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide thirty (30) days of shadowing shall not exceed \$50,000.00 per individual.



(c) Re-assignment of non-Key Personnel. Prior to re-deploying to other projects, at the completion of their assigned tasks on the Project, teams of its non-Key Personnel who are performing Services on-site at State facilities or who are otherwise dedicated primarily to the Project, Contractor will give the State at least ten (10) Business Days notice of the proposed re-deployment to give the State an opportunity to object to the re-deployment if the State reasonably believes such team's Contract responsibilities are not likely to be completed and approved by the State prior to the proposed date of re-deployment.

(d) Re-assignment of Personnel at the State's Request. The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement personnel for the removed person shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with removed personnel results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted in **Section 2.076** for a time as agreed to by the parties.

(e) Staffing Levels.

(i) All staff requirements not specified in the applicable Statement of Work or State-approved project plan as State personnel will be supplied by Contractor. This includes secretarial, clerical and Contract administration support staff necessary for Contractor to perform its obligations hereunder.

(ii) Contractor shall provide sufficient personnel resources for the completion of Contract tasks indicated in Contractor's project plan approved by the State. If the level of personnel resources is insufficient to complete any Contractor Contract tasks in accordance with the Contract time schedule as demonstrated by Contractor's failure to meet mutually agreed to time schedules, Contractor shall promptly add additional qualified personnel resources to the performance of the affected tasks, at no additional charge to the State, in an amount sufficient to complete performance of Contractor's tasks in accordance with the Contract time schedule.

(f) Personnel Turnover. The Parties agree that it is in their best interests to keep the turnover rate of employees of Contractor and its Subcontractors who are performing the Services to a reasonable minimum. Accordingly, if the State determines that the turnover rate of such employees is excessive and so notifies Contractor, Contractor will meet with the State to discuss the reasons for the turnover rate and otherwise use commercially reasonable efforts to minimize such turnover rate. If requested to do so by the State, Contractor will submit to the State its proposals for reducing the turnover rate to an acceptable level. In any event, notwithstanding the turnover of personnel, Contractor remains obligated to perform the Services without degradation and in accordance with the State-approved Contract schedule.

(g) Location. All staff assigned by Contractor to work on the Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel will, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.042 Contractor Identification

Contractor employees shall be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

2.043 Cooperation with Third Parties

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel, and, as reasonably requested by the State, to provide to the State's agents and other contractors with reasonable access to Contractor's Project personnel, systems and facilities to the extent they relate to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities and provided Contractor receives reasonable prior written notice of such request. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with such requests for access.

**2.044 Subcontracting by Contractor**

(a) Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under this Contract, including payment of any and all charges for Services and Deliverables.

(b) Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Management and Budget, Office of Acquisition Services has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time agreed upon by the parties.

(c) In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. Attached as **Exhibit A** is a list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract.

(d) Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.040, 2.110, 2.150, 2.160, 2.171(c), 2.172(b), 2.180, 2.260, 2.276, 2.297** in all of its agreements with any Subcontractors.

(e) 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.

2.045 Contractor Responsibility for Personnel

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services.

2.050 State Standards**2.051 Existing Technology Standards - RESERVED****2.052 PM Methodology Standards - RESERVED****2.053 Adherence to Portal Technology Tools - RESERVED****2.054 Acceptable Use Policy - RESERVED**2.060 Deliverables

**2.061 Ordering**

(a) Any Services/Deliverables to be furnished under this Contract shall be ordered by issuance of written Purchase Orders/Blanket Purchase Order by the State after approval by the Contract Administrator or his/her designee. All orders are subject to the terms and conditions of this Contract. In the event of conflict between an order and this Contract, the Contract shall take precedence as stated in **Section 2.293**. In no event shall any additional terms and conditions contained on a Purchase Order/Blanket Purchase Order be applicable, unless specifically contained in that Purchase Order/Blanket Purchase Order's accompanying Statement of Work.

2.062 Software - RESERVED**2.063 Hardware - RESERVED****2.064 Equipment to be New and Prohibited Products - RESERVED**2.070 Performance**2.071 Performance, In General**

The State engages Contractor to execute the Contract and perform the Services/provide the Deliverables, and Contractor undertakes to execute and complete the Contract in its entirety in accordance with the terms and conditions of this Contract and with the participation of State representatives as specified in this Contract.

2.072 Time of Performance

(a) Contractor shall use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables in accordance with the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.

(b) Without limiting the generality of **Section 2.072(a)**, Contractor shall notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and, in such event, shall inform the State of the projected actual delivery date.

(c) If Contractor believes that a delay in performance by the State has caused or will cause Contractor to be unable to perform its obligations in accordance with specified Contract time periods, Contractor shall notify the State in a timely manner and shall use commercially reasonable efforts to perform its obligations in accordance with such Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent such delay is caused by the State.

2.073 Liquidated Damages - RESERVED**2.074 Bankruptcy**

If Contractor shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against Contractor and not removed within thirty (30) days, or if the Contractor becomes insolvent, be adjudicated bankrupt, or if it should make a general assignment for the benefit of creditors, or if a receiver shall be appointed due to its insolvency, and Contractor and/or its affiliates are unable to provide reasonable assurances that Contractor and/or its affiliates can deliver the services provided herein, the State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish such Works in Process by whatever appropriate method the State may deem expedient. Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.



To secure the State's progress payments before the delivery of any services or materials required for the execution of Contractor's obligations hereunder, and any work which Contractor may subcontract in the support of the performance of its obligations hereunder, title shall vest in the State to the extent the State has made progress payments hereunder.

2.075 Time is of the Essence

The Contractor agrees that time is of the essence in the performance of the Contractor's obligations under this Contract. [Only use if timing is crucial to a fundamental state program]

2.076 Service Level Agreements (SLAs) - RESERVED

2.080 Delivery and Acceptance of Deliverables

2.081 Delivery Responsibilities

Unless otherwise specified by the State within an individual order, the following shall be applicable to all orders issued under this Contract.

- (a) Shipment responsibilities - Services performed/Deliverables provided under this Contract shall be delivered "F.O.B. Destination, within Government Premises." The Contractor shall have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates will be specified on the individual purchase order.
- (b) Delivery locations - Services will be performed/Deliverables will be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.
- (c) Damage Disputes - At the time of delivery to State Locations, the State shall examine all packages. The quantity of packages delivered shall be recorded and any obvious visible or suspected damage shall be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record such.

Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within fourteen (14) days of receipt. Any damage must be reported to the Contractor within five (5) days of inspection. If this inspection does not occur and damages not reported within thirty (30) days of receipt, the cure for such damaged deliveries shall transfer to the delivery signing party.

2.082 Delivery of Deliverables

- (a) Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable"), a good ("Physical Deliverable") or a Service. All Deliverables shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

2.083 Testing

- (a) Prior to delivering any of the above-mentioned Statement of Work Physical Deliverables or Services to the State, Contractor will first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and in conformance with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor shall certify to the State that (1) it has performed such quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during such quality assurance activities and testing, (4) the Deliverable or Service is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.



(b) If a Deliverable includes installation at a State Location, then Contractor shall (1) perform any applicable testing, (2) correct all material deficiencies discovered during such quality assurance activities and testing, and (3) inform the State that the Deliverable is in a suitable state of readiness for the State's review and approval. To the extent that testing occurs at State Locations, the State shall be entitled to observe or otherwise participate in testing.

2.084 Approval of Deliverables, In General

(a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, in accordance with the following procedures. Formal approval by the State requires that the Deliverable be confirmed in writing by the State to meet its specifications, which will include the successful completion of Testing as applicable in **Section 2.083**, to be led by the State with the support and assistance of Contractor. The parties acknowledge that the approval process set forth herein will be facilitated by ongoing consultation between the parties, visibility of interim and intermediate Deliverables and collaboration on key decisions.

(b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.

(c) Prior to commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor in accordance with **Section 2.083(a)**.

(d) The State will approve in writing a Deliverable/Service upon confirming that it conforms to and, performs in accordance with, its specifications without material deficiency. The State may, but shall not be required to, conditionally approve in writing a Deliverable/Service that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable/Service that remain outstanding at the time of State approval.

(e) If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure at the sole expense of Contractor; or (ii) keep the Contract in force and do, either itself or through other parties, whatever Contractor has failed to do, in which event Contractor shall bear any excess expenditure incurred by the State in so doing beyond the Contract price for such Deliverable/Service and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses provided the State can furnish proof of such general expenses; or (iii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure such breach. Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if such process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity as to make the continuation of such process unproductive or unworkable. In such case, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery prior to resuming the testing or approval process.

2.085 Process For Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days for Written Deliverables of more than one hundred (100) pages).



The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Deliverable (or at the State's election, subsequent to approval of the Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.086 Process for Approval of Services

The State Review Period for approval of Services is governed by the applicable Statement of Work (failing which the State Review Period, by default, shall be thirty (30) Business Days for Services). The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Services (or at the State's election, subsequent to approval of the Service). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Service in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon implementation of a corrected Service from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Service for conformity and that the identified deficiencies have been corrected.

2.087 Process for Approval of Physical Deliverables

The State Review Period for approval of Physical Deliverables is governed by the applicable Statement of Work (failing which the State Review Period, by default, shall be thirty (30) continuous Business Days for a Physical Deliverable). The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Deliverable (or at the State's election, subsequent to approval of the Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.088 Final Acceptance

Unless otherwise stated in the Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable shall occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.080-2.087**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

2.080 Delivery and Acceptance of Deliverables

2.081 Delivery of Deliverables

Article 1, Attachment D contains a list of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable") or a Custom Software Deliverable. All Deliverables shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of this Contract.



Prior to delivering any Deliverable to the State, Contractor will first perform all required quality assurance activities, and, in the case of Custom Software Deliverables, System Testing to verify that the Deliverable is complete and in conformance with its specifications. Before delivering a Deliverable to the State, Contractor shall certify to the State that (1) it has performed such quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during such quality assurance activities and testing, (4) the Deliverable is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.

In discharging its obligations under this Section, Contractor shall be at all times (except where the parties agree otherwise in writing) in compliance with Level 3 of the Software Engineering Institute's Capability Maturity Model for Software ("CMM Level 3") or its equivalent.

2.082 Contractor System Testing

Contractor will be responsible for System Testing each Custom Software Deliverable in Contractor's development environment prior to turning over the Custom Software Deliverable to the State for User Acceptance Testing and approval. Contractor's System Testing shall include the following, at a minimum, plus any other testing required by CMM Level 3 or Contractor's system development methodology:

Contractor will be responsible for performing Unit Testing and incremental Integration Testing of the components of each Custom Software Deliverable.

Contractor's System Testing will also include Integration Testing of each Custom Software Deliverable to ensure proper inter-operation with all prior software Deliverables, interfaces and other components that are intended to inter-operate with such Custom Software Deliverable, and will include Regression Testing, volume and stress testing to ensure that the Custom Software Deliverables are able to meet the State's projected growth in the number and size of transactions to be processed by the Application and number of users, as such projections are set forth in the applicable Statement of Work.

Contractor's System Testing will also include Business Function Testing and Technical Testing of each Application in a simulated production environment. Business Function Testing will include testing of full work streams that flow through the Application as the Application will be incorporated within the State's computing environment. The State shall participate in and provide support for the Business Function Testing to the extent reasonably requested by Contractor. Within ten (10) days before the commencement of Business Function Testing pursuant to this Section, Contractor shall provide the State for State review and written approval Contractor's test plan for Business Function Testing.

Within five (5) Business Days following the completion of System Testing pursuant to **Section 2.080**, Contractor shall provide to the State a testing matrix establishing that testing for each condition identified in the System Testing plans has been conducted and successfully concluded. To the extent that testing occurs on State premises, the State shall be entitled to observe or otherwise participate in testing under this Section as the State may elect.

2.083 Approval of Deliverables, In General

All Deliverables (Written Deliverables and Custom Software Deliverables) require formal written approval by the State, in accordance with the following procedures. Formal approval by the State requires that the Deliverable be confirmed in writing by the State to meet its specifications which, in the case of Custom Software Deliverables, will include the successful completion of State User Acceptance Testing, to be led by the State with the support and assistance of Contractor. The parties acknowledge that the approval process set forth herein will be facilitated by ongoing consultation between the parties, visibility of interim and intermediate Deliverables and collaboration on key decisions.

The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables being reviewed. If Contractor fails to provide a Deliverable to the State in a timely manner, the State will nevertheless use commercially reasonable efforts to complete its review or testing within the applicable State Review Period.

Before commencement of its review or testing of a Deliverable, the State may inspect the Deliverable to confirm that all components of the Deliverable (e.g., software, associated documentation, and other materials) have been delivered. If the State determines that the Deliverable is incomplete, the State may refuse delivery of the Deliverable without performing any further inspection or testing of the Deliverable. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable and the applicable certification by Contractor in accordance with **Section 2.080**.



The State will approve in writing a Deliverable upon confirming that it conforms to and, in the case of a Custom Software Deliverable, performs in accordance with, its specifications without material deficiency. The State may, but shall not be required to, conditionally approve in writing a Deliverable that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable that remain outstanding at the time of State approval.

