

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

March 17, 2009

CHANGE NOTICE NO. 2  
TO  
CONTRACT NO. 071B7200102  
between  
THE STATE OF MICHIGAN  
and

NAME & ADDRESS OF VENDOR <b>Classic Computer Recovery Inc.</b> <b>32400 Ford Road</b> <b>Garden City, MI 48135</b>  lindam@classiccomputerrecovery.com	TELEPHONE Linda McFarland <b>(734) 293-5857</b>
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 241-3215 <b>Steve Motz</b>
Contract Administrator: Chad Hardin (517) 322-9052 <b>IT Surplus Recovery Services-- Michigan Department of Information Technology</b>	
CONTRACT PERIOD: From: <b>December 1, 2006</b> To: <b>December 1, 2009</b>	
TERMS <b>N/A</b>	SHIPMENT <b>N/A</b>
F.O.B. <b>N/A</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS: <b>N/A</b>	
MISCELLANEOUS INFORMATION:	

**NATURE OF CHANGE (S):**

Effective immediately Option 2 is exercised and this contract is extended 12 months to December 1, 2009. All other pricing, specifications, terms and conditions remain unchanged

**Overview of Contract Options**

X	Option 1	(12/1/07 – 12/1/08)
X	Option 2	(12/1/08 – 12/1/09)

**AUTHORITY/REASON:**

Per agency request and contractor agreement.

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$ 1.00**

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

November 5, 2007

CHANGE NOTICE NO. 1  
TO  
CONTRACT NO. 071B7200102  
between  
THE STATE OF MICHIGAN  
and

NAME & ADDRESS OF VENDOR <b>Classic Computer Recovery Inc.</b> <b>32400 Ford Road</b> <b>Garden City, MI 48135</b>  lindam@classiccomputerrecovery.com	TELEPHONE Linda McFarland <b>(734) 293-5857</b>
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 241-3215 <b>Steve Motz</b>
Contract Administrator: Chad Hardin (517) 322-9052 <b>IT Surplus Recovery Services-- Michigan Department of Information Technology</b>	
CONTRACT PERIOD: From: <b>December 1, 2006</b> To: <b>December 1, 2008</b>	
TERMS <b>N/A</b>	SHIPMENT <b>N/A</b>
F.O.B. <b>N/A</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS: <b>N/A</b>	
MISCELLANEOUS INFORMATION:	

**NATURE OF CHANGE (S):**

Effective immediately Option 1 is exercised and this contract is extended 12 months to December 1, 2008. All other pricing, specifications, terms and conditions remain unchanged

**Overview of Contract Options**

X	Option 1	(12/1/07 – 12/1/08)
	Option 2	(12/1/08 – 12/1/09)

**AUTHORITY/REASON:**

Per agency request and contractor agreement.

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$ 1.00**

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

December 8, 2006

NOTICE  
OF  
CONTRACT NO. 071B7200102  
between  
THE STATE OF MICHIGAN  
and

NAME & ADDRESS OF VENDOR <b>Classic Computer Recovery Inc.</b> <b>32400 Ford Road</b> <b>Garden City, MI 48135</b>		TELEPHONE Karen Krane <b>(847) 847-6569</b>		
		VENDOR NUMBER/MAIL CODE		
karenk@classiccomputerrecovery.com		BUYER (517) 241-3215 <b>Steve Motz</b>		
Contract Administrator: Chad Hardin (517) 322-9052 <b>IT Surplus Recovery Services-- Michigan Department of Information Technology</b>				
CONTRACT PERIOD: From: <b>December 1, 2006</b> To: <b>December 1, 2007</b>				
TERMS <b>N/A</b>	SHIPMENT <b>N/A</b>			
F.O.B. <b>N/A</b>	SHIPPED FROM <b>N/A</b>			
MINIMUM DELIVERY REQUIREMENTS: <b>N/A</b>				
MISCELLANEOUS INFORMATION:				

Total Estimated Contract Value: \$ 1.00.

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

CONTRACT NO. 071B7200102  
between  
THE STATE OF MICHIGAN  
and

NAME & ADDRESS OF VENDOR <b>Classic Computer Recovery Inc.</b> <b>32400 Ford Road</b> <b>Garden City, MI 48135</b>  karenk@classiccomputerrecovery.com	TELEPHONE Karen Krane <b>(847) 847-6569</b>
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 241-3215 <b>Steve Motz</b>
Contract Administrator: Chad Hardin (517) 322-9052 <b>IT Surplus Recovery Services-- Michigan Department of Information Technology</b>	
CONTRACT PERIOD: From: <b>December 1, 2006</b> To: <b>December 1, 2007</b>	
TERMS <b>N/A</b>	SHIPMENT <b>N/A</b>
F.O.B. <b>N/A</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS: <b>N/A</b>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of ITB #11-05, this Contract Agreement and the vendor's quote dated 11/16/05. 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.	
Total Estimated Contract Value: <b>\$ 1.00</b>	

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the ITB no. 11-05. A Purchase Order Form will be issued only as the requirements of the State Departments are submitted to Purchasing Operations. Orders for delivery may be issued directly by the State Departments through the issuance of a Purchase Order Form.

**FOR THE VENDOR:**

**Classic Computer Recovery Inc.**

Firm Name

Authorized Agent Signature

**Linda McFarland, President**

Authorized Agent (Print or Type)

Date

**FOR THE STATE:**

Signature

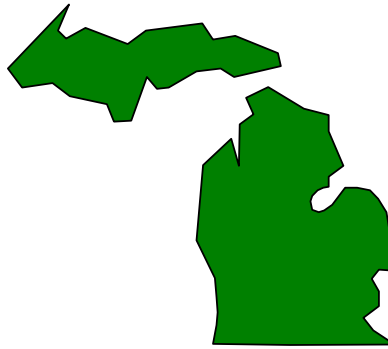
**Greg Faremouth, Acting Director**

Name

**IT Division, Purchasing Operations**

Title

Date



**STATE OF MICHIGAN  
Department of Management and Budget  
Purchasing Operations**

Contract No. 071B7200102  
(IT Surplus Equipment Recovery Services)

Buyer Name: Steve Motz  
Telephone Number: 517-241-3215  
E-Mail Address: [motzs@michigan.gov](mailto:motzs@michigan.gov)



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## **Article 1 – Statement of Work (SOW)**

### **1.0 Project Identification**

#### **1.001 PROJECT REQUEST**

The Contractor is responsible for providing IT Surplus Recovery Services including desktops, notebooks, servers, storage or networking devices, monitors, printers, projectors, miscellaneous electronic equipment, and computer peripherals such as keyboards and mice. This does not include equipment that is part of a lease or trade in program. Contractor will transport and dispose of any IT asset bought from the State of Michigan per the requirements contained herein. The following information provides a detailed description of the required Service Level Agreement.

#### **1.002 BACKGROUND**

The State is in need of Surplus Recovery Services to dispose of its excess desktops, notebooks, servers, storage or networking devices, monitors, printers, projectors, miscellaneous electronic equipment, and computer peripherals such as keyboards and mice. In addition to this contract, the State also has a contract with another Vendor in completely separate Asset Recovery Program off of the MMCC contract.

### **1.1 Scope of Work and Deliverables**

#### **1.101 IN SCOPE**

##### **Licenses and Permits**

Bidders must be a certified recycler and provide documentation that they possess the federal and state licenses and/or permits needed to provide the services requested in this statement of work. The Contractor shall supply copies of any and all relevant permits, licenses, and other regulatory items required under federal and state regulations or standards relating to the collection and transportation of IT equipment. The contractor is also required to provide regulatory compliance information relating to the intended recipients of the collected used electronics, including those industries that will be responsible for the dismantling, salvage, sale, reuse, and/or recycling of the collected used electronics. This document shall list each sub-contractor, facility, and transporter used in fulfilling this contract, and for each, shall provide a contact person, phone number, site address, and EPA ID number.

##### **Compliance with Applicable Laws and Regulations**

All services provided under this contract must be carried out in compliance with all applicable Federal and State laws and regulations. Regulations to be complied with include, but are not limited to environmental protection, occupational health and safety, and transportation.

#### **1.102 OUT OF SCOPE**

The Trade in Trade up Asset Recovery Services available under MMCC are outside the scope of this contract.

#### **1.103 RESERVED - ENVIRONMENT**

#### **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:

Contractor must adhere to the following Service Level Agreement:



Contractor will provide an environmentally friendly (zero land fill), safe, and secure method to either resell or recycle computer equipment. Each area of the process is subject to a State of Michigan audit. The service includes the key features listed below:

- a.) **Equipment pickup**
- b.) **Equipment processing**
- c.) **Equipment disposition**
- d.) **Reporting**

**a.) Equipment Pickup**

Equipment Pickup includes the packaging, pickup and delivery to the Contractor site. The State will provide no assistance with pickup of surplus equipment. Contractor will provide all necessary manpower, pallets, shrink-wrap, and logistics equipment required for pickup of surplus equipment.

Contractor will arrange for pick up and shipping of a minimum of 44 skids per pickup. Transportation fees are the responsibility of the Contractor.
Logistics provider will contact the State to schedule a pick up. Pick ups will be scheduled during business hours Monday – Friday, 8:00 AM to 5:00 PM local time.
The Contractor within a maximum of 72 hours must pick up the entire list of computer equipment provided to the Contractor after request date.
Locations of pickup will be in Lansing and Detroit areas.
Any changes to pick ups already scheduled must be done with a maximum of 48 hours notice from the pickup date.
The State will consolidate the equipment to a central ground level location on the customer site.
Logistics provider will inventory all equipment and get sign off for the pickup. A copy of this sign off will be returned to State DIT Depot. This inventory will stay with the equipment through the processing and disposition areas with each area signing for the equipment transferred to that area.

**b.) Equipment Processing**

Equipment processing includes equipment receipt, recording, and tag removal, and data destruction at Contractor's site (includes sort, test, and audit)

For each Personal Computer, Laptop, Server, Monitor and Printer: Contractor will record the make, model number, manufacturer, serial number, and property/asset tag number.
For all other items, the Contractor will record the weight (large sized pieces), and a description sufficient to identify the item. The serial number, and property/asset tag number are not currently being recorded but may be required at a future date.
Contractor will remove all customer property/asset tags from the Material.
Contractor will perform a destructive overwrite process or physical destruction of each hard drive received. The destructive overwrite process will be in compliance with Department of Defense Specification 5220.
For equipment that needs to be recycled, Contractor will dispose of used equipment in such a manner as to meet Local, State, and Federal requirements and guidelines. This is to include a guarantee of zero landfill. A certificate of disposal is required to be returned to State DIT Depot.

**c.) Equipment Disposition (Recycling)**

Equipment disposition includes equipment receipt, recording, and tag removal at Contractor site.



For each Personal Computer, Laptop, Server, Monitor and Printer: Contractor will record the make, model number, manufacturer, serial number, and property/asset tag number.
For all other items, the Contractor will record the weight (large sized pieces), and a description sufficient to identify the item. The serial number, and property/asset tag number are not currently being recorded but may be required at a future date.
Contractor will remove all customer property/asset tags from the Material.
Contractor will dispose of used equipment in such a manner as to meet Local, State, and Federal requirements and guidelines. This is to include a guarantee of zero landfill.
Contractor will perform a physical destruction of each hard drive received if it fails the Department of Defense Specification 5220 overwrite process.
State requires that the Contractor send a report of the final disposition of all component parts and raw materials. This is to include a list of where these components are sent. These secondary markets are to also comply with all Local, State, and Federal requirements and guidelines. With preference given to maximum recycling and reuse.

#### **d.) Reporting**

Reporting includes return of inventory reports and certificate of disposal after conclusion of the disposal process.

Contractor will return a receipt report to the customer within 15 business days of equipment pickup.
Contractor will return a final settlement report, which will detail all activity within 30 business days of equipment pickup.
Both reports will be sent electronically and will be issued on a pickup-by-pickup basis.
Certificate of disposal is required to be returned after each pickup listing all equipment recycled or resold.
Contractor will return a recycling report of the final disposition of all component parts and raw materials. This is to include a list of where these components are sent.

### **1.2 Roles and Responsibilities**

#### **1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES**

*Contractor Staff is identified in Article 1, Attachment B*

*Contractor Roles and Responsibilities are identified Article 1, Section 1.104*

#### **1.202 RESERVED - STATE STAFF, ROLES, AND RESPONSIBILITIES**

*Contractor Roles and Responsibilities are identified Article 1, Section 1.104*

#### **1.203 RESERVED - OTHER ROLES AND RESPONSIBILITIES**

### **1.3 Project Plan**

#### **1.301 RESERVED - PROJECT PLAN MANAGEMENT**

#### **1.302 REPORTS**

*See Section 1.104 d.) Reporting*



## 1.4 Project Management

### 1.401 RESERVED - ISSUE MANAGEMENT

### 1.402 RESERVED - RISK MANAGEMENT

### 1.403 CHANGE MANAGEMENT

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, Purchasing Operations Buyer, who will make recommendations to the Director of Purchasing Operations regarding ultimate approval/disapproval of change request. If the DMB Purchasing Operations Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Purchasing Operations 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 Purchasing Operations, risk non-payment for the out-of-scope/pricing products and/or services.**

## 1.5 RESERVED - Acceptance

## 1.6 Compensation and Payment

*See Article 1, Attachment A for pricing table*



**Article 1, Attachment A**  
Pricing

Contractor agrees to purchase from the State of Michigan, the Surplus IT Equipment as described in the contract, conforming to the attached specifications, at the following price, including all shipping/handling charges.

**QUANTITY: INDEFINITE**

**UNIT PRICE PAID TO THE STATE PER PALLET: \$ 80.00**

**UNIT PRICE PAID TO THE VENDOR PER PALLET: \$ 0.00**



**Article 1, Attachment B**  
Contractor Representatives

The following are representatives of the Contractor, with the authority to make binding commitments on Contractor's behalf. Contractor may change such representatives from time to time upon written notice.

**Karen Krane**  
**Linda McFarland**



**RESERVED - Article 1, Attachment C**  
Labor Rates

**RESERVED - Article 1, Attachment D**  
Deliverables

**RESERVED - Article 1, Attachment E**  
Project Plan

**Article 1, Attachment F**  
Service Level Agreement





## **Article 2 – General Terms and Conditions**

### **2.010 Contract Structure and Administration**

#### **2.011 Definitions**

Capitalized terms used in this Contract (including its Attachments and 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.
- (d) “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.
- (e) “Deliverable” means physical goods and/or commodities as required or identified by a Statement of Work
- (f) “Key Personnel” means any Personnel designated in **Article 1, Section 1.201** as Key Personnel.
- (g) “State Location” means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
- (h) “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.