If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing State approval of a Deliverable, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure at the sole expense of Contractor; or (ii) keep this Contract in force and do, either itself or through other parties, whatever Contractor has failed to do, in which event Contractor shall bear any excess expenditure incurred by the State in so doing beyond the contract price for such Deliverable and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses without the need to furnish proof in substantiation of such general expenses; or (iii) terminate this Contract for default, either in whole or in part by notice to Contractor (and without the need to afford Contractor any further opportunity to cure). Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

The State, at any time and in its own discretion, may halt the UAT or approval process if such process reveals deficiencies in or problems with a Deliverable in a sufficient quantity or of a sufficient severity as to make the continuation of such process unproductive or unworkable. In such case, the State may return the applicable Deliverable to Contractor for correction and re-delivery prior to resuming the review or UAT process and, in that event, Contractor will correct the deficiencies in such Deliverable in accordance with the Contract, as the case may be.

Approval in writing of a Deliverable by the State shall be provisional; that is, such approval shall not preclude the State from later identifying deficiencies in, and declining to accept, a subsequent Deliverable based on or which incorporates or inter-operates with an approved Deliverable, to the extent that the results of subsequent review or testing indicate the existence of deficiencies in the subsequent Deliverable, or if the Application of which the subsequent Deliverable is a component otherwise fails to be accepted pursuant to **Section 2.080**.

2.084 Process for Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Written Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days for Written Deliverables of more than one hundred (100) pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Written Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Written Deliverable (or at the State's election, subsequent to approval of the Written Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within five (5) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Written Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Written Deliverable to confirm that the identified deficiencies have been corrected.

2.085 Process for Approval of Custom Software Deliverables: RESERVED

2.090 Financial

2.091 Pricing

(a) Fixed Prices for Services/Deliverables

Each Statement of Work/PO issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts.



To the extent the parties agree that certain specific Services will be provided on a time and materials basis, such Services shall be provided at the Amendment Labor Rates (**Article 1, Attachment C**). The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

(b) Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope, using the rates in **Article 1, Attachment C** Unless specifically identified in an applicable Statement of Work.

(c) Services/Deliverables Covered

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under this Contract, the State shall not be obligated to pay any amounts in addition to the charges specified in this Contract.

(d) Labor Rates

All time and material charges will be at the rates specified in **Article 1, Attachment C**.

2.092 Invoicing and Payment Procedures and Terms

(a) Invoicing and Payment – In General

(i) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.

(ii) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. The charges for Services billed on a time and materials basis shall be determined based on the actual number of hours of Services performed, at the applicable Labor Rates specified in **Article 1, Attachment C**. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 2.094**.

(iii) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within forty-five (45) days after receipt, provided the State determines that the invoice was properly rendered.

(b) Taxes (See Section 2.305 and Article 3, Section 3.022-3.024 for additional)

The State is exempt from Federal Excise Tax, State and Local Sales Taxes, and Use Tax with respect to the sale to and use by it of tangible personal property. Such taxes shall not be included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.

(c) Out-of-Pocket Expenses

Contractor acknowledges that the out-of-pocket expenses that Contractor expects to incur in performing the Services/ providing the Deliverables (such as, but not limited to, travel and lodging, document reproduction and shipping, and long distance telephone) are included in Contractor's fixed price for each Statement of Work. Accordingly, Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State's current travel reimbursement rates. See http://www.mi.gov/dmb/0,1607,7-150-9141_13132---,00.html for current rates.

(d) Pro-ration

To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services shall be pro-rated for any partial month.

(e) Antitrust Assignment

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.



(f) Final Payment

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract shall constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.093 State Funding Obligation

The State's obligation under this Contract is payable only and solely from funds appropriated for the purpose of this Contract. Contractor acknowledges and agrees that all funds for payments after the end of the current fiscal year are subject to the availability of a legislative appropriation for the purpose of this Contract. Events of non-appropriation are addressed further in **Section 2.210** of this Contract.

2.094 Holdback - RESERVED

2.095 Electronic Payment Availability

Public Act 533 of 2004 requires that payments under this contract be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us).

2.100 Contract Management

2.101 Contract Management Responsibility

(a) Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with **Article 1, Attachment E** (Project Plan) is likely to delay the timely achievement of any Contract tasks.

(b) The Services/Deliverables will be provided by the Contractor either directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor will act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

2.102 Problem and Contract Management Procedures

Problem Management and Contract Management procedures will be governed by the Contract and the applicable Statements of Work.

2.103 Reports and Meetings

(a) Reports.

Within thirty (30) days after the Effective Date, the parties shall determine an appropriate set of periodic reports to be issued by Contractor to the State. Such reports may include:

- (i) separately address Contractor's performance in each area of the Services;
- (ii) for each area of the Services, assess the degree to which Contractor has attained or failed to attain the pertinent objectives in that area, including on-time completion and delivery of Deliverables;
- (iii) explain the reasons for any failure to achieve on-time completion and delivery of Deliverables and include a plan for corrective action where appropriate;
- (iv) describe any circumstances that Contractor anticipates will impair or prevent on-time completion and delivery of Deliverables in upcoming reporting periods;



- (v) include plans for corrective action or risk mitigation where appropriate and describe the status of ongoing problem resolution efforts;
- (vi) provide reports setting forth a comparison of actual hours spent by Contractor (including its augmented personnel and Subcontractors) in performing the Project versus hours budgeted by Contractor.
- (vii) set forth a record of the material personnel changes that pertain to the Services and describe planned changes during the upcoming month that may affect the Services.
- (viii) include such documentation and other information may be mutually agreed to verify compliance with, and meeting the objectives of, this Contract.
- (ix) set forth an updated schedule that provides information on the status of upcoming Deliverables, expected dates of delivery (or redelivery) of such Deliverables and estimates on timing for completion of the Project.

(b) Meetings.

Within thirty (30) days after the Effective Date, the parties shall determine an appropriate set of meetings to be held between representatives of the State and Contractor. Contractor shall prepare and circulate an agenda sufficiently in advance of each such meeting to give participants an opportunity to prepare for the meeting. Contractor shall incorporate into such agenda items that the State desires to discuss. At the State's request, Contractor shall prepare and circulate minutes promptly after a meeting.

2.104 System Changes

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the State. Any changes Contractor makes to State systems with the State's approval shall be done in accordance with applicable State procedures, including security, access and configuration management procedures.

2.105 Reserved

2.106 Change Requests

The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

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

If the State requests or directs the Contractor to perform any services or provide deliverables that are consistent with and similar to the Services/Deliverables being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the Statements of Work, then before performing such services or providing such deliverables, the Contractor shall notify the State in writing that it considers the services or deliverables to be an Additional Service/Deliverable for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable. If the Contractor does so notify the State, then such a service or deliverable shall be governed by the Change Request procedure in this Section.

In the event prices or service levels are not acceptable to the State, the Additional Services or New Work shall be subject to competitive bidding based upon the specifications.



(a) Change Requests

(i) State Requests

If the State should require Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").

(ii) Contractor Recommendations

Contractor shall be entitled to propose a Change to the State, on its own initiative, should it be of the opinion that this would benefit the Contract.

(iii) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal will include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.

(iv) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice shall be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").

(v) No proposed Change shall be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Management and Budget, Office of Acquisition Services.

(vi) If the State requests or directs Contractor to perform any activities that Contractor believes constitute a Change, Contractor must notify the State that it believes the requested activities are a Change prior to commencing the performance of the requested activities. If Contractor fails to so notify the State prior to commencing performance of the requested activities, such activities shall be considered to be performed gratuitously by Contractor, and Contractor shall not have any right thereafter to assert any claim for additional compensation or time for the performance of such activities. If Contractor commences performance of gratuitous services outside the scope of this Contract and subsequently elects to stop performing such out-of-scope services, Contractor must, at the request of the State, back out or reverse any changes resulting from such performance that would adversely affect the Contract.

2.107 Management Tools

Contractor will use an automated tool for planning, monitoring and tracking the Contract's progress. In addition, Contractor shall use automated project management tools as reasonably necessary to perform the Services, which tools shall include the capability to produce through the end of the Contract: (i) staffing tables with names of personnel assigned to Contract tasks, (ii) project plans showing tasks, subtasks, Deliverables and the resources required and allocated to each (including detailed plans for all Services to be performed within the next sixty (60) days, updated semi-monthly) and (iii) graphs showing critical events, dependencies and decision points during the course of the Contract. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State's standard to the extent such information is described with reasonable detail in the Statements of Work and to the extent the related work is of sufficient project complexity and duration to warrant such reporting.

2.110 Records and Inspections

2.111a Records and Inspections

(a) Inspection of Work Performed. The State's authorized representatives shall at all reasonable times and with ten (10) days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and shall have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress.



Upon ten (10) Days prior written notice and at all reasonable times, the State's representatives shall be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that such access will not reasonably interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives.

(b) Examination of Records. Contractor agrees that the State, including its duly authorized representatives, until the expiration of seven (7) years following the creation of the material (collectively, the "Audit Period"), shall, upon twenty (20) days prior written notice, have access to and the right to examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules, including the State's procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State shall not have access to any information deemed confidential to Contractor to the extent such access would require such confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

(c) Retention of Records. Contractor shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

(d) Audit Resolution. If necessary, the Contractor and the State shall meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within thirty (30) days from receipt of such report, unless a shorter response time is specified in such report. The Contractor and the State shall develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in such audit report.

2.111b 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.

2.112 Errors

(a) If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.

(b) In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than ten percent (10%), then the Contractor shall pay all of the reasonable costs of the audit.

2.120 State Responsibilities

2.121 State Performance Obligations

(a) Equipment and Other Resources. To facilitate Contractor's performance of the Services/Deliverables, the State shall provide to Contractor such equipment and resources as identified in the Statements of Work or other Contract Exhibits as items to be provided by the State.

(b) Facilities. The State shall designate space as long as it is available and as provided in the Statement of Work, to house Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing shall observe and comply with all rules and regulations relating to, each of the State Facilities (including hours of operation) used by Contractor in the course of providing the Services.



Contractor agrees that it will not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for Contractor's use, or to which Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

(c) Return. Contractor shall be responsible for returning to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

(d) Except as otherwise provided in **Section 2.220**, the State's failure to perform its responsibilities as set forth in this Contract shall not be deemed to be grounds for termination by Contractor. However, Contractor will not be liable for any default or delay in the performance of its obligations under this Contract to the extent such default or delay is caused by nonperformance of the State's obligations under this Contract, provided Contractor provides the State with reasonable written notice of such nonperformance and Contractor uses commercially reasonable efforts to perform notwithstanding the State's failure to perform. In addition, if the State's nonperformance of its responsibilities under this Contract materially increases the time required for Contractor's performance or Contractor's cost of performance, Contractor shall be entitled to seek an equitable extension via the Change Request process described in **Section 2.106**.

2.130 Security

2.131 Background Checks

The Contractor shall authorize the investigation of its personnel proposed to have access to State facilities and systems on a case by case basis. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. Such investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--,00.html>. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.140 Reserved

2.150 Confidentiality

2.151 Freedom of Information

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

2.152 Confidentiality

Contractor and the State each acknowledge that the other possesses and will continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor shall mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) which is marked confidential, restricted, proprietary or with a similar designation. "Confidential Information" of the State shall mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State pursuant to applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State pursuant to its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State.



In the case of information of either Contractor or the State "Confidential Information" shall exclude any information (including this Contract) that is publicly available pursuant to the Michigan FOIA.

2.153 Protection of Confidential Information

The State and Contractor will each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access in order to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect such Confidential Information from unauthorized use or disclosure.

2.154 Exclusions

Notwithstanding the foregoing, the provisions of this Section will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose such information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of this Section will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose such Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of such disclosure as reasonably requested by the furnishing party.

2.155 No Implied Rights

Nothing contained in this Section shall be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

2.156 Remedies

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).



2.157 Security Breach Notification

In the event of a breach of this Section, Contractor shall take (i) prompt corrective action to cure any such deficiencies and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor shall report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within ten (10) days of becoming aware of such use or disclosure or such shorter time period as is reasonable under the circumstances.

2.158 Survival

The parties' respective obligations under this Section shall survive the termination or expiration of this Contract for any reason.

2.159 Destruction of Confidential Information

Promptly upon termination or cancellation of the Contract for any reason, Contractor shall certify to the State that Contractor has destroyed all State Confidential Information.

2.160 Proprietary Rights - RESERVED

2.170 Warranties And Representations

2.171 Warranties and Representations

The Contractor represents and warrants:

(a) It is capable in all respects of fulfilling and shall fulfill all of its obligations under this Contract. The performance of all obligations under this Contract shall be provided in a timely, professional, and workman-like manner and shall meet the performance and operational standards required under this Contract.

(b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.

(c) It 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 licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under this Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

(d) 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 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.

(e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.

(f) It is qualified and registered to transact business in all locations where required.



(g) 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.

(h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or shall accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor shall not attempt to influence any State employee by the direct or indirect offer of anything of value.

(i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or such Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.

(j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.