#### **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 executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until it is signed by both parties. 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 Purchasing Operations and the Department of Information Technology (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. **Purchasing Operations 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 Purchasing Operations for this Contract is:

Office of Purchasing Operations  
 Department of Management and Budget  
 Mason Bldg, 2nd Floor  
 PO Box 30026  
 Lansing, MI 48909  
 Email: Motzs@michigan.gov  
 Phone: (517) 241-3215

## 2.015 Contract Compliance Inspector

Upon receipt at Purchasing Operations of the properly executed Contract, it is anticipated that the Director of Purchasing Operations, in consultation with the Department of Information Technology, 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 Purchasing Operations.** The Contract Compliance Inspector for this Contract is:

Chad Hardin  
 Department of Information technology  
 Email: hardincs@michigan.gov  
 Phone: (517) 322-9052

## 2.016 RESERVED - Project Manager

## 2.020 Contract Objectives/Scope/Background

## 2.021 RESERVED - Background

See Article 1

## 2.022 RESERVED - Purpose

See Article 1

**2.023 RESERVED - Objectives and Scope**

See Article 1

**2.024 RESERVED - Interpretation****2.025 RESERVED - Form, Function and Utility****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 the date that the last signature required to make the Contract enforceable, is obtained. 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 RESERVED - Contractor Personnel****2.041 RESERVED - Contractor 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 Purchasing Operations 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.

(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**

The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at [http://www.michigan.gov/dit/0,1607,7-139-30639\\_30655---.00.html](http://www.michigan.gov/dit/0,1607,7-139-30639_30655---.00.html).

##### **2.052 PM Methodology Standards**

The State has adopted a standard documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. See the State's PMM website at <http://www.michigan.gov/projectmanagement>.

The Contractor shall use the State's PPM to manage this Contract. If the Contractor requires training on the PMM, those costs shall be the responsibility of the Contractor, unless otherwise stated.

##### **2.053 RESERVED - Adherence to Portal Technology Tools**

##### **2.054 Acceptable Use Policy**

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760---.00.html>. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.



## **2.060 RESERVED - Deliverables**

## **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 RESERVED - Liquidated Damages**

### **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.



**2.080 RESERVED - Delivery and Acceptance of Deliverables**

**2.090 Financial**

**2.091 Pricing**

See Article 1, Attachment A.

**2.092 RESERVED - Invoicing and Payment Procedures and Terms**

**2.093 RESERVED - State Funding Obligation**

**2.094 RESERVED - Holdback**

**2.095 RESERVED - Electronic Payment Availability**

**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.

(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 RESERVED - Reports and Meetings**

**2.104 RESERVED - System Changes**

**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. 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 Purchasing Operations.**

(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 RESERVED - Management Tools**

## **2.110 Records and Inspections**

### **2.111 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 Attachments and 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 RESERVED - Proprietary Rights****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 RESERVED - Software****2.173 RESERVED - Equipment Warranty****2.174 RESERVED - Physical Media Warranty****2.175 Standard Warranties****(a) Warranty of Merchantability**

Deliverables shall be merchantable. All Deliverables shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the Contractor on the container or label.

**(b) Warranty of fitness for a particular purpose**

When Contractor has reason to know or knows any particular purpose for which the Deliverables are required, and when the State is relying on the Contractor's skill or judgment to select or furnish suitable Deliverables, the Contractor warrants that the Deliverables are fit for such purpose.

**(c) Warranty of title**

Contractor shall convey good title in those Deliverables, whose transfer is right and lawful. All Deliverables provided by Contractor shall be delivered free from any security interest, lien, or encumbrance. Deliverables shall be delivered free of any rightful claim of any third person of ownership, interest, lien or encumbrance.

**2.176 Consequences For Breach**

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, such breach may be considered as a default in the performance of a material obligation of this Contract.

**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](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 Purchasing Operations, 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 Purchasing Operations, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Purchasing Operations, 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 INSURED(S) 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 INSURED(S) 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

☐ 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).

☐ 6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which shall apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.

☐ 7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.

☐ 8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of such office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to the replacement value thereof, where such office space and its contents are under the care, custody and control of Contractor. Such policy shall cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State shall be endorsed on the policy as a loss payee as its interests appear.

(b) Subcontractors

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

(c) Certificates of Insurance and Other Requirements

Contractor shall furnish to the Office of Purchasing Operations 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 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 RESERVED - Disaster Recovery**

### **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 RESERVED - Contractor Transition Responsibilities**

## **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**

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 RESERVED - Stop Work**

## **2.240 RESERVED**

## **2.250 Dispute Resolution**

## **2.251 RESERVED**

## **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 Purchasing Operations, 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 Purchasing Operations, 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.

### **2.271 RESERVED - Contractor Notifications**

### **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, and implemented via a Contract Change Notice issued by the DMB Office of Purchasing Operations.

### **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, Attachments, 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 of Michigan  
Office of Purchasing Operations  
Attention: Steve Motz  
PO Box 30026  
530 West Allegan  
Lansing, Michigan 48909

with a copy to:

State of Michigan  
Department of Information Technology  
Attention: Chad Hardin  
Email: hardincs@michigan.gov  
Phone: (517) 322-9052

Contractor:  
Classic Computer Recovery  
32400 Ford Road  
Garden City, MI 48135

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 RESERVED - Media Releases and Contract Distribution

## 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 RESERVED - Call Center Disclosure

**2.308 RESERVED - Future Bidding Preclusion**

**2.310 RESERVED**

**2.320 RESERVED - Extended Purchasing**

**Exhibit A****Standard Operating Procedures,  
CCR Equipment Processing Procedures,  
CCR Equipment Disposition Procedures****Standard Operating Procedure (SOP)**

Classic Computer Recovery, Inc.  
(DBA: Computer Recovery Inc.)  
July 12, 2003

**Standard operating procedure 080106****Company Safety and First Aid**

This (SOP) is a written set of instructions that an employee of Classic Computer Recovery, Inc. will follow to complete their assigned job safely, with no adverse effect on personal health or the environment, and in a way that maximizes operational and production requirements.

**1. Warehouse**

- All employees will know escape routes and locations of fire exits.
- All fire exits must be unobstructed, unlocked and marked.
- Fire/smoke alarms should be tested and fire drills conducted regularly.
- All employees should know the location of and how to use fire extinguishers.
- The warehouse should be periodically inspected to ensure fire extinguishers are charged and to identify and eliminate fire hazards.
- Fire extinguisher locations should be properly marked.
- Wiring and/or extension cords used for office machines or other appliances should be checked periodically.

**2. First aid: If an injury occurs, the first aider should:**

- Evaluate the accident area to ensure he/she does not become involved in the same accident situation.
- The injured person should not be moved unless a life threatening condition exists. (Example: A person's car catches on fire after a wreck and they could be burned up.) Remain calm and take charge of the situation until professional medical help arrives.
- Direct others briefly and clearly as to how they can help or secure help.
- Conduct a primary survey of the victim to detect life threatening conditions that require immediate attention. These include:

**3. Respiratory arrest**

- Ensure adequate breathing by establishing and maintaining an open airway.
- If there are no signs of breathing, give artificial breathing (mouth-to-mouth using by-pass resuscitator is preferred method).
- If victim experiences circulatory failure, start CPR if trained to perform it.