(k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP 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 change in the business, properties, financial condition, or results of operations of Contractor.

(m) 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.

(n) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or such department within the previous five (5) years for the reason that Contractor failed to perform or otherwise breached an obligation of such contract.

2.172 Software Warranties - RESERVED

2.180 Insurance

2.181 Liability Insurance

(a) Liability Insurance

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

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

All insurance coverages provided relative to this Contract/Purchase Order are 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. All policies of insurance required in this Contract shall be issued by companies that have been approved to do business in the State.

See http://www.mi.gov/cis/0,1607,7-154-10555_22535---,00.html.

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 the Contract is signed by both parties or before the purchase order is issued by the State, the Contractor must furnish to the Director of Acquisition Services, certificate(s) of insurance verifying insurance coverage ("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 coverages 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 the applicable coverage is provided by a self-insurer, 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

(b) Subcontractors

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

(c) Certificates of Insurance and Other Requirements

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

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

2.190 Indemnification

2.191 Indemnification

(a) General Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its subcontractors, or by anyone else for whose acts any of them may be liable.

(b) 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.

(c) Employee Indemnification

In any and all claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, 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 benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, 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 provisions.



(d) Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees 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 patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or 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 to the State's satisfaction 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.

Notwithstanding the foregoing, the Contractor shall have no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; or (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

2.192 Continuation of Indemnification Obligations

The Contractor's duty to indemnify pursuant to this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred prior to expiration or cancellation.

2.193 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 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.

2.200 Limits of Liability and Excusable Failure

2.201 Limits of Liability

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

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

Neither the Contractor nor the State shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademark 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; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

2.202 Excusable Failure

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent such default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; 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 commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay and provided further that such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay Contractor's performance of the Services/provision of Deliverables for more than ten (10) Business 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/Deliverables from an alternate source, and the State shall not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance shall continue; (b) the State may terminate any portion of the Contract so affected and the charges payable there under shall be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to Contractor, except to the extent that the State shall pay for Services/Deliverables provided through the date of termination.

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/Deliverables not provided as a result of the Excusable Failure condition.



Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and 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.

2.203 Disaster Recovery

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under this Contract will provide the State with priority service for repair and work around in the event of a natural or manmade disaster.

2.210 Termination/Cancellation by the State

The State may terminate 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:

2.211 Termination for Cause

(a) In the event that Contractor breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA as defined in **Section 2.076**), 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 (such time period not to be less than thirty (30) days), 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 termination to Contractor, terminate this Contract in whole or in part, for cause, as of the date specified in the notice of termination.

(b) In the event that this Contract is terminated for cause, in addition to any legal remedies otherwise available to the State by law or equity, Contractor shall be responsible for all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs shall not be considered by the parties to be consequential, indirect or incidental damages, and shall not be excluded by any other terms otherwise included in this Contract, provided such costs are not in excess of fifty percent (50%) more than the prices for such Service/Deliverables provided under this Contract.

(c) In the event the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State shall pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause shall cease on the effective date of the termination.

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

2.212 Termination for Convenience

The State may terminate this Contract for its convenience, in whole or part, if the State determines that such a termination is in the State's best interest. Reasons for such termination shall be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least thirty (30) days prior to the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause shall cease on the effective date of the termination.

**2.213 Non-Appropriation**

(a) 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 Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State shall have the right to terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State shall give Contractor at least thirty (30) days advance written notice of termination for non-appropriation or unavailability (or such time as is available if the State receives notice of the final decision less than thirty (30) days before the funding cutoff).

(b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise made available, the State may, upon thirty (30) days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in such manner and for such periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of such reduction.

(c) In the event the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor pursuant to this Section, the State shall pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. For the avoidance of doubt, this Section will not preclude Contractor from reducing or stopping Services/Deliverables and/or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.214 Criminal Conviction

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense incident to the application for, or performance of, a State, public or private Contract or subcontract; convicted of a criminal offense, including 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 Contractor's business integrity.

2.215 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, § 5, and Civil Service Rule 7-1. 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.

2.216 Rights and Obligations Upon Termination

(a) 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 Deliverables 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 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.

(b) 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 Work In Process, on a percentage of completion basis at the level of completion determined by the State. 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.



(c) 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 deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.217 Reservation of Rights

Any termination of this 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.

2.218 Contractor Transition Responsibilities

In the event this contract is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise rendered unenforceable, 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 this 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 ninety (90) days. These efforts shall include, but are not limited to, the following:

(a) 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 this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or vendors, 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 or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.

(b) Information - The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

(d) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This shall include any documentation being used by the Contractor to perform the Services under this 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. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

(e) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of this 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) at the rates specified by **Article 1, Attachment C**. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.219 State Transition Responsibilities

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:

- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

2.220 Termination by Contractor



2.221 Termination by Contractor

If the State materially breaches its obligation to pay Contractor undisputed amounts due and owing under this Contract in accordance with **Section 2.090**, or if the State breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for Contractor to perform the Services, and if the State does not cure the breach within the time period specified in a written notice of breach provided to the State by Contractor (such time period not to be less than thirty (30) days), then Contractor may terminate this Contract, in whole or in part based on Statement of Work for cause, as of the date specified in the notice of termination; provided, however, that Contractor must discharge its obligations under **Section 2.250** before any such termination.

2.230 Stop Work

2.231 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to ninety (90) calendar days after the stop work order is delivered to 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 2.230**. Upon receipt of the stop work order, 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) terminate the work covered by the stop work order as provided in **Section 2.210**.

2.232 Cancellation or Expiration of Stop Work Order

If a stop work order issued under this **Section 2.230** is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. The parties shall agree upon 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 Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within thirty (30) calendar 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 Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.106**.

2.233 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, such termination shall be deemed to be a termination for convenience under **Section 2.212**, and the State shall allow reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.230**.

2.240 Reserved

2.250 Dispute Resolution

2.251 In General

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work shall be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor shall submit a letter executed by Contractor's Contract Administrator or his designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the supporting data provided with such an affidavit are current and complete to Contractor's best knowledge and belief.

**2.252 Informal Dispute Resolution**

(a) All operational disputes between the parties shall be resolved under the Contract Management procedures developed pursuant to **Section 2.100**. If the parties are unable to resolve any disputes after compliance with such processes, the parties shall meet with the Director of Acquisition Services, DMB, or designee, for the purpose of attempting to resolve such dispute without the need for formal legal proceedings, as follows:

(i) The representatives of Contractor and the State shall meet as often as the parties reasonably deem necessary in order to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.

(ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other's position.

(iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.

(iv) Following the completion of this process within sixty (60) calendar days, the Director of Acquisition Services, DMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within thirty (30) calendar days. The opinion regarding the dispute shall be considered the State's final action and the exhaustion of administrative remedies.

(b) This **Section 2.250** will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or pursuant to **Section 2.253**.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work pursuant to the Contract.

2.253 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.252** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is such that the damages to such party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.254 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment shall not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.210** and **2.220**, as the case may be.

2.260 Federal and State Contract Requirements

2.261 Nondiscrimination

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and any breach of this provision may be regarded as a material breach of the Contract.



2.262 Unfair Labor Practices

Pursuant to 1980 PA 278, MCL 423.231, *et seq.*, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, shall not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.263 Workplace Safety and Discriminatory Harassment

In performing Services for the State, the Contractor shall comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

2.270 Litigation

2.271 Disclosure of Litigation

(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions thereto, to which Contractor (or, to the extent Contractor is aware, any Subcontractor hereunder) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor hereunder; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor hereunder by a governmental or public entity arising out of their business dealings with governmental or public entities. Any such litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") must be disclosed in a written statement to the Contract Administrator within thirty (30) days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated as such. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.

(b) Assurances. In the event that any such Proceeding disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:

(i) the ability of Contractor (or a Subcontractor hereunder) to continue to perform this Contract in accordance with its terms and conditions, or

(ii) whether Contractor (or a Subcontractor hereunder) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in such Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that:

(A) Contractor and/or its Subcontractors hereunder will be able to continue to perform this Contract and any Statements of Work in accordance with its terms and conditions, and

(B) Contractor and/or its Subcontractors hereunder have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in such Proceeding.

(c) Contractor shall make the following notifications in writing:

(1) Within thirty (30) days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor shall notify the Office of Acquisition Services.

(2) Contractor shall also notify the Office of Acquisition Services within thirty (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.



(3) Contractor shall also notify Acquisition Services within thirty (30) days whenever changes to company affiliations occur.

2.272 Governing Law

The Contract shall in all respects be governed by, and construed in accordance with, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.273 Compliance with Laws

Contractor shall comply with all applicable state, federal, and local laws and ordinances ("Applicable Laws") in providing the Services/Deliverables.

2.274 Jurisdiction

Any dispute arising from the Contract shall be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to such jurisdiction on the grounds of lack of personal jurisdiction of such court or the laying of venue of such court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.280 Environmental Provision

2.281 Environmental Provision

For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, such construction materials as paint thinners, solvents, gasoline, oil, etc., and any other material the manufacture, use, treatment, storage, transportation or disposal of which is regulated by the federal, state or local laws governing the protection of the public health, natural resources or the environment. This includes, but is not limited to, materials such as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act. This Contract does not cover the handling, removal, or disposal of all Hazardous Materials.

(a) The Contractor shall use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material in accordance with all federal, State and local laws. The State shall provide a safe and suitable environment for performance of Contractor's Work. Prior to the commencement of Work, the State shall advise Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of such Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor shall immediately stop all affected Work, give written notice to the State of the conditions encountered, and take appropriate health and safety precautions.

(b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State shall order a suspension of Work in writing. The State shall proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State shall terminate the affected Work for the State's convenience.

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the affected Work shall be resumed as directed in writing by the State. Any determination by the Michigan Department of Community Health and/or the Michigan Department of Environmental Quality (whichever is applicable) that the Hazardous Material has either been removed or rendered harmless shall be binding upon the State and Contractor for the purposes of resuming the Work. If any such incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time as mutually agreed by the parties.



(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material in accordance with Applicable Laws to the condition approved by applicable regulatory agency(ies). If the Contractor fails to take appropriate action pursuant to Applicable Laws and consistent with the State requirements, then the State may take appropriate action.

2.290 General

2.291 Amendments

The Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties.

2.292 Assignment

(a) Neither party shall have the right to assign the Contract, or to assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as such affiliate is adequately capitalized and can provide adequate assurances that such affiliate can perform the Contract. Any purported assignment in violation of this Section shall be null and void. It is the policy of the State of Michigan to withhold consent from proposed assignments, subcontracts, or novations when such transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. In the event of any such permitted assignment, Contractor shall not be relieved of its responsibility to perform any duty imposed upon it herein, and the requirement under the Contract that all payments shall be made to one entity shall continue.

2.293 Entire Contract; Order of Precedence

(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to such subject matter and as additional terms and conditions on the purchase order shall apply as limited by **Section 2.061**.

(b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of **Sections 2.110 through 2.220** of the Contract, which may be modified or amended only by a formal Contract amendment.

2.294 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 the Contract.

2.295 Relationship of the Parties (Independent Contractor Relationship)

The relationship between the State and Contractor is that of client and independent Contractor. No agent, employee, or servant of 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. Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

**2.296 Notices**

(a) Any notice given to a party under the Contract 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.

State: Andy Ghosh, CPPB
State of Michigan
Office of Acquisition Services
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

with a copy to:
State of Michigan
Department of Community Health
Attention: Sue Glenn
Kalamazoo Psychiatric Hospital
1312 Oakland Drive
Kalamazoo, MI 49008

Contractor(s):
Name
Address

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

(b) Binding Commitments

Representatives of Contractor identified in **Article 1, Attachment B** shall have the authority to make binding commitments on Contractor's behalf within the bounds set forth in such table. Contractor may change such representatives from time to time upon written notice.

2.297 Media Releases and Contract Distribution**(a) Media Releases**

Neither Contractor nor the State will make any news releases, public announcements or public disclosures, nor will they have any conversations with representatives of the news media, pertaining to the Contract, the Services or the Contract without the prior written approval of the other party, and then only in accordance with explicit written instructions provided by that party. In addition, neither Contractor nor the State will use the name, trademarks or other proprietary identifying symbol of the other party or its affiliates without such party's prior written consent. Prior written consent of the Contractor must be obtained from authorized representatives.

(b) 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.

2.298 Reformation and 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.

2.299 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, such consent or approval shall be in writing and shall not be unreasonably withheld or delayed.

**2.300 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.

2.301 Survival

Any provisions of the Contract that impose continuing obligations on the parties including the parties' respective warranty, indemnity and confidentiality obligations, shall survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.302 Covenant of Good Faith

Each party agrees that, in its dealings with the other party or in connection with the Contract, it shall act reasonably and in good faith. Unless stated otherwise in the Contract, the parties will not unreasonably delay, condition or withhold the giving of any consent, decision or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

2.303 Permits

Contractor shall obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State shall pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.304 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.

2.305 Taxes

Vendors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes defined in Section 3.022 for all persons involved in the resulting Contract.

The State may refuse to award a contract to any Vendor who has failed to pay any applicable State taxes. The State may refuse to accept Vendor's bid, if Vendor has any outstanding debt with the State. Prior to any award, the State will verify whether Vendor has any outstanding debt with the State.

2.306 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 Labor and Economic Development, Wage and Hour Bureau, 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 Labor and Economic Development, 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.

2.307 Call Center Disclosure

Contractor and/or all subcontractors involved in the performance of this Contract providing call or contact center services to the State 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 Contract.

2.308 Future Bidding Preclusion

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any bidder if the State determines that the bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a leading edge on the competitive RFP.

2.310 Reserved

2.320 Extended Purchasing

2.321 MiDEAL

Public Act 431 of 1984 permits DMB to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. A current listing of approved program members is available at: <http://www.michigan.gov/doingbusiness/0,1607,7-146-6586-16656--,00.html>. Unless otherwise stated, it is the responsibility of the Contractor to ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.

The Contractor will supply Contract Services and equipment at the established State of Michigan contract prices and terms to the extent applicable and where available. Inasmuch as these are non-state agencies, all invoices will be submitted to and payment remitted by the local unit of government on a direct and individual basis.

To the extent that authorized local units of government purchase quantities of Services and/or equipment under this Contract, the quantities of Services and/or equipment purchased will be included in determining the appropriate rate wherever tiered pricing based on quantity is provided.

2.322 State Employee Purchases RESERVED]

2.330 Federal Grant Requirements - RESERVED



**EXHIBIT C
PRICING AND TECHNICAL PROPOSAL (Excerpts Only)**

CONTRACT #071B6200093

BUSINESS ORGANIZATION

Detroit Bio-Medical Laboratories, Inc.
23955 Freeway Park Drive
Farmington Hills, MI 48335

Detroit Bio-Medical Laboratories, Inc. (DBML) is incorporated in Michigan. DBML is a licensed clinical laboratory certified by CLIA and the College of American Pathologists.

RESPONSES TO THE ITB ARE AS FOLLOWS:

Article 1- Statement of Work (Sow)

1.001 PROJECT REQUEST

The purpose of this proposal is to seek a contract to provide clinical laboratory services for the Department of Community Health, Kalamazoo Psychiatric Hospital (KPH). It is understood by DBML that these services are essential in determining treatment programs, diagnosis, monitoring drug levels, etc. and necessary to protect the health and/or safety of Michigan citizens residing at KPH.

1.101 IN SCOPE

DBML agrees to carry out this project under the direction and control of the Department of Community Health, KPH. DBML agrees to establish a continuous liaison with the agency's project director and will meet monthly or as needed to solve any problems that arise.

DBML agrees to provide quarterly reports and any other support information required for the smooth operation of service between KPH and DBML. Within five (5) working days of the award of the contract, DBML will provide a written work plan for the implementation of services to the facility. From past experience with other State of Michigan Facilities, this report will immediately follow a meeting with the facilities implementation team.



This meeting will concern itself with parts/functions of the implementation with the aim of a very smooth and seamless transition of services.

Though most of the technical components of our service reside at our Farmington Hills Laboratory, our field staff will assist KPH with setting up and maintaining a solid, dependable service with DBML. Approximately 15-20 hours will be spent with KPH staff ascertaining their needs above what has been stated in the ITB, and then installing all necessary equipment and supplies for start-up of service to KPH consumers. The aforementioned hours will include necessary in-services to insure that KPH personnel are comfortable and confident with DBML services and procedures. Our staff, throughout the duration of the contract, will make timely and regular visits to KPH. Additional information on specimen requirements, technical support or results, can be accessed at any time by calling our Client Services Department at the laboratory at (800) 338-3533. A detailed explanation of our Quality Assurance program has been included for additional support to this proposal. Included with this is a list of all technical and key support personnel involved in the day to day operation of our facilities.

1.104 WORK AND DELIVERABLES

Detroit Bio-Medical Laboratories, Inc. agrees to provide all that is necessary for the performance of the work outlined in this contract. They will include:

- a) DBML maintains a CLIA license and CAP certification. Copies of these documents are submitted as scanned documents with this ITB. DBML understands that failure to maintain these criteria will result in immediate termination of this contract.
- b) DBML maintains a complete and comprehensive Quality Assurance Program. This document has been provided as part of the response to this ITB.
- c) DBML will provide an on-site phlebotomist for at least 22 hours of service per week. The working hours of the phlebotomist will be 5:30 AM to 9:30 AM Monday through Friday and 7:00 AM to 9:00 AM on Saturdays.
- d) DBML will provide additional on-call phlebotomy services during regular business hours at no cost to KPH, via pager Monday through Friday between the hours of 10:00 AM and 4:00 PM for blood draws, processing of samples, and completion of all necessary paperwork associated with the blood draws. The phlebotomist will arrive within 30 minutes of the page for service.
- e) Under item o. of this section, the ITB states that KPH staff will be responsible for drawing all STAT specimens for all hours outside of 5:30 AM to 9:30 AM Monday through Friday and 7:00 AM to 9:00 AM Saturday. DBML will supply as noted in item o. of this section, courier service to transport these after-regular hour STAT specimens to the STAT Laboratory.



- f) The charge for this service will be \$20 per occurrence. DBML does supply after hours phlebotomy services, at no additional charge for State of Michigan facilities that are within 30-45 minutes from our Farmington Hills Laboratory.
- g) DBML will provide all supplies, materials and equipment to obtain, process and transport specimens. DBML will be responsible for the removal of all infectious waste that is generated during activities related to the execution of the contract.
- h) DBML will provide two (2) pickups of specimens Monday through Friday and one pickup on Saturday.
- i) DBML will provide all necessary information on the test reports so that they may be filed in the KPH consumer's medical record.
- j) DBML's phlebotomist will be responsible for the distribution of all laboratory results during his/her working hours.
- k) DBML will report all abnormal results that are above or below DBML's alert range to the Agency by telephone between the hours of 7:00 AM to 7:00 PM. All results will be printed at 9:00 AM.

STAT Test Results

STAT Test Results will be called to the patient's unit immediately upon completion of the test and printed the next morning.

Critical Values Results

Critical Values Results will be called to the patient's unit immediately upon completion of the test and printed the next morning. Any adjustment in the critical value ranges will be implemented by DBML within five (5) working days.

Therapeutic Serum Drug Levels

All therapeutic Serum Drug Levels which are greater than the established therapeutic level for that drug will be called to the patient's unit, or Central Nursing Office, as soon as the results are available. These levels will be adjusted within 5 working days with the receipt of a written directive from the Agency.

- l) Specimens will be picked up in the morning will be processed and test results within the normal range will be provided via printer the next morning at 9:00 AM.
- m) Culture results will be delivered to the agency via printer within one day after the report is available.



- n) A printer will be provided for the deliver of hard copy results. Additionally, a Web-based reporting system will be made available to the agency readily accessed from any computer terminal within the building that is connected to the web. This will allow the Agency to access any result needed that has been completed or information on any results that are preliminary or pending. There will be no additional cost for this service.
- o) Repeat tests will be performed without charge to the Agency.
- p) STAT specimens will be picked up, processed and the results telephoned to the designated Agency medical personnel or consumer's unit within a maximum of 2 and a half (2-1/2) hours from the time the specimen is collected. The specimen will be picked up within one (1) hour of being notified. This service will be available seven (7) days a week, 24 hours a day. The cost for transporting and processing the STAT and delivering to the STAT Laboratory will be \$20 per occurrence.
- q) DBML will be responsible for drawing blood, preparing specimens for pickup and for instructing KPH staff in the preparation of the request forms. This service will be provided at no extra cost to the Agency.
- r) The Contractor shall provide at no additional charge the consultation services of a duly qualified pathologist. These services will be available to Agency personnel, Monday through Friday between 8:00 AM and 4:00 PM.
- s) DBML pathologist will read both gross and microscopic specimens.
- t) As a matter of policy to all customers including the State of Michigan, DBML feels responsible to always advise facilities as to the most cost effective selection of tests and other aspects of laboratory services on an ongoing basis. Currently DBML does not provide and has not been asked to provide, regular training secessions for any of our State facilities. DBML is a Michigan-based regional laboratory and cannot be compared to a national/multi-national laboratory that has endless educational resources for lectures, case studies, CPC, etc. However, DBML is willing to present one training secession per year for KPH and would ask that KPH staff assist in working with DBML personnel in designing and implementing this program. The intent would be to provide information on cost effective way of order testing as well as information on a new laboratory testing capabilities, etc.
- u) DBML does/will store all specimens based on "Standard of Care" criteria for a minimum of seven (7) days.
- v) DBML will deliver all positive RPR (VDRL) specimens to the Lansing Central State Lab on a daily basis (Monday through Friday) at no additional cost to the Agency.



- w) DBML will follow CLIA and CAP specifications for the retention of all Pap smear evaluations.
- x) DBML will work with the Facility Contract Administrator and the Department of Management and Budget, Acquisition Services Office, to modify the service contract during the course of the contract in order to better meet the needs of the Agency. Any changes, including pricing, must be authorized by DMB, Acquisition Services.
- y) DBML realizes that the types and amount of testing under this contract can vary based on the medical needs of the consumers. DBML will apply a 20% discount from the regular catalog price for any laboratory test that is not in the agreed pricing found in Attachment 1. DBML prides itself as having the lowest testing costs of any laboratory in the Michigan Area. A 20% discount of a DBML test usually is much lower than a higher discount percent of a competitor whose regular price for a test far exceeds DBML regular price. A copy of the "Detroit Bio-Medical Labs Test Catalog" is included as an attachment with this submission of the ITB.

Please Note: An of DBML's Quality Assurance Program is enclosed as part of the this submittal and is titled, EXHIBIT 1, and is near the end of the ITB.

1.201 CONTRACTOR STAFF, ROLES AND RESPONSIBILITIES

After review, this section appears to be a mirror image of section 1.104 WORK AND DELIVERABLE. DBML has addressed all criteria requested in order to provide a quality laboratory service the KPH consumers and it's Agency Staff.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

DBML has reviewed and agrees to abide by all contents of this section.

1.203 OTHER ROLES AND RESPONSIBILITIES

Working Conditions

From past experience working with other State of Michigan Facilities, DBML and it's on-site employees respect and will abide by all guidelines noted by KPH within the section of the ITB.

1.301 PROJECT PLAN MANAGEMENT

DBML notes and agrees to work closely with the Agency Contract Compliance Inspector of KPH, Sue Glenn.



DBML agrees to work within the framework that is laid out within this section of the proposal entitled “Quality Assurance Program”.

1.302 REPORTS

DBML will provide one (1) written copy to the Contract Compliance Inspector for KPH. These will include:

- a. Written/printed results of specified routine laboratory tests that are returned by the following day at 9:00 AM.
- b. Tests that significantly exceed expected normal levels will be telephoned and faxed to the appropriate personnel as soon as the test results are available.
- c. A complete itemized statement of costs by procedure incurred for the previous month will be delivered/mailed to the facility by the 15th of the following month. An extra effort will be made with each September Statement to deliver this information as early in October as possible in order to assist the facility in it’s year-end closing. (This practice is currently being used with other State of Michigan Facilities)
- d. Monthly Quality Assurance Reports.

1.401 ISSUE MANAGEMENT

DBML agrees to the possibility that this contract could be impacted by funding that could results due to budget constraints as well as consumer census and their needs. DBML realizes that only part of the deliverables may be required due to budget issues as well as decreased consumer census levels.

1.402 RISK MANAGEMENT

DBML is aware and agrees that the contract is to provide laboratory service to consumers located in a mental health facility. DBML realizes that the potential for injury and disease associated with this work does exist.

1.403 CHANGE MANAGEMENT

DBML is aware and agrees that any changes to this project will be identified by the Agency Project Manager and could result in increased/decreased need.

DBML agrees that if a contract change is approved by the Contract Compliance Inspector, the Contract Compliance Inspector shall notify the Department of Management and Budget, Acquisition Services Buyer, who will make recommendations to the Director of Acquisition Services regarding ultimate approval/disapproval of change request. If the DMB Acquisition Services Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Acquisition Service Buyer will issue an addendum to the Contract, via a Contract Change Notice.



DBML is aware that if it would provide services prior to the issuance of the Contract Change Notice by the DMB Office of Acquisitions Services, DBML could risk non-payment for the out-of scope/pricing of services.

1.5 Acceptance

1.501 CRITERIA

DBML is aware and agrees that all services must be presented in writing to the Agency Contract Administrator. All service must meet the agreed upon criteria between the Agency Contract Administrator and DBML. The Agency Contract Administrator must approve in writing to DBML within two weeks from the date of submittal. Any rejections of service will be in writing to DBML and will outline the reasons for rejection

1.701 ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO THIS SOW

Contract Payment

Under no circumstances will DBML every bill agency consumers or employees for services provided.

The statement for the previous month of service will be delivered on or before the 15th of the following month. All fees on the billing statement **will not** exceed the contracted price. Any adjustments that need to be made to the bill will be made well within the two month time period that is allowed. Usually changes to a statement can be made with a simple phone call and a revised statement forwarded ASAP.