4. **Severe bleeding:** Determine if from capillaries, veins or arteries. If artery or vein is involved, use the following methods in this order:
  - Apply direct pressure using a sterile bandage or the cleanest material available.
  - Elevate the bleeding part of the body above the head if no fractures are involved and injury will not be aggravated.
  - Apply pressure at closest available pressure point.
  - Apply a tourniquet only as a last resort and only if bleeding cannot be controlled any other way.

5. **Shock:** Be prepared to treat for shock even when there is little or no injury. First aid procedures are:
  - Keep victim lying down.
  - Provide as much fresh air as possible.
  - Loosen tight clothing at the neck, waist and chest.
  - Keep the victim warm and dry by wrapping in blankets or similar materials.
  - Do not give victim anything by mouth.
  - Help victim maintain a good positive attitude by remaining calm, using reassuring tones and keeping onlookers away.
  - Determine if transportation is necessary. Transportation of the injured person will depend on the judgment call of the first aider. In many cases, particularly with fractures, back and similar injuries, it is wiser to call the rescue squad or Emergency Medical Services for professional help. They have backboards, inflatable splints and other equipment that can be used to move the victim without causing additional injuries.
  - Only after the life threatening injuries and medical help has been requested, should the first aider proceed to the following steps. Most of these additional steps may not be necessary if medical help can get to the site.
  - Dress any open wounds with bandage compresses, cravat bandages or any other clean materials that are available. It is only necessary for this material to last until the victim can be moved to professional medical help.
  - Splint any fractures with the best available material. Shovel handles, sticks, rolled up newspaper, etc., can be used as improvised splints.
  - When all else fails, the first aider should use his best judgment and do whatever is necessary to save the life.

#### 6. Definition

First aid is the immediate care given to a person who is injured or ill.

#### 7. Principal aims are:

- Care for life threatening conditions.
- Protection from further injury or complications.
- Arranging transportation for the victim to a medical facility.
- Making the victim as comfortable as possible while waiting for assistance.



8. **Training policy:** OSHA regulations require that someone in each crew be trained in first aid procedures when medical assistance is not reasonably accessible in terms of time and distance. CCR policy is to train all employees in first aid with refresher courses every three years.

9. **Hot weather safety**

- Supervisors should schedule heaviest work during the cooler morning hours whenever possible.
- All employees who have not been working in a hot environment must adjust to the heat before expecting to be fully productive (5-7 days).
- Employees should drink 2 cups of water before beginning work. Then 2-4 additional cups should be taken during each hour of work.
- Employees must begin drinking fluids before they feel thirsty to avoid heat related problems.
- Employees should not take salt tablets but should get extra salt through their normal meals.
- Light meals are better than fatty foods as they are easier on the digestive system.
- Frequent, short breaks in the shade are better than infrequent, long ones.
- Employees should wear the proper clothing such as loosely woven cotton shirts, sunglasses, sweatbands and the proper footwear.
- Supervisors should insure that each crew has adequate water and that employees are allowed enough break time for drinking purposes.
- Employees must remember that a lack of sleep, obesity, alcohol use and similar factors can increase the risk of heat related injuries.

10. **Housekeeping and sanitation**

- Good housekeeping is important for maintaining a safe workplace.
- Each employee is responsible for maintaining a clean and sanitary workplace.
- All materials must be properly stored with stock being placed neatly in racks or bins wherever possible.
- Clear all floors and walkways of tripping hazards on a regular basis. Marked aisles must be kept clear of obstructions.
- Maintain all floors, decks and working surfaces in non-slippery condition by removing spills as soon as possible. Any non-slip material should be inspected on a regular basis for wear.
- Place trash in proper receptacle. Do not throw it on the floor or ground.
- Provide a waste receptacle that is in good condition and appropriate for the type of waste material.
- Clean all machinery regularly and keep free of shavings, excess oil and pieces of stock.
- Oily waste, rags or other flammable material shall only be stored in the proper metal receptacles.
- Materials should not be stored where they block access to fixed ladders, stairways, electrical switch boxes, fire fighting or other rescue equipment.
- Hand tools should be neatly stored in a designated place.



- Food or beverages should not be consumed in any area exposed to toxic materials or infectious agents.
- Shields and guards will be provided on grinders, air compressors and other belt driven equipment in accordance with applicable regulations. Machines with removed or improperly functioning guards or shields shall not be operated.
- Ample space for each employee to work safely and to achieve a sound footing shall be provided.
- Ample light for the work to be performed will be provided.
- Provide adequate fresh air flow in work area.
- Follow proper safety procedure for use of all power tools and equipment.
- During inclement weather, be aware of the hazards associated with wet floors.

#### 11. Lifting

- Before lifting the load, think of alternate means of moving it (push, pull, roll, pour or pump).
- Have firm footing and make sure the standing surface is not slippery.
- Determine the best way to hold the load using any handles, gripping areas or special lifting tools. Get a firm grip on the load.
- Keep your back straight by tucking your chin in.
- Tighten your stomach muscles and lift with your legs.
- Lift the load slowly. DO NOT JERK!
- Hold the load as close to the body as possible. Be sure you position the load close to the body before lifting.
- Do not twist during your lift or when moving the load. Turn with your feet, not with your back.
- Set the load down gently. Use your legs and keep your back as straight as possible.
- Be sure your fingers are out of the way when putting the load down and when moving the load through tight spaces.
- Don't try to be a superman. Ask for help if you need it and use mechanical means

#### 12. Office safety

- Perform a Hazard Risk Assessment.
- Know where building emergency exits are located. These areas should not be used for storage or be blocked. Access ways should be kept clear at all times. Walkways within the office should be open and not restricted by stacked boxes or garbage.
- Electrical cords, computer, communication and phone lines must be secured to prevent tripping. Carpet and desk mats must be secured to prevent tripping or falling.





- File Drawers should be closed immediately after use so no one can run into or trip over them. Only one drawer should be opened at a time to prevent the cabinet from tipping forward. Use caution when closing drawers.
- Avoid handling supplies more than once by putting materials in their stored location upon receiving them.
- Always use proper lifting techniques. Use mechanical lifting devices and/or ask for assistance when moving heavy and/or bulky items.
- Never walk with items stacked so high that your vision is obstructed. Do not stack items in such a manner that they are unstable.
- Be aware of and keep hands and fingers out of pinch points throughout the office, especially desk drawers, file cabinets and stacked materials.
- Eating, drinking or smoking should be avoided around office equipment and computer terminals. Paper clips and staples should be used with caution around copying equipment and keyboards.
- Be aware of stress and strain associated with the use of video display terminals and poorly arranged workstations. Arrange your workstation so that excessive reaching and poor posture is eliminated. Your arms and shoulders should be at a rest position and your wrist should not rest against the edge of desk.
- Office equipment such as chairs and desks that are broken and are a safety hazard should be labeled as "Broken, Do Not Use" and removed from the area until they are repaired or replaced.
- To prevent slips on wet floor surfaces, facility entrances with smooth tile or concrete flooring shall be covered with an absorbent mat that has a non-skid backing. Use signs

**13. Sun exposure:** Information for both on and off the job.

- By far, the most common cause of skin cancer is overexposure to the sun. Ninety percent of all skin cancers occur on parts of the body that usually are not covered by clothing.
- People who sunburn easily and have fair skin with red or blond hair are most prone to develop skin cancer. The amount of time spent in the sun also affects a person's risk of skin cancer.
- To prevent skin cancer:
- Cover up with a wide-brimmed hat and a bandanna for your neck. Wear long-sleeved shirts and pants which the sun cannot penetrate.
- Use sunscreens to help prevent skin cancer as well as premature aging of your skin. Use a Sun Protective Factor (SPF) rating of 15 or higher. Women may receive added protection by using tinted opaque cosmetic foundation along with a sunscreen. Apply sunscreen at least an hour before going into the sun and again after swimming or perspiring a lot. Do not use indoor sunlamps, tanning parlors, or tanning pills.
- You can still get burned on a cloudy day. Try to stay out of the direct sun at midday, because sun rays are the strongest between 10 a.m. and 3 p.m. Beware of



high altitudes - where there is less atmosphere to filter out the ultraviolet rays. Skiers should remember that snow reflects the sun's rays, too.