All itemized statements will provide will include case number, name date of service, procedure HCPCS number, procedure name and cost of each by consumer.

DBML understands that the Agency will fax request for special profile breakdown as needed. DBML will respond as timely as we can and understand that it must be within a maximum of three (3) working days. Though DBML has not increased a price to a State of Michigan Client over the past seven (7) years when an existing contract was in place, DBML understands that if this were to occur, all requested information must be responded to within five (5) days maximum.

**ARTICLE 1B- EVALUTATION INFORMATION****1B.101 VENDOR NAME AND ADDRESS**

Name: Detroit Bio-Medical Laboratories, Inc.
Address: 23955 Freeway Park Drive
City, State, Zip: Farmington Hills, MI 48335
Phone: (248) 471-4111
Web Page: DetroitBio@AOL Note: This is the corporate website for messages. The total website is under construction and will be complete in 1st quarter, 2006.

1B.102 LOCATION ADDRESS

Address 23955 Freeway Park Drive
City, State, Zip: Farmington Hills, MI 48335

1B. 103 ORGANAZATION AND YEAR

Status: Michigan Corporation founded in 1973

- (a) Sales Volume for the past five (5) years is approx. \$25MM or \$5MM per year
- (b) 30, 000 sq. ft. Clinical Laboratory located in an Industrial Park in Farmington Hills, Michigan I-275 and I-696

1B.104 RFP CONTACT

Name: Jim Fradette
Contract Specialist/Area Business Manager
Detroit Bio-Medical Laboratories, Inc.
Address: 644 Prairie St.
City, State, Zip Charlotte, MI 48813
Phone: (517) 543-6030 Office (517) 402-2828 Cell Phone
Fax: (517) 543-8108
E-Mail cjfradette@earthlink.net

Additional Contact:



Name: Richard Zakaria, MT (ASCP)
General Manager
Detroit Bio-Medical Laboratories, Inc.
Address: 23955 Freeway Park Drive
City, State, Zip Farmington Hills, MI 48335
Fax: (248) 471-2340
E-Mail DetroitBio@AOL

1B.204 CONTRACT PERFORMANCE

Detroit Bio-Medical Laboratories, Inc. has not had a contract terminated for default in the past three (3) years.

1B.300 Disclosures

1B.301 DISCLOSURE OF LITIGATION

- (a) Disclosure. DBML is not part of any material criminal litigation, investigations or proceedings involving itself, and Borgess Medical Center (Subcontractor, STAT testing only) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, DBML and Borgess Medical Center (Subcontractor, STAT testing only) will disclose to the State any material litigation, arbitration or proceeding to which DBML or Borgess Medical Center (or to the extent DBML or Borgess Medical Center is aware), is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of DBML or Borgess Medical Center hereunder; or (ii) a claim or written allegation of fraud against DBML to the extent DBML or Borgess Medical Center is aware, hereunder by a governmental or public entity arising out of their business dealings with governmental or public entities. It is agreed by DBML that any such litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") will be disclosed in a written statement in the DBML bid response. DBML agrees that any details of settlements which are prevented from disclosure by the terms of the settlement may be annotated as such. No publicly filed documents referencing DBML or Borgess Medical Center material litigation exist.

1B.302 DISCLOSURE OF RFP ASSISTANCE

Detroit Bio-Medical Laboratories, Inc. attests to the fact that it or any of its staff or Borgess Medical Staff did not assist in any manner in the drafting of this RFP. No information was provided by DBML to the State or information received from the State to DBML in order to develop this RFP or its response.



This includes, but is not limited to: assessments, surveys, white papers, RFP draft documents, questionnaires, requirements lists, budgetary figures, presentations, notes from conversations with State personnel, and any other forms of information resulting in a competitive advantage.

DBML has reviewed this section carefully and clearly states that it has not violated any section or part of 1B.302 and has acted as a “good-faith” vendor in response to this ITB.

1B. 303 MIDEAL-EXTENDED PURCHASING

Detroit Bio-Medical Laboratories, Inc. agrees to:

- X** Commodities and/or services on this Request for Quotation will be supplied to State of Michigan departments and agencies, and authorized MIDEAL Program members in accordance with the terms and prices quoted. A complete listing of eligible participants in the MIDEAL Program will be provided if this option is selected.

Detroit Bio-Medical Laboratories, Inc.

Jim Fradette

Authorized Agent Signature will appear in the printed section only.



Article 1, Attachment A

Pricing

Pricing Sheet

PANEL	TESTS		PROJECTED NUMBER	COST PER TEST	COST (1YEAR)
Electrolyte Panel	Carbon Dioxide Chloride Glucose CPT: 80051 & 82947	Potassium Sodium Test Code: **	200	\$9.00	\$1,800.00
Hepatic Function Panel	Albumin Alkaline Phosphatase AST Globulin, Claculated CPT:80076	Bilirubin, Total Bilirubin, Direct ALT Protein, Total A/G Ratio Test Code: 8032	150	\$12.00	\$1,800.00
Basic Metabolic Panel	Bun BUN/Creatinine Ratio Carbon Dioxide Potassium Calcium CPT:80048	Chloride Creatinine Glucose Sodium Test Code: 1446	300	\$11.50	\$3,450.00
Compre-hensive Metabolic Panel	A/G Ratio Creatinine AST Alkaline Phosphatase Potassium BUN/Creatinine Ratio Protein, Total Globulin, Calculated Carbon Dioxide CPT:80053	BUN Albumin Glucose Calcium Chloride Sodium Bilirubin, Total ALT Test Code: 1627	150	\$17.00	\$2,550.00



TESTS	PROJECTED NUMBER	COST PER TEST	COST (1YEAR)
SERUM – CLOZARIL CPT: 80154 Test Code: 463	100	\$46.40	\$4,640.00
SERUM - DEPAKOTE (Depakene, Valporic Acid) CPT: 80164 Test Code: 966	700	\$20.80	\$14,560.00
SERUM – DIGOXIN CPT: 80162 Test Code: 563	20	\$20.00	\$400.00
SERUM – DILANTIN CPT: 80185 Test Code: 565	250	\$20.80	\$5,200.00
SERUM - HALDOL CPT: 80173 Test Code: 638	20	\$75.20	\$1,504.00
SERUM - LITHIUM CPT: 80178 Test Code: 726	500	\$8.20	\$4,100.00
SERUM - NEURONTIN CPT: 80299 Test Code: 808	60	\$62.40	\$3,744.00
SERUM - PHENOBARB CPT: 80184 Test Code: 803	20	\$20.96	\$419.20
SERUM - PRIMIDONE (includes Phenobarb billed separately) CPT: 80188 Test Code: 837	30	\$15.00	\$450.00
SERUM - TEGRETOL CPT: 80156 Test Code: 917	200	\$22.40	\$4,480.00
SERUM - THEOPHYLLINE CPT: 80198 Test Code: 927	20	\$22.40	\$448.00

TERMS AND CONDITIONS

CONTRACT NO. 071B6200093



TESTS	PROJECTED NUMBER	COST PER TEST	COST (1YEAR)
BUN (CPT: 84520 Test Code: 956) @ \$3.00 & CREATININE (CPT: 82656; Test Code: 505) @ \$3.00	100	\$6.00	\$600.00
CALCIUM(CPT: 82310 Test Code: 425 @ \$ 3.00) PHOSPHORUS (CPT:84100 Test Code 818 @ \$3.00)	50	\$6.00	\$300.00
CARDIAC ENZYMES CPT: 82550+82553+83615+83625 Test Code: **	50	\$25.70	\$1,285.00
CBC WITH DIFFERENTIAL CPT: 85025 Test Code: 437	1200	\$12.08	\$14,496.00
CPK CPT: 82550 Test Code: 500	100	\$4.00	\$400.00
ENVIRONMENTAL CULTURE CPT:87070 Test Code: 28	75	\$14.40	\$1,080.00
FERRITIN CPT:82728 Test Code: 596	80	\$20.00	\$1,600.00
FREE THYROXINE CPT: 84439 Test Code: 936	200	\$23.20	\$4,640.00
GLUCOSE CPT: 82947 Test Code: 620	200	\$3.00	\$600.00
HEMOGLOBIN A1c CPT: 83036 Test Code: 631	60	\$13.80	\$828.00
HIV CPT: 86701 Test Code: 667	100	\$25.60	\$2,560.00
PREGNANCY TEST CPT:84703 Test Code: 635	100	\$12.00	\$1,200.00
PROTEIN ELECTROPHORESIS- URINE CPT:84155 + 84165 Test Code: 572	20	\$22.00	\$440.00
PROTEIN ELECTROPHORESIS- SERUM CPT:84155+84165 Test Code: 571	20	\$15.00	\$300.00
PSA, TOTAL CPT: 84153 Test Code: 844	100	\$24.00	\$2,400.00
PT/INR CPT: 85610 Test Code: 854	150	\$6.60	\$990.00
B12 & FOLIC ACID- SERUM CPT: 82607 + 82746 Test Code: 8976	40	\$43.20	\$1,728.00
CORTISOL - SERUM CPT: 82533 Test Code: 496	20	\$32.00	\$640.00
ESTRADIOL - SERUM CPT: 82670 Test Code: 575	10	\$43.20	\$432.00
MAGNESIUM - SERUM CPT: 83735 Test Code: 736	20	\$10.56	\$211.20
PROLACTIN - SERUM CPT: 84146 Test Code: 841	50	\$34.40	\$1,720.00
TETOSTERONE, TOTAL - SERUM CPT: 84403 Test Code: 924	20	\$36.00	\$720.00

TERMS AND CONDITIONS

CONTRACT NO. 071B6200093



TESTS	PROJECTED NUMBER	COST PER TEST	COST (1YEAR)
SICKLE CELL PREP CPT:85660 Test Code: 891	100	\$9.00	\$900.00
THYROID PROFILE 1: (FREE THYROXINE &TSH) CPT: 84443+84439 Test Code: **	150	\$50.40	\$7,560.00
TSH CPT: 84443 Test Code: 934	200	\$27.20	\$5,440.00
URIC ACID- SERUM CPT: 84550 Test Code: 960	30	\$3.00	\$90.00
URINALYSIS CPT: 81001 Test Code: 962	800	\$5.05	\$4,040.00
URINE CULTURE & SENSITIVITY CPT: 87088 + 87086 Test Code: 67	120	\$17.60	\$2,112.00
URINE OSMOLALITY CPT: 83935 Test Code: 790	30	\$15.00	\$450.00
VAGINAL CULTURE CPT: 87070 Test Code: 50	150	\$16.20	\$2,430.00
DEEP WOUND CULTURE (CPT: Panel) Test Code: 90 @ \$25.00 SPUTUM (CPT: Panel) Test Code: 57 & 85 @ \$31.20 WOUND SUPERFICIAL CPT: 87070 Test Code: 54 @ \$20.00 OR EYE DISCHARGE CULTURE (CPT 87070; Test code 53 @ \$20.00 &SENSITIVITY (CPT: 87184 @ \$12.00	200	\$36.05	\$7,210.00

Please note above cost is average culture cost plus sensitivity

Total Contract Price for one (1) year is: \$180,579.40

The standard list price of Detroit Bio-Medical Laboratories has been included with this bid. You will find DBML'S list prices one of the lowest in the state.

DBML will discount 20% from this standard list price.

** Test code numbers will be provided at the awarding of the bid



DETROIT BIOMEDICAL LABS TESTS CATALOG

TEST CODE	DESCRIPTION	FEE
305	ACETONE, SERUM, QUALITATIVE	\$25.00
306	ACETONE, URINE, QUALITATIVE	\$25.00
315	ALBUMIN, SERUM	\$10.00
317	ALCOHOL ETHYL, URINE	\$35.00
316	ALCOHOL ETHYL, PLASMA	\$35.00
324	ALKALINE PHOSPHATASE, SERUM	\$10.00
328	ALPHA FEROPROTEIN, SERUM (TUMOR MARKER)	\$80.00
1568	AMPHETAMINES, QUALITATIVE, URINE	\$35.00
348	AMYLASE, SERUM	\$14.00
362	ANTI-DNA ANTIBODY (DOUBLE STRANDED)	\$55.00
373	ANTI-NUCLEAR ANTIBODY	\$30.00
380	ANTI-STREPTOLYSIN 0 (ASOT)	\$25.00
383	ANTI-THYROGLOBULIN AB	\$40.00
384	ANTI-THYROID MICROSOMAL AB	\$40.00
358	ANTIBODY SCREEN	\$20.00
386	APOLIPOPROTEIN A AND B, SERUM	\$60.00
65	AUTOCLAVE SPORE CHECK	\$18.00
2568	BARBITURATES, QUALITATIVE, URINE	\$35.00
1446	BASIC METABOLIC	\$30.00
7568	BENZODIAZEPINE, QUALITATIVE, URINE	\$35.00
92	BETA STREP	\$25.00
406	BILIRUBIN, DIRECT, SERUM	\$10.00
408	BILIRUBIN, TOTAL, SERUM	\$10.00
407	BILIRUBIN, INDIRECT, SERUM	\$13.00
777	BIOPSY	\$150.00
414	BLEEDING TIME	\$20.00
412	BLOOD GROUP AND Rh	\$20.00
956	BUN (UREA NITROGEN), SERUM	\$10.00
418	CA-125	\$60.00
425	CALCIUM, SERUM	\$10.00
426	CALCIUM, URINE	\$15.00
6568	CANNABINOIDS, QUALITATIVE, URINE	\$35.00
917	CARBAMEZAPINE, SERUM	\$50.00
428	CARBON DIOXIDE, SERUM	\$10.00
430	CARCINOEMBRYONIC ANTIGEN (CEA)	\$50.00
436	CBC W/DIFF (INCLUDES: WBC,RBC,HGB,HCT,MCH,MCHC,PLAT AND DIFF	\$24.00
520	CHLAMYDIA/GC (DNA PROBE)	\$80.00
521	CHLAMYDIA (DNA PROBE)	\$40.00



449	CHLORIDE, SERUM	\$10.00
450	CHLORIDE, URINE	\$10.00
455	CHOLESTEROL	\$10.00
TEST CODE	DESCRIPTION	FEE
9912	CK-MB	\$25.00
3568	COCAINE, URINE, QUALITATIVE	\$35.00
472	COLD AGGULTINS	\$20.00
480	COMPLEMENT C-3, SERUM	\$30.00
481	COMPLEMENT C-4, SERUM	\$30.00
480	COOMBS, DIRECT	\$14.00
489	COOMBS, INDIRECT	\$14.00
496	CORTISOL, SERUM	\$50.00
1496	CORTISOL, AM, SERUM	\$50.00
2496	CORTISOL, PM, SERUM	\$50.00
500	CPK (CREATINE KINASE), SERUM CK ISO PERFORMED ON ALL ELEVATED CPK'S	\$15.00
499	CPK ISOENZYMES, SERUM	\$35.00
505	CREATININE, SERUM	\$10.00
506	CREATININE, URINE	\$20.00
1504	CREATININE CLEARANCE	\$30.00
404	CRP - HIGH SENSITIVE	\$40.00
501	CRP - QUALITATIVE, SERUM	\$25.00
56	CULTURE, BLOOD	\$27.00
64	CULTURE, FUNGAL	\$25.00
67	CULTURE, URINE	\$25.00
549	CYTOLOGY, BREAST ASPIRATION	\$150.00
550	CYTOLOGY, FLUID, MISC	\$150.00
553	CYTOLOGY, GENITAL, MALE	\$150.00
554	CYTOLOGY, MISC	\$150.00
552	CYTOLOGY, SPUTUM	\$150.00
551	CYTOLOGY, URINE	\$150.00
556	CMV, IgG	\$40.00
1556	CMV, IgM	\$75.00
557	DHEA-SULFATE, SERUM	\$60.00
966	DEPAKENE	\$40.00
561	DIFFERENTIAL	\$15.00
563	DIGOXIN	\$10.00
565	DILANTIN (PHENYTOIN), SERUM	\$40.00
695	DILANTIN, FREE, SERUM	\$60.00
568	DRUGS OF ABUSE SCREEN, URINE 6-PANEL	\$35.00
567	DRUGS OF ABUSE SCREEN, URINE 9-PANEL	\$50.00
285	ELECTROLYTE PANEL	\$25.00
573	EOSINOPHIL COUNT ABSOLUTE	\$10.00



593	EPSTEIN-BARR VIRUS CAPSID ANTIGEN, ANTIBODY, IgM	\$40.00
594	EPSTEIN-BARR VIRUS CAPSID ANTIGEN, ANTIBODY, IgG	\$40.00
575	ESTRADIOL, SERUM	\$60.00
TEST CODE	DESCRIPTION	FEE
596	FERRITIN	\$40.00
609	FOLATE, SERUM	\$55.00
611	FSH, SERUM	\$45.00
91	GC CULTURE	\$35.00
522	GC (DNA PROBE)	\$40.00
616	GENTAMYCIN (PEAK OR TROUGH)	\$75.00
7620	GESTATIONAL GLUCOSE CHALLENGE	\$15.00
615	GGTP	\$12.00
620	GLUCOSE	\$10.00
622	GLUCOSE, FASTING	\$10.00
993	GLUCOSE TOLERANCE (3 HOUR)	\$25.00
994	GLUCOSE TOLERANCE (4 HOUR)	\$30.00
995	GLUCOSE TOLERANCE (5 HOUR)	\$35.00
996	GLUCOSE TOLERANCE (6 HOUR)	\$40.00
4622	GLUCOSE, 4PM	\$10.00
631	GLYCOHEMOGLOBIN	\$25.00
85	GRAM STAIN	\$20.00
639	HAPTOGLOBULIN	\$20.00
635	HCG, QUALITATIVE	\$20.00
633	HCG, QUANTITATIVE	\$35.00
632	HCG, TUMOR MARKER, SERUM	\$80.00
659	HDL	\$22.00
640	HELICOBACTER PYLORI AB, IgG	\$90.00
4436	HEMATOCRIT	\$10.00
3436	HEMOGLOBIN	\$10.00
569	HEMOGLOBIN ELECTROPHORESIS	\$40.00
8032	HEPATIC FUNCTION	\$20.00
648	HEPATITIS A ANTIBODY (TOTAL)	\$50.00
649	HEPATITIS B CORE AB	\$45.00
650	HEPATITIS B ANTIBODY	\$45.00
651	HEPATITIS B SURFACE ANTIGEN (HAA)	\$45.00
3652	HEPATITIS B e AB	\$45.00
4652	HEPATITIS B e AG	\$45.00
647	HEPATITIS C	\$65.00
653	HERPES 1/2 IgM, SERUM	\$80.00



654	HERPES 1 AND 2 IgG, SERUM	\$60.00
656	VARICELLA ZOSTER AB, SERUM (IMMUNE STATUS)	\$65.00
667	HIV-1/HIV-2	\$45.00
545	HOMOCYSTEINE, SERUM	\$85.00
686	IMMUNOELECTROPHORESIS	\$60.00
678	IMMUNOGLOBULINS (G,A,M)	\$60.00
TEST CODE	DESCRIPTION	FEE
696	INSULIN	\$30.00
701	IRON BINDING	\$35.00
700	IRON, TOTAL	\$15.00
675	IgA, SERUM	\$20.00
677	IgE, SERUM	\$40.00
680	IgG, SERUM	\$20.00
682	IgM, SERUM	\$20.00
708	LDH ISOENZYMES	\$35.00
709	LDH, SERUM (ISOENZYMES PERFORMED ON ELEVATED LDH'S)	\$10.00
4728	LDL DIRECT	\$30.00
711	LE LATEX	\$20.00
714	LEUKOCYTES, STOOL	\$25.00
719	LIPASE	\$30.00
724	LIPOPROTEIN	\$30.00
806	LIPOPROTEIN, PHENOTYPE	\$40.00
726	LITHIUM	\$20.00
728	LOW DENSITY LIPOPROTEIN (CHOL, TRIG, HDL, C/H)	\$40.00
729	LH, SERUM	\$40.00
733	LYME DISEASE ANTIBODY, SERUM	\$60.00
736	MAGNESIUM, SERUM	\$18.00
737	MAGNESIUM, URINE	\$18.00
738	MALARIAL SMEAR	\$20.00
1567	METHADONE, QUALITATIVE, URINE	\$25.00
725	MICROALBUMIN	\$80.00
657	MONO TEST	\$17.00
778	NASAL EOSINOPHILS	\$10.00
784	STOOL FOR OCCULT BLOOD	\$10.00
4568	OPIATES, QUALITATIVE, URINE	\$35.00
789	OSMOLALITY, SERUM	\$30.00
555	PAP SMEAR (SINGLE SLIDE)	\$25.00
776	THINPREP PAP SMEAR	\$55.00
5568	PHENCYCLIDINE, QUALITATIVE, URINE	\$35.00
803	PHENOBARBITAL	\$35.00



815	PHOSPHORUS, URINE	\$10.00
818	PHOSPHORUS, SERUM	\$10.00
817	PINWORM TAPE TEST	\$15.00
820	PLATELET COUNT	\$10.00
830	POTASSIUM, SERUM	\$10.00
831	POTASSIUM, URINE	\$10.00
847	PREALBUMIN, SERUM	\$60.00
833	PREGNANCY, SERUM	\$20.00
TEST CODE	DESCRIPTION	
832	PREGNANCY, URINE	\$20.00
854	PRO-TIME	\$15.00
838	PROCAINAMIDE/N-ACETYLPROCAIN.	\$50.00
855	PROGESTERONE, SERUM	\$48.00
841	PROLACTIN, SERUM	\$45.00
2567	PROPOXYPHENE, QUALITATIVE, URINE	\$50.00
843	PROSTATIC SPECIFIC ANTIGEN (PSA)	\$55.00
571	PROTEIN ELECTROPHESIS, SERUM	\$25.00
850	PROTEIN, TOTAL, SERUM	\$10.00
853	PTT	\$15.00
858	QUINIDINE	\$40.00
867	RA FACTOR	\$20.00
206	RENAL FUNCTION	\$25.00
866	RETIC COUNT	\$15.00
859	RPR	\$15.00
871	RUBELLA ANTIBODY IgG (IMMUNE STATUS)	\$35.00
1871	RUBELLA ANTIBODY, IgM	\$80.00
881	SED RATE, BLOOD	\$10.00
883	SEMEN ANALYSIS, COMPLETE SEMEN EXAMINATION (POST-VASECTOMY SPERM COUNT)	\$50.00
884		\$20.00
888	SGOT (AST)	\$10.00
889	SGPT (ALT)	\$10.00
891	SICKLE CELL SCREEN	\$15.00
894	SODIUM, SERUM	\$10.00
895	SODIUM, URINE	\$10.00
61	STOOL CULTURE	\$25.00
918	T3, TOTAL	\$35.00
919	T3 UPTAKE	\$20.00
920	T4, TOTAL	\$20.00
921	T7 (T3UPTAKE & T4)	\$40.00
936	T4, FREE, SERUM	\$30.00
917	TEGRETOL	\$50.00



915	TEGRETOL, FREE	\$60.00
924	TESTOSTERONE, TOTAL, SERUM	\$60.00
927	THEOPHYLLINE	\$35.00
	THINPREP PAP	
776	SMEAR	\$55.00
58	THROAT CULTURE	\$25.00
942	TOBRAMYCIN, (PEAK OR TROUGH), SERUM	\$75.00
941	TOXOPLASMOSIS, IgG	\$40.00
944	TOXOPLASMOSIS, IgM	\$55.00
943	TRANSFERRIN	\$20.00
TEST CODE	DESCRIPTION	
948	TRIGLYCERIDES	\$15.00
8799	TROPONIN I	\$95.00
934	TSH	\$45.00
957	UREA NITROGEN, URINE	\$25.00
960	URIC ACID, SERUM	\$10.00
961	URIC ACID, URINE	\$10.00
962	URINALYSIS, COMPLETE	\$12.00
963	URINALYSIS-MICROSCOPIC	\$10.00
67	URINE CULTURE	\$25.00
969	VANCOMYCIN (PEAK OR TROUGH), SERUM	\$75.00
976	VITAMIN B-12	\$40.00
63	YEAST CULTURE	\$25.00



ARTICLE 1, ATTACHEMENT B – PROFESSIONAL EMPLOYEE ROSTER

Position	Employee Name	Hours	Degree/Cert
Director	S. T. Shaya	40	Bachelor of Science/MT
	Vincent S. Trent MD	40	Doctorate Of Medicine
	Total Hours	80	
Consultants	Amjad Rasool	As Needed	Bachelor of Science
	Ben Nakash	As Needed	Ph.D.
	Carylon Harper	As Needed	Bachelor of Science
	Clement Fradette	As Needed	Bachelor of Science
	James Dougherty	As Needed	Bachelor of Science
	James Flickman	As Needed	Bachelor of Science
	James Shaya	As Needed	Doctorate Of Medicine
	Linda Babcock	As Needed	Lawyer
	Louis Lopez	As Needed	Bachelor of Science
	Sande Kowalewski	As Needed	Bachelor of Science
Supervisors	Abdul Asbahi	40	MT/HEW
	Antoinette Zajechowski	40	Assoc of Science/MLT ASCP
	Bob Bielinda	40	Bachelor of Science/MT
	David Elbinger	40	MT/HEW
	Diane Howell	40	Cytotech ASCP
	Gary Klunzinger	40	Bachelor of Business
	John Malachowski	40	MT/HEW
	Myra Loeckner	40	Hist Tech Cert ASCP
	Raymond Zakaria	40	Masters Of Science
	Richard Arnold	40	Assoc of Science/MLT ASCP
	Richard Zakaria	40	Bachelor of Science/MT ASCP
	Robert Zakaria	40	Assoc of Mechanical Engineer
	Stamatina Ziemba	30	Ph.D.
	Total Hours	510	
Pathologist	Dr Trent	40	Doctorate Of Medicine
	Dr Rey	20	Doctorate Of Medicine
	Dr Saleh	20	Doctorate Of Medicine
	Dr Thrasher	20	Doctorate Of Medicine
	Total Hours	100	