- Know your skin. Whatever your skin type, do a monthly self-examination of your skin to note any moles, blemishes or birthmarks. Check them once a month and if you notice any changes in size, shape or color, or if a sore does not heal, see your physician without delay.

#### **Lifting**

- Before lifting the load, think of alternate means of moving it (push, pull, roll, pour or pump).
- Have firm footing and make sure the standing surface is not slippery.
- Determine the best way to hold the load using any handles, gripping areas or special lifting tools. Get a firm grip on the load.
- Keep your back straight by tucking your chin in.
- Tighten your stomach muscles and lift with your legs.
- Lift the load slowly. DO NOT JERK!
- Hold the load as close to the body as possible. Be sure you position the load close to the body before lifting.
- Do not twist during your lift or when moving the load. Turn with your feet, not with your back.
- Set the load down gently. Use your legs and keep your back as straight as possible.
- Be sure your fingers are out of the way when putting the load down and when moving the load through tight spaces.
- Don't try to be a superman. Ask for help if you need it and use mechanical means



### **CCR EQUIPMENT PROCESSING PROCEDURES**

CCR Inc. enlists the use of a wireless automation system that provides serial number tracking in addition to an assorted array of other accounting measures. A series of procedures are followed depending upon the inventories of the initial disposition. Each item is tracked electronically throughout its lifecycle while in the possession of CCR Inc. The data retrieved is downloaded and validated and Verification Reports are reviewed for accuracy. Data pertaining to accounting is imported to a secured database. Additional reports are run to produce invoices, bills of lading and Certificates of Recycling. A detailed accounting of the items and their final disposition at CCR Inc. is provided to its clients along with a Certificate of Recycling within a pre-determined period of the inventories arrival to CCR Inc.

- a. **Receive/Test/Audit/Sort Process** - All inventory collected by CCR Inc. is evaluated through a multi-step process and tested for serviceability. Each item is tested and any missing and/or defective components are replaced and/or repaired. The refurbished items are then tested a final time. When the items are determined non-usable, the equipment is broken down and recycled to reclaim the materials.

Refurbished machines are recycled back into the market or donated to schools and non-profit organizations. CCR Inc. has the capability to process approximately 3,000 systems a month and 10,000 monitors with its current staff.

- b. **Property Tag Removal** – CCR Inc. employs three methods of Property Tag Removal:

- 1) Single-Edged Razor Blades
- 2) Heat Guns
- 3) Chemical Adhesive Removers

- d. **Data Destruction** – CCR Inc. is keenly sensitive to the delicate nature of Confidential information collected by corporations and government entities and acknowledges data destruction is a critical function of the Disposition process. To this end, CCR Inc. attaches significant importance in applying elaborate measures to ensure data is not recoverable. CCR will use DOD disk wipe program which is a government-approved software which erases hard drive data.

**Note:** CCR normally charges \$15 per hard drive for DOD wipe but we will off set these charges against your items of value to make it a \$0 cost to do the DOD wipe for the State of Michigan.

- e. **Ability to Provide Certificates of Destruction and Indemnification** – CCR Inc. provides “Certificates of Destruction” when clients request multiple whole units or proto types to be shredded (not to be resold in whole or in parts, under any circumstances). A “Detailed Settlement Reporting” form is provided by CCR Inc. with serial numbers. CCR Inc. subcontracts the “shredding” and thereby receives “Certificates of Destruction” from the subcontractor performing the shredding on behalf of CCR Inc.



### CCR EQUIPMENT DISPOSITION PROCEDURES

CCR Inc. recycles every item, without exception, to uphold our **0% landfill** policy. No materials are sent from CCR Inc. to landfills. However, all Plastics Recyclers admit that some portions of the plastics go to landfills after they have been processed and shredded.

**Note:** Certificates of Destruction are only issued when clients request specific items to be destroyed or shredded with no possibility of any part or component being resold.

- a. **Value Recovery/Remarketing of Whole Units** - Systems, notebooks, monitors, & laser printers. These are items of value that remain as whole units that we receive in **whole unit** form, and are tested working by CCR technicians. Whole units get resold to the United States, Mexico, Europe, Canada & third world countries such as South America, Africa, Indonesia, Central America, India and Pakistan. **CCR's number one priority with recycling computer equipment is to refurbish all units in their original form so they can be resold as whole tested working units to other countries.** This is the main function of CCR.
- b. **Parts Harvesting** – Systems, printers and notebooks that do not test good as whole units are tested for good parts and then are de-manufactured so that the individual parts that are tested working get resold to numerous dealers and brokers in the United States. Most of the parts that are harvested are resold in the United States.
- c. **Scrap** – Scrap is anything that cannot be resold as whole or parts. These items get de-manufactured and sorted by individual product categories ie. cable & wire, metal, circuit boards, plastic etc. These scrap items get resold to our downstream partners in the United States. (Reference Downstream Partner List).
- d. **Re-deployment** – CCR Inc. provides this service on a per-unit basis fee. The same wireless automation tracking and reporting used for recycling is also used for re-deployment. CCR Inc. is not a systems integrator, therefore, equipment is not re-installed for the client on a network, however, CCR Inc. takes care of the reporting, tracking, storage, freight and hauling back to U.S. based locations that our client chooses. All of the redeployment stays in the U.S.
- e. **Return-to-Lessor** – CCR Inc. provides this service on a per-unit basis doing diagnostics checks, specs, and repackaging the units for resale by the Lessor. CCR Inc. also provides the reporting, tracking, storage, freight and hauling. These clients are all United States based, so the product remains in the U.S.



**Exhibit B**

**Certificate of Recycling and Additional Letters/Certificates**

**CERTIFICATE OF RECYCLING**

This Certificate is issued on this  
22<sup>nd</sup> day of June 2005

**West Cook County SWA  
1127 S. Mannheim Road Suite 102  
Westchester, IL 60154**

C.C.R. hereby certifies that the electronic equipment  
(see attached) picked up at the above location is destined  
for Recycling in accordance with all applicable Federal,  
State and County Regulations on the date above.

Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

**CLASSIC COMPUTER RECOVERY INC.**  
82400 Ford Rd. Bay 3  
Garden City, MI 48136

08/02/2005 03:41 6305402603

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PAGE 01



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p.1



**RENU**  
RECYCLING, INC.

To whom it may concern

Renu recycling is a full service scrap removal facility  
Anything picked up from classic computer does not  
Go to land fills it is recycled into new product  
We are permitted in the city of wayne Michigan

General manager  
Roy hayes

12065 Telegraph • Redford, Michigan 48239  
Phone (313) 531-4009 • Fax (313) 531-4494  
[www.renurecycling.com](http://www.renurecycling.com)





FROM : MAINE SCRAP METAL LLC.

PHONE NO. : 8478245981

Nov. 10 2005 04:22PM P1



## MAINE SCRAP METAL, LLC

*Processors and Brokers of Non-Ferrous Metals  
Dealers in Surplus Machinery and Materials*

1274 RAND ROAD • DES PLAINES, ILLINOIS 60016  
TELEPHONE: (847) 824-3175  
FAX: (847) 824-5981

November 10, 2005

Karen Krane  
Classic Computer Recovery  
32400 Ford Road  
Garden City, MI 48135

Dear Karen:

Per your request, the following is our EPA #043353085. We have been in business for over 30 years. Also our Federal Tax ID# is 36-4336350.

Sincerely,

Ron Becker  
General Manager  
Maine Scrap Metal LLC



**maine plastics inc.**

1550 24th Street, 800 338 7728  
North Chicago, Illinois 847 479 3553  
60064 847 479 3611 fax

office@maineplastics.com  
www.maineplastics.com

November 16, 2005

Ms. Linda McFarland  
CEO  
Classic Computer Recovery  
32400 Ford Road  
Garden City, MI 48135

Dear Ms. McFarland:

Maine Plastics is a 25 year old plastics processor with an exemplary environmental record. We are regularly audited by Fortune 500 corporations for environmental compliance, safety, and financial performance.

Maine Plastics operates two facilities; North Chicago, Illinois and Schoolcraft, Michigan. Both facilities embrace the following CERCLA Compliance Program:

#### **CERCLA Compliance Program**

The Comprehensive Environmental Response, Compensation & Liability Act ("CERCLA"), 42 U.S.C. Section 9627(c), contains a liability exemption that covers suppliers involved in certain scrap plastic recycling transactions. **Maine Plastics** operates in a manner consistent with the scrap plastic recycling exemption. In particular:

- We only purchase scrap plastic that meets a commercial specification grade.
- The prices we pay for the scrap plastic we purchase from our suppliers reflect the fact that there is an established market for your scrap plastic.





- The scrap plastic we purchase from our suppliers is fully recycled and manufactured into new saleable product and/or virgin plastic for resale to **Maine Plastics'** customers.
- We operate in compliance with all applicable environmental laws and regulations. We are not subject to any compliance orders or consent decrees under environmental laws or regulations.
- The scrap plastic that we purchase from our suppliers is not burned as fuel, used for energy recovery or incinerated.
- We do not add hazardous substances to the scrap plastic we purchase from suppliers for any purposes other than processing for recycling.

We can provide certificates of destruction and will be party to contracts to protect your customers from environmental liability as permitted by law. We can also provide certificates of insurance, listing our coverages and policy limits.

Let me know if you need additional information.

Sincerely,

Robert A. Render  
President





SENT BY: 5R PROCESSORS ;

/15 322 5115;

NOV-9-05 4:11PM;

PAGE 1/1



*"Saving the environment recycling one computer at a time."*  
Veteran Owned and Operated  
GSA Contractor  
[www.5rprocessors.com](http://www.5rprocessors.com)

November 9, 2005

Classic Computer Recovery  
32400 Ford Road  
Garden City, MI 48135

Dear Karen:

5R Processors, Ltd has been in the computer/electronic recycling business for over 18 years.

Our certificates and credentials are:

Federal Tax ID Number: 39-1678906

GSA Contract Number: GS-10F-0529P

EPA Number: WID888577474

State of Wisconsin Hazardous Waste Transport Service License: 12699

State of Wisconsin Transportation Service License: 12700

Motor Carrier Number: MC-237599

If you need additional information please let me know.

Sincerely,

Bonnie Dennee  
VP Procurement  
715.322.5107

[www.5rprocessors.com](http://www.5rprocessors.com)

***Our Mission***

5R Processors, LTD is dedicated to providing the highest quality customer service while providing clients with cost-effective recycling and asset disposition services of electronic equipment and products, mercury containing devices and other client assets. The 5R process will return recycled materials into reusable commodities, while maintaining the highest level of professional standards, integrity, and environmental stewardship.

*Atlanta, GA*

*Memphis, TN*

*Clinton, TN*

*Glen Flora, WI*



- ERG:

FRX NO. :

Nov. 12 2002 03:18PM P1

**CHING HONG TRADING CO.**  
1130 Moonbeam Drive, Monterey Park, Ca 91754, USA  
Tel: (323) 265-1199 Fax (323) 266-1279  
E-Mail: [scrapman50@yahoo.com](mailto:scrapman50@yahoo.com)

Nov. 10, 2005

Re: Classic Computer Recycling &amp; Recovery

To Whom It May Concern:

This letter will serve as notification that Ching Hong Trading Co. was purchasing mixed personal computer scrap from Classic Computer Recycling Co. for recycling purpose at our facilities located in China and Hong Kong. The mixed scrap including CPU units, power supply, harddrive, servers, floppy drive, cd rom drive and insulated copper wire only.

USA Office

Ching Hong Trading Co.  
1130 Moonbeam Drive  
Monterey Park, Ca 91754  
Andy Hong-lai Jen  
Tel: 323-265-1199  
Fax: 323-266-1279  
E-mail: [scrapman50@yahoo.com](mailto:scrapman50@yahoo.com)

Foreign Destination Consumer

Yun Xia Metal Factory  
NanHai Shi Song Gang Tang Lian

Opment Zone

Tel: (757) 85200528  
(757) 85200529  
Fax: (757) 85200531  
(757) 85200532  
Contact Person: Mr. Huang-Chi Lin

Ching Hong Trading Co. will process these material under in compliance with the environmental laws of China and in manner that does not endanger human life. I have attached copies of my import license and business permits for your file.

Sincerely,

Andy Hong Lai Jen  
President  
Ching Hong Trading Co.



FROM :

FRX NO. :

Nov. 12 2002 03:18PM P2

进口废物原料境外供货企业

## 注册证书

LICENCE OF REGISTRATION FOR OVERSEAS SUPPLIER  
ENTERPRISE OF IMPORTED SCRAP MATERIALS

经审核，贵公司符合进口废物原料境外供货企业注册条件，准予注册。

According to the evaluation, we hereby declare that the following enterprise is in conformance with the requirements of registration for overseas supplier enterprise of imported scrap materials, and granted the permission for registration.

注册证书编号 (Licence No.):

A840042999

企业名称 (Name of Enterprise):

C & H INTERNATIONAL CO.

国别/地区 (Country/Region of Enterprise Located):

美国

企业地址 (Address of Enterprise):

1130 MOONBEAN DRIVE MONTEREY PARK, CA 91754, U.S.A.

注册产品种类 (Types of Registered Scrap Materials):

废金属

有效期 (Period of Validity):

2005 年 1 月 1 日至 2007 年 12 月 31 日

(From January 1, 2005 to December 31, 2007)



中华人民共和国国家质量监督检验检疫总局  
General Administration of Quality Supervision,  
Inspection and Quarantine of the People's Republic of China

PAGE 02

1

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11/10/2005 03:54



11/16/2005 23:39 6385402683  
22/10/2005 11:05 89/0508/20

1  
ALAN JOSEPHSEN CO

PAGE 02  
PAGE 01/01

Alan Josephsen Co., Inc.

205 E. Park St., Oak Park, IL 60060

November 16, 2005

Linda McFarland  
Classic Computer Recovery, Inc.  
32400 Ford Road  
Garden City, MI 48135

Dear Linda:

The purpose of this letter is to state that all computer hardware received from Classic Computer Recovery, Inc. is recycled in an environmentally safe and secure basis.