Position	Employee Name	Hours	Degree/Cert
Technologist	Angela Cho	40	Bachelor of Science/MT
	Vickie Hughes	40	Bachelor of Science/MT ASCP
	Dawn Montaque	40	Bachelor of Science/MT ASCP
	Frank Fryzlewicz	40	Bachelor of Science/MT ASCP
	Joyce Livingston	40	Bachelor of Science/MT
	Judy Galprin	25	Bachelor of Science/MT ASCP
	Lori Ciccione	25	Bachelor of Science/MT ASCP
	Marilyn Brown	40	Bachelor of Science/MT ASCP
	Nancy Thieda	10	Ph.D.
	Salma Mohammed	40	Bachelor of Science/MT ASCP
	Total Hours	340	
MLT	Craig Hiltunen	40	Assoc of Science/MLT ASCP
	Cynthia Churchill	30	Assoc of Science/MLT
	Debbie Kleeves	40	Assoc of Science/MLT
	Diane Charette	25	Assoc of Science/MLT ASCP
	Joseph Laporte	40	Assoc of Science/MLT
	Kim Tworkowski	40	Assoc of Science/MLT ASCP
	Mary Corera	40	Assoc of Science/MLT
	Mary Sanders	40	Assoc of Science/MLT ASCP
	Mary Wojcik	10	40yrs Experience
	Marty Johnson	40	Assoc of Science/MLT ASCP
	Peggy Barrett	As Needed	HEW/MLT
	Total Hours	345	
Cytology	Diane Howell	40	CytoTech ASCP
	Julie Fowler	24	CytoTech ASCP
	Total Hours	64	

**ARTICLE 1 ATTACHMENT D – DELIVERABLES****1.105 WORK AND DELIVERABLES**

Detroit Bio-Medical Laboratories, Inc. agrees to provide all that is necessary for the performance of the work outlined in this contract. They will include:

- a) DBML maintains a CLIA license and CAP certification. Copies of these documents are submitted as scanned documents with this ITB. DBML understands that failure to maintain these criteria will result in immediate termination of this contract.
- b) DBML maintains a complete and comprehensive Quality Assurance Program. This document has been provided as part of the response to this ITB.
- c) DBML will provide a phlebotomist for at least 22 hours of service per week. The working hours of the phlebotomist will be 5:30 AM to 9:30 AM Monday through Friday and 7:00 AM to 9:00 AM on Saturdays.
- d) DBML will provide additional on-call phlebotomy services during regular business hours at no cost to KPH, via pager Monday through Friday between the hours of 10:00 AM and 4:00 PM for blood draws, processing of samples, and completion of all necessary paperwork associated with the blood draws. The phlebotomist will arrive within 30 minutes of the page for service.
- e) Under item o. of this section, the ITB states that KPH staff will be responsible for drawing all STAT specimens for all hours outside of 5:30 AM to 9:30 PM Monday through Friday and 7:00 AM to 9:00 AM Saturday. DBML will supply as noted in item o. of this section, courier service to transport these after-regular hour STAT specimens to the STAT Laboratory. The charge for this service will be \$20 per occurrence. DBML does supply after hours phlebotomy services, at no additional charge for State of Michigan facilities that are within 30-45 minutes from our Farmington Hills Laboratory.
- f) DBML will provide all supplies, materials and equipment to obtain, process and transport specimens. DBML will be responsible for the removal of all infectious waste that is generated during activities related to the execution of the contract.
- g) DBML will provide two (2) pickups of specimens Monday through Friday and one pickup on Saturday.
- h) DBML will provide all necessary information on the test reports so that they may be filed in the KPH consumer's medical record.
- i) DBML's phlebotomist will be responsible for the distribution of all laboratory results during his/her working hours.
- j) DBML will report all abnormal results that are above or below DBML's alert range to the Agency by telephone between the hours of 7:00 AM to 7:00 PM. All results will be printed at 9:00 AM.

**STAT Test Results**

STAT Test Results will be called to the patient's unit immediately upon completion of the test and printed the next morning.

Critical Values Results

Critical Values Results will be called to the patient's unit immediately upon completion of the test and printed the next morning. Any adjustment in the critical value ranges will be implemented by DBML within five (5) working days.

Therapeutic Serum Drug Levels

All therapeutic Serum Drug Levels which are greater than the established therapeutic level for that drug will be called to the patient's unit, or Central Nursing Office, as soon as the results are available. These levels will be adjusted within 5 working days with the receipt of a written directive from the Agency.

- k) Specimens will be picked up in the morning will be processed and test results within the normal range will be provided via printer the next morning at 9:00 AM.
- l) Culture results will be delivered to the agency via printer within one day after the report is available.
- m) A printer will be provided for the deliver of hard copy results. Additionally, a Web-based reporting system will be made available to the agency readily accessed from any computer terminal within the building that is connected to the web. This will allow the Agency to access any result needed that has been completed or information on any results that are preliminary or pending. There will be no additional cost for this service.
- n) Repeat tests will be performed without charge to the Agency.
- o) STAT specimens will be picked up, processed and the results telephoned to the designated Agency medical personnel or consumer's unit within a maximum of 2 and a half (2-1/2) hours from the time the specimen is collected. The specimen will be picked up within one (1) hour of being notified. This service will be available seven (7) days a week, 24 hours a day. The cost for transporting and processing the STAT and delivering to the STAT Laboratory will be \$20 per occurrence.
- p) DBML will be responsible for drawing blood, preparing specimens for pickup and for instructing KPH staff in the preparation of the request forms. This service will be provided at no extra cost to the Agency.
- q) The Contractor shall provide at no additional charge the consultation services of a duly qualified pathologist. These services will be available to Agency personnel, Monday through Friday between 8:00 AM and 4:00 PM.
- r) DBML pathologist will read both gross and microscopic specimens.
- s) As a matter of policy to all customers including the State of Michigan, DBML feels responsible to always advise facilities as to the most cost effective selection of tests and other aspects of laboratory services on an ongoing basis. Currently DBML does not provide and has not been asked to provide, regular training secessions for any of our State facilities. DBML is a Michigan-based regional laboratory and cannot be compared to a national/multi-national laboratory that has endless educational resources for lectures, case studies, CPC, etc.



However, DBML is willing to present one training secession per year for KPH and would ask that KPH staff assist in working with DBML personnel in designing and implementing this program. The intent would be to provide information on cost effective way of order testing as well as information on a new laboratory testing capabilities, etc.

- t) DBML does/will store all specimens based on “Standard of Care” criteria for a minimum of seven (7) days.
- u) DBML will deliver all positive RPR (VDRL) specimens to the Lansing Central State Lab on a daily basis (Monday through Friday) at no additional cost to the Agency.
- v) DBML will follow CLIA and CAP specifications for the retention of all Pap smear evaluations.
- w) DBML will work with the Facility Contract Administrator and the Department of Management and Budget, Acquisition Services Office, to modify the service contract during the course of the contract in order to better meet the needs of the Agency. Any changes, including pricing, must be authorized by DMB, Acquisition Services.
- x) DBML realizes that the types and amount of testing under this contract can vary based on the medical needs of the consumers. DBML will apply a 20% discount from the regular catalog price for any laboratory test that is not in the agreed pricing found in Attachment 1. DBML prides itself as having the lowest testing costs of any laboratory in the Michigan Area. A 20% discount of a DBML test usually in much lower than a higher discount percent of a competitor whose regular price for a tests far exceeds DBML regular price. A copy of the “Detroit Bio-Medical Labs Test Catalog” is included as an attachment with this submission of the ITB.

Please Note: An of DBML’s Quality Assurance Program is enclosed as part of the this submittal and is titled, EXHIBIT 1, and is near the end of the ITB.



ARTICLE 1, ATTACHMENT E – PROJECT PLAN

PROJECT PLAN MANAGEMENT

DBML notes and agrees to work closely with the Agency Contract Compliance Inspector of KPH, Sue Glenn.

DBML agrees to work within the framework that is laid out within this section of the proposal entitled “Quality Assurance Program”.

1.303 REPORTS

DBML will provide one (1) written copy to the Contract Compliance Inspector for KPH. These will include:

- e. Written/printed results of specified routine laboratory tests that are returned by the following day at 9:00 AM.
- f. Tests that significantly exceed expected normal levels will be telephoned and faxed to the appropriate personnel as soon as the test results are available.
- g. A complete itemized statement of costs by procedure incurred for the previous month will be delivered/mailed to the facility by the 15th of the following month. An extra effort will be made with each September Statement to deliver this information as early in October as possible in order to assist the facility in it’s year-end closing. (This practice is currently being used with other State of Michigan Facilities)
- h. Monthly Quality Assurance Reports.



Article 2 – General Terms and Conditions

2.101 Contract Structure and Administration

2.011 Definitions

DBML has reviewed and agrees/understands it's responsibilities to the ITB. To the best of our ability, we feel that we have addressed all area of this document.

2.012 Attachments and Exhibits

All required attachments and exhibits have been included with the RFP.

2.013 Statement of Work

DBML presents response to the State of Work (SOW) as noted in Article 1, 1.0 through Article 1, 1.7. Article 1B contains all information requested and presented as complete as possible.

2.014 Issuing Office

DBML is fully aware of the contents of this section and will abide by such.

2.015 Contract Compliance Inspector

DBML is familiar with the position and function of the Contract Compliance Inspector. As per matter of company policy, all field and support personnel to this ITB will would together with the Contract Compliance Inspector to help meet their needs as related to the ITB.

2.021 Background

DBML is aware of the necessity for competent care needed to set up and attended to all treatment plans necessary for a consumer's safety and well-being. Our years of experience with other State of Michigan facilities dealing with these types of consumers prepares us well to assist in providing laboratory services that will help in determining treatment programs, diagnosis, monitoring drug levels, etc. The health and safety of the consumers of Kalamazoo Psychiatric Hospital and their care as mandated by the courts and the need to meet Joint Commission on the Accreditation of Healthcare Organizations standards for accreditation are very important. All of this met, KPH will be able to participate in managed care contracts and Medicare and Medicaid Service programs. DBML would be honored to provide laboratory services and be part of the consumer care team at Kalamazoo Psychiatric Hospital.

2.022 Purpose

Detroit Bio-Medical Laboratories, Inc. would like to be considered for providing laboratory services for the Department of Community Health, Kalamazoo Psychiatric Hospital (KPH). Please accept this ITB response for the contracting of services for the KPH facility.



2.023 Objectives and Scope

Please refer to Article 1, 1B for complete response to all aspects of the ITB “Scope of Work and Deliverables”.

2.032 Contract Terms

DBML is in agreement of all statements made in this section of the ITB.

2.040 Contractor Personnel

2.041 Contractor Personnel

Please refer to 1B.202 for complete information on key personnel. If DBML is fortunate enough to be awarded the Bid, Jim Fradette, Area Business Manager/Contract Specialist and the Laboratory Chief Technologist, Antoinette Zajechowski, will attend the initial “contact meeting” with KPH management personnel. Toni Z. and Jim Fradette will determine the needs of KPH personnel and ways that the services of DBML can be tailored to specifically meet the needs of KPH staff in order to quickly and efficiently serve the consumers of KPH. Toni Z. then will take these mandates back to the laboratory and set them up to meet the needs of KPH and its consumers.

(Please find a complete roster of key laboratory personnel included as a electronic and paper document in the ITB)

2.042 Contractor Identification

DBML agrees to follow along with this mandate.

2.044 Subcontracting by Contractor

DBML realizes that it is responsible for the performance of its sub-contractor.

(DBML agrees to abide by all items 2.045 through 2.094 when applicable)

2.095 Electronic Payment Availability

DBML, under Public Act 533 of 2004, will accept payments by electronic funds transfer (EFT).

2.101 Contract Management and Responsibility

DBML understands and will abide by all items contained in the section of the ITB.

2.102 Reports and Meetings

Through experience with six (6) other State facilities over the years including four (4) new startups over the past five (5) years, DBML has found that the best way to handle laboratory service questions/concerns appears to be being very pro-active in its services at point of startup and constant communication in times of information need. If questions are left for the next scheduled meeting it appears that it creates much unneeded chaos and confusion.



The ITB calls for meetings, one (1) per month for the first six (6) months, and than a quarterly meeting from there on. DBML personnel will make themselves available for these meetings on an as needed basis.

2.106 Changes Requests

DBML agrees to all portions of this section of the ITB.

2.121 State Performance Obligations

- (a) Agreed in (SOW)
- (b) Facilities. DBML would request, if possible, that a secure space be provided by KPH for the phlebotomist to process paperwork, centrifuge specimens, and store necessary supplies and equipment. The space need not be large but have the necessary area for a centrifuge and a desk or countertop for filling out paperwork, etc. The facility also should have a small refrigerator to keep the specimens stable until the courier arrives.
- (c) Agree to return all State Property at the end of the Contract period.
- (d) Understand and agree with this section of the ITB

2.120 Security

2.131 Background Checks

DBML resides under this mandate at all of the facilities that it serves. DBML will cooperate with any background checking that is performed.