Please call me with any questions you may have

Sincerely,

Alan Josephsen  
President  
Alan Josephsen Co., Inc.



H & M NEW CENTURY GROUP  
5675 RICKENBACKER ROAD, BELL , CA 90201  
TEL: 323-980-2988 EMAIL: ZHUANG1315@SBCGLOBALNET FAX: 323-980-2980

Classic Computer Recovery Inc  
32400 Ford Road, Garden City  
MI 48135

11 / 11 / 2005

Our tax ID # 200608616 in USA.

We ship all computer scrap to overseas, repair, remodel or recycle it.

Regards

Michael Zhuang



**Exhibit C**  
**Downstream Partners**

**Downstream Partners – Updated 7/7/05**

1. **Renu Recycling Inc.** – currently recycles plastic, metal, copper, cd rom, floppy drives, tape backups, cable & wire, power supplies, hard drives, and circuit boards.

12065 Telegraph Road  
Redford, MI 48239  
[www.RenuRecycling.com](http://www.RenuRecycling.com)  
(313) 779-9915  
Norbert Wierszewski  
(See Attached Reference Letter)

2. **Main Scrap Metal** – currently recycles metal. EPA #043353085

Tax ID #36-4336350  
1274 Rand Road  
Des Plaines, IL 60016  
(847) 824-3175  
Gene Cohen  
(See Attached Reference Letter)

3. **Main Scrap Plastics** – currently recycles plastics.

1550 24<sup>th</sup> Street  
North Chicago, IL 60064  
(847) 473-3553  
Robert Render  
(See Attached Reference Letter)

4. **5R Processors, Ltd.** – currently recycles TV's, terminals, AIOs and defective monitors. EPA #WID988577474 - Tax ID #39-1679906

121 West Centre Stage  
Clinton, TN 37716  
(865) 457-1621  
David Ramsey

W5779 White Street  
Glen Flora, WI 54526  
Bonnie Dennee  
(715) 322-5107  
(See Attached Reference Letter)





5. **C.H.Trading Company (Ching Hong)** – currently recycles old systems that cannot be resold to third-world countries due to technology constraints (i.e. 486, Pentium1, apple mac 3 digit & 4 digit systems, cd roms, floppies, tape backups, cable & wire, power supplies, hard drives, and circuit boards).

1130 Moonbeam Drive  
 Monterrey Park, CA 91754  
 (323) 265-1199  
 Andy Jen  
 (See Attached Reference Letter/License)

6. **Alan Josephson Co** – recycles materials for complete destruction/shredding (i.e. hard drives, printers, and computers).

205 E. Park  
 Mundelein, IL 60060  
 (847)949-0700  
 Alan Josephson  
 (See Attached Reference Letter)

7. **H&M New Century** – all “As-Is” monitors which are those with cosmetic damage (i.e. screen burn, missing base, excessive yellowing, cracked cases and color gun problems. U.S. Tax ID# 200608616

2214 Merced Avenue  
 South Elmonte, CA 91733  
 (323) 980-2988  
 Freddy or Michael  
 (See Attached Reference Letter)

CCR will use the following processors for circuit boards & copper as cash flow permits:

- A. **Sipi Metals** – processes CPU processors, circuit boards, connectors, and copper for precious metals recovery. The majority of their work with CCR was done in 2003 & 2004. We use CH Trading and Renu for this currently.

1720 Elston Avenue  
 Chicago, IL 60622  
 (773)276-0070  
 Len Stack



We are also going to use the following lead based glass recyclers from time to time in addition to 5R and H&M. (See Below).

- B. **Doe Run** – currently processes the TUBES from monitors, terminals, TV's, AIO's and separates lead from glass via their smelting operation.

Doe Run  
1801 Park 270 Drive - Suite 300  
St. Louis, MO 63146

- C. **Unicor** – does a manufacturer's refurbishing process whereby they fix all cosmetic issues and spray paint the casing to look like new. CCR is in the process of negotiating a contract with them for the "As Is" merchandise.

8730 Scroggs Road  
Elkton, OH 44415  
(330) 424-7448  
Larry Novicki

- D. **Dlubak** – did most of CCR Inc.'s lead based Glass disposal from Q4 2003-Q1 & Q2 2004 (i.e. TVs, AS-IS, cosmetic damage and/or defective monitors, terminals, AIO's). Dlubak is also IPA certified with EPA ID# OH0000186924. They are fully permitted and licensed in glass recycling. They guarantee by contract that the glass will not end up in a landfill.

11567 County Highway 110  
Upper Sandusky, Oh 43351  
[www.Dlubak.com](http://www.Dlubak.com)

Finally, all tested working whole computers, printers, monitors & notebooks are resold for their original use to brokers, used computer dealers, & exporters in the United States, Canada, Mexico, Europe and third world countries.

**Note:** There are too many downstream partners to list and this information is proprietary, however, CCR Inc. will allow any customer to do an audit but they will not be allowed to copy the information.

Currently CCR, Inc. resells all tested whole units and good spare parts: 4mb+ videocards, 56k modems, Cisco equipment, 100mbit network equipment, 3gb+ hard drives, 24x+ CD ROM's, 1.44 FD's, 8x+ DVD's, 4x8x32+ CDRW's, 100mb+ ZIP's, 96+ date code monitors. Additionally, CCR resells all HP & Lexmark printer parts, laser printers, cash registers, and other POS equipment. Finally, we resell all "As Is" lead-based monitors ("As Is" = cosmetic damage: missing base, excessive yellowing, cracked case, screen burn and color gun issues), and defective or older CD ROMs, FDs, HDs, power supplies, and cable & wire by the pound.



**Exhibit D**  
**CCR Service Level Agreement**

**CCR SERVICE LEVEL AGREEMENT**

**Description of Services Provided (On-Site and Off-Site):**

CCR Inc. provides a full spectrum of asset disposal services to its clients:

- Asset Removal
- Refurbishing/Repair
- Disk Drive Data Removal
- Disassembly
- Logistics (de-install)\*
- Asset Management \*
- Lease Return Management \*
- Serial Number Tracking:  
Issuance of "Certificates of Recycling" and issuance of "Certificates of Destruction"  
CCR Inc.'s standard business practice is to issue "Certificates of Recycling" with reports that include serial numbers and all supporting documentation for every electronic item collected by CCR Inc. Additionally, CCR Inc. recycles every item, without exception, to uphold our 0% landfill policy. No materials are sent from CCR Inc. to landfills. However, all Plastics Recyclers admit that some portions of the plastics go to landfills after they have been processed and shredded.

**Note:** Certificates of Destruction are only issued when clients request specific items to be destroyed or shredded with no possibility of any part or component being resold.

- Recycling:
  - a. Lead-Based CRT's
  - b. Plastic
  - c. Metal
  - d. Circuit Boards
  - e. CPU's
  - f. HD-Aluminum
  - g. Media Storage
  - h. Cable and Wire
  - i. Power Supplies

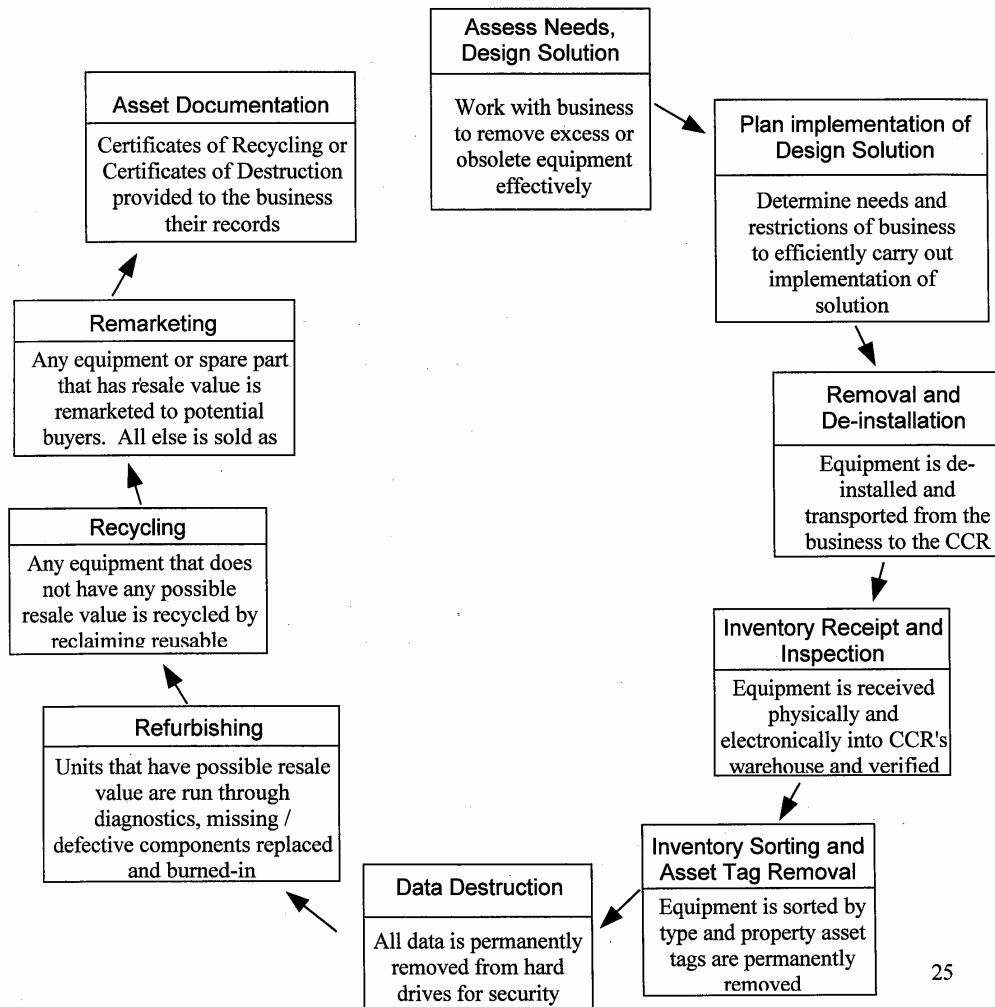
**Note:** \*CCR charges an additional fee for this service



# Classic Computer Recovery, Inc.

Our process provides environmentally responsible refurbishing, reconditioning, remarketing, and recycling of your used, obsolete, off-lease, and electronic equipment.

(See Below)



**ACCEPTABLE AND UNACCEPTABLE ELECTRONIC WASTE ITEMS**

- Telephones and Cell phones
- Circuit Boards
- CD-ROM Drives, Hard Drives and Floppy Disk Drives
- Keyboards
- Mice
- Modems
- Switch Boxes
- Alkaline Batteries, Notebook Batteries, Ni-Cad Batteries
- Word Processors & Typewriters
- Calculators and Adding Machines
- Postage Machines
- Paper Shredders
- Camcorders and cameras
- Video Game Machines and Game Controllers
- Video Tapes & Audio Tapes
- Coffee Makers
- Vacuum Cleaners
- Toasters and Microwave Ovens
- Stereos with/without speakers
- Stereo Speakers
- VCR's
- CD/DVD Players & MP3 Players
- PDA's
- Boom Boxes
- PC's (Computers) including All-in-Ones
- Laptops
- Scanners
- Fax Machines
- Bubble Jet Printers, Dot Matrix & Laser Printers
- Monitors (any size) and terminals
- UPS & SBS Computer Uninterrupted Power Supply & Stand-by Battery Backups
- Non-console TV's
- Console TV's
- Large Screen TV's (Large than 27")
- Small (Desk) Copy Machines & Large (Floor) Copy Machines
- Oversized items – anything not stated above that takes up 1 skid or larger as long as it is an electronic computer item or peripheral

**Note: CCR, Inc. will not accept white goods or hazardous waste (i.e. no liquids, ballasts, fluorescent bulbs, car batteries, air conditioners, stoves, refrigerators, washers and dryers), nor are we licensed to dispose of these materials.**



### **CCR EQUIPMENT PICKUP PROCEDURES**

CCR, once chosen as the successful bidder, will make arrangements to pick up the entire 300 skids of electronic equipment between business hours (8:00 a.m. – 5:00 p.m.) Monday-Friday and make arrangements to transport the skids to CCR's warehouse located in Garden City, Michigan for sorting and processing within 72 hours of scheduled date and time determined by SOM at the Lansing and Detroit warehouses.

CCR will provide their own trucks, manpower, gaylords, skids, shrink-wrap, pallet jacks and forklifts for the initial pickup and any succeeding pickups during the term of this contract. All the packaging and loading of materials onto the semi trucks will be handled by CCR labors.

CCR employees adhere to Standard Operating Procedures (SOP) on Company Safety and First Aid. *(See Attached Exhibit A).*

Certificates of Liability insurance "Hold Harmless/Indemnification Agreements" signed by CCR Inc. are made available to the client when CCR performs the electronic equipment "takeout" on site.

CCR will provide and audit trail of all equipment to be picked up and provide a copy to SOM DIT Depot within 15 days.

The net result will be CCR accomplishing their goal of efficiently removing the 300 skids of IT electronic equipment within the requested 72 hours of pickup date scheduled.



## **Exhibit E**

### **Reporting Procedures**

#### **REPORTING PROCEDURES**

CCR Inc.'s standard business practice is to issue "Certificates of Recycling" with reports that include serial numbers and all supporting documentation for every electronic item collected by CCR Inc. CCR'S stand business practice is to issue "Certificates of Recycling and will provide you with a report showing the number of units & poundage for 4 categories: monitors, computers, all-in-ones, and TV's and serial number tracking on monitors, systems and TV's – see below for an example. This documentation will arrive to you via certified mail within 15 days of the collection event. *(See Attached Certificate of Recycling Example – Exhibit B)*

#### **Report Example:**

<b>Date</b>	<b>Category</b>	<b>Tag Number</b>	<b>Brand</b>	<b>Disp.</b>	<b>Wt.</b>
6/22/2005	Monitor 12" & Terminals	CCR.MI010235	Tier 2	Scrap	25
6/22/2005	Monitor 12" & Terminals	CCR.MI010236	Tier 2	Scrap	25
6/22/2005	Monitor 12" & Terminals	CCR.MI010237	Tier 2	Scrap	25
6/22/2005	Monitor 12" & Terminals	CCR.MI010238	Tier 2	Scrap	25
6/22/2005	Monitor 12" & Terminals	CCR.MI010239	Tier 2	Scrap	25

	<b>Schools</b>	<b>Municipalities / Residential</b>	<b>Total Qty.</b>	
<b>Consumer Electric, Printer, Fax, Copier, Scanner, Keyboard, Speaker, Batteries, Cable</b>				<b>30,919</b>
<b>Monitor 12" &amp; term.</b>			<b>56 Units