2.181 Liability Insurance

DBML's Liability Insurance coverage meets and/or exceeds the amount that is required in this section of the ITB. **(Please find a copy of these documents as a paper submittal, EXHIBIT 2 at the end of the document)**

2.211 Termination for Cause

DBML is aware and agrees to abide by the mandates of this section of the ITB.

Detroit Bio-Medical Laboratories, Inc. has made every effort to answer all pertinent questions within this complete section. Any additional information or questions may be directed to: Jim Fradette

Cell: 517- 402-2828

Web: cjfradette@earthlink.net



EXHIBIT 1- QUALITY ASSURANCE

Quality Assurance is a system for assuring the quality of the total laboratory performance. The system identifies a problem as it arises and outline procedures for the resolution of the problem.

The system consists of two programs:

1. **QUALITY ASSURANCE PROGRAM**

Quality Assurance is designed to provide for defining, monitoring, interpreting and correlating test results with appropriate patient care and to correlate the amount and type of testing with what is considered to be successful treatment and outcome.

2. **QUALITY CONTROL PROGRAM**

Quality Control is the primary means of ensuring medically reliable, high-quality laboratory testing through internal and external quality control programs. It is basically a scientific and technical process that is implemented on a daily basis by the technical staff of the laboratory and is supervised by the Director.

The Quality Assurance program adds to the Director's responsibilities the application of medical judgment in recommending appropriate laboratory tests, interpreting test results, choosing alternate methods of testing, or choosing to send tests to another accredited laboratory.

The Quality Control program consists of a documented QC program for each section of the laboratory. The general quality control program includes, but is not limited to, the following:

1. **EXTERNAL QC**

Use of proficiency surveys for tests in each section of the laboratory.

When the proficiency samples are received in the laboratory, they are treated and analyzed in the same manner as a patient sample, recognizing the need for any reconstituting required for the proficiency samples. The survey results are mailed to the Computer Center for evaluation.

Records are maintained of all proficiency tests performed for a minimum of two years and makes such records available to the inspecting agencies.

The Director reviews the evaluation from the Computer Center and if any unsatisfactory results occur, the reasons for this occurrence are pinpointed, and remedial action initiated immediately. This action is documented on the proficiency survey reports.

2. **INTERNAL QC**

The laboratory has a multi-phase system for internal quality control:



1. DESIGN CONTROL

The laboratory-facility design and staffing pattern handle efficiently the workload of the selected assay procedures for the mix of health-care physicians and clients served by the laboratory. Personnel must meet set criteria of education, experience, certification and training.

2. MATERIALS CONTROL

Incoming material involves receiving or stocking, at the most economical levels of quality, only those materials and equipment meeting the laboratory's specifications.

The validity of the clinical data is dependent upon the use of specific reagent and materials. Specimen collection and handling are carefully controlled. Specific instructions are provided to collecting personnel to assure optimum specimen procurement and adequate requisitions. Unacceptable specimens are rejected or discussed with the ordering physician.

3. PROCESS CONTROL

Process control involve internal control to calibrate and control the process and external control to monitor and refine proficiency.

Large lots of control materials are used so that the limits for day-to day variation of the process can be determined and compared to the variation between days and month of the year, to document temporal precision and stability of the assay procedure.

"Blind sampling is interspersed randomly among the clinical specimens and the fact that these specimens are control specimens is unknown to the analysts. This allows the Director to obtain an independent assessment of all procedures performed in the laboratory.

The data from both types of QC specimens is assessed and a monthly statistical summary and review of apparent problems are prepared.

The proficiency testing program is the external QC program as described above.

4. OUTPUT CONTROL

Output control involves the patients test results. The laboratory report is sent promptly to the licensed physician or other authorized person who requested the test and a suitable record of each test result is preserved by the laboratory for a period of at least two years after the date of submittal of the report. The reports are filled for ready identification and accessibility. No results are sent to the patient concerned, except with the written consent of the physician or authorized person who requested the test.

Referred specimens are sent to an accredited reference laboratory whose name is included on the report.



Preventive maintenance ensures the proper operation of the equipment and instruments with a planned, written schedule of servicing. Remedial action is taken for any defects.

5. RELIABILITY CONTROL

The laboratory provides results of qualitative and quantitative tests with meaningful normal values.

6. VERIFICATION CONTROL

Verification control includes the CLIA inspection and accreditation.

SUMMARY

The Director actively monitors and facilitates the entire QA and QC programs and reviews all records for each section in the laboratory.

The QA and QC reports are filed and retained for a period of two years.



QUALITY ASSURANCE QUALITY CONTROL

The purpose of quality control is to ensure the reliability of each patient value. There are two requirements for all quality control systems: (1) should lead to decisions regarding the reliability of the analytical data and (2) should be related to the medical purposes for which the analyses are being done. Quality control actions should end with decision regarding not only analytical significance, but also the medical significance of the quality data.

Quality control consists of many steps in a chain of events from the preparation of the patient and collection of the sample to the delivery of the results to the physician. Many interlined items detail the points where quality control is important, such as training and experience of laboratory personnel, patient preparation, transportation and specimen handling, storage of specimen, instrument maintenance, quality of reagents used and a variety of other factors.

Working in a laboratory requires personnel to have good technical skills. It is impossible to have consistently good laboratory performance without an adequately trained technical staff. Recognizing that specimens are from patients and erroneous data can have serious consequences, identifying and correcting lapses in lab performance, alerting physicians at once with extremely abnormal results and have a willingness to provide extra effort and time when the situation demands it and recognizing the need to keep informed on new developments in the field are just a few items that make up a technologist with good judgement. Good judgement is acquired over time and cannot be taught. The precision of the method over the entire analytical range, normal and abnormal must be known and monitored with various levels of controls. Control charts must be kept up to date, organized and monitored on a regular basis.



The use of a “blind control” is used to randomly monitor the performance of the analytical testing. Corrective action in cases of “out of control” situations are documented. Participation in a multi sample survey, such as CAP, is very important in the evaluation of the laboratory performance.

All the above mentioned items are an important part of the quality control system. They are all needed to provide the physician with results that will aid him/her in diagnosing and treating the patient.



QUALITY ASSURANCE

CONTROL MATERIAL

Control material need to be stable material available in sufficient quantity to be analyzed over a reasonable time frame. They should have the same matrix as the patient samples and should produce values in a minimum of two ranges; one normal and one abnormal. The goal of the control is to target the corresponding concentration which is used to monitor performance of an assay at different medical decision levels. It is important that care be taken to reconstitute lyophilized materials. Mixing too quickly or vigorously may interfere with the solubility. Follow the instructions provided by the manufacturer of the control material.



QUALITY ASSURANCE

CRITICAL VALUES

All highly unusual results are repeated using a diluted sample, if needed, or a fresh non-diluted sample. If the same result as the original is obtained the result is considered valid and can be released to the ordering physician. If a different result from the original is obtained, the test is to be rerun with sample obtained from the primary sample tube. When two consecutive duplicate results are obtained, the result is considered valid and can then be released to the physician. If two (2) consecutive duplicate answers cannot be obtained, the instrument and/or reagent become suspect and results should be held until the problem can be resolved.



QUALITY ASSURANCE
CRITICAL VALUE REPORTING

The laboratory has set critical values for several laboratory tests. These values are programmed into the computer and are used to generate the abnormal call list that is printed every morning. Results that exceed the critical values are reported to the ordering physician or their representative in a timely manner. The time, name of person giving the results and the name of the person receiving the results will be recorded on the abnormal log.



QUALITY ASSURANCE
UNSATISFACTORY SPECIMENS

The laboratory recognizes the importance of a properly collected specimen to provide accurate test results to the physician. When receiving sample the laboratory will make note of any name discrepancy between the request form and the samples. Any discrepancies must be corrected prior to reporting of any results. Contact the person submitting the sample to verify the information. Samples submitted using the incorrect anticoagulant will be rejected by the laboratory. Specimens that may yield inaccurate results based upon the specimen condition, such as gross lipemic or gross hemolysis, will be rejected by the laboratory.



QUALITY ASSURANCE
PREVENTIVE MAINTENANCE

The laboratory will maintain all instruments and equipment that is used in the laboratory according to the manufacturer recommendations. The maintenance functions follow the guidelines set by the manufacturer. Maintenance will be performed on a daily, weekly and monthly basis as required. Yearly maintenance will be performed by an independent engineering company or a service representative of the manufacturer. If a problem is found at any time during the performance of this function, it will be brought to the attention of the director at once. If this problem can not be corrected in a timely manner by the technologist performing the assays, a service representative will be called in to repair the observed malfunction. No results will be reported out until this deficiency is corrected.



QUALITY ASSURANCE

CLERICAL ERRORS

The system for the detection of clerical errors is as follows:

1. Technologist will perform the ordered assays.
2. Results will then be transferred to a worksheet.
3. The results from the worksheet will be transferred to the patient result form.
4. After this transcription and before the release of the results, a technologist will review the results to check for an possible clerical errors.
5. After the review by the technologist the results forms are ready to be released to the ordering physician.



QUALITY ASSURANCE

TEST TURN AROUND TIME

The laboratory is in operation 7 days a week. The laboratory will monitor turn around times to continue to provide timely patient results to the physician to aid them in the treatment of their patients. All routine Chemistry, Hematology, TDM and Thyroid function have a turn around time to the ordering physician of 24-48 hours.

All routine Microbiology samples have a preliminary report available in 1-2 days and a final report within 2-3 days.

Pathology has a preliminary report available within 24-48 hours and a completed report within 4 working days. Some complex cases may take one to two weeks for a final report to be generated.

The laboratory monitors turn around times to continue to provide timely patient results to the physician to aid them in the treatment of their patients.



QUALITY ASSURANCE

PROFICIENCY TESTING

The laboratory participates in a nationally recognized proficiency survey program supplied through the College of American Pathologists and the WSHL. The laboratory subscribes to all surveys that are available for assays that are performed in the laboratory. The survey order is reviewed on an annual basis to assure that the laboratory participates in all survey available for the current assays performed. Proficiency testing will be treated in the same manner as the patient samples, recognizing the need for special handling due to the need for reconstitution and special time restraints. The results of the proficiency surveys are reviewed by the Pathologist or designee when they are received by the laboratory. The appropriate supervisor will then review the results and any unacceptable results will be investigated to determine the problem. After the investigation the results will be recorded on the PT Corrective Action Log sheet. The corrective action log will then be reviewed by the Pathologist to assure that the correct conclusion has been reached. All past survey, the corrective action and the summary report will be kept in the CAP Survey Books, available for review by all employees.



QUALITY ASSURANCE

TRANSPORTATION AND HANDLING OF BLOOD SPECIMENS

Several potential problem areas exist in the transportation and handling of blood specimens. Specific concerns relate to prolonged contact of serum or plasma with cells or with tube stoppers, laboratory induced hemolysis, analyte concentration change due to evaporation, incorrect storage temperature and the use of anticoagulants, serum/plasma separator devices and incorrect transportation. Recognition and control of these variables should reduce error and contribute to the medical usefulness of patient test results. All blood samples are to be treated with “universal precautions” because it is often impossible to know which specimen might be infectious.

Tubes of blood are to be kept in a vertical, stopper up position. This positioning promotes complete clot formation and reduces agitation of the tube contents which in turn reduces the potential for hemolysis. Gentle handling of collected specimen helps to minimize erythrocyte damage. Blood collected using a tube containing a clotting activator can be processed as early as 10 to 15 minutes after the blood is drawn. It is recommended that serum or plasma be physically separated from contact with cells as soon as possible with a maximum time of 2 hours from the time of collection. Tubes of blood are to be kept closed at all times, they should be centrifuged with stoppers in place. Tubes of blood intended for whole blood analysis are not to be centrifuged and separated.

Separated serum should remain at 22°C (room temperature) for no longer than 8 hours. If assays will not be completed in 8 hours, serum should be refrigerated. Whole blood samples should remain at 22°C for no longer than 4 hours. For longer storage, specimen should be refrigerated.

Specimens must be transported to the laboratory in as short time as possible. Prepare the sample to be transported to the laboratory by placing them in a secondary container. This secondary container should allow the request form to be physically separated from the specimen. The secondary container must be capable of containing any possible spillage derived from the primary container. A constant transportation temperature should be maintained. This can be accomplished with the use of varying cooling devices, such as, ice packs or refrigerated coolers.



QUALITY ASSURANCE

SPECIMEN REQUIREMENTS

The laboratory has determined the volume of samples required to perform the assays in this laboratory. This volume has been based upon the different method utilized by this laboratory. The ideal specimen requirements have been placed on the laboratory requisition form to allow easy access to this information at the time of the phlebotomy. The laboratory staff is available to answer any and all questions concerning the specimen volume and the specimen type that is needed for all assays not listed on the requisition form.

The laboratory will attempt to perform the requested assays on the specimen submitted as long as it does not jeopardize the integrity of the results.

If it is noted that a physician, his/her employee or a phlebotomist employed by the laboratory is obtaining an excessive amount of blood, the proper person will be contacted. The laboratory will inform them of the adverse consequences of excess venipunctures to both the patient and the health care workers involved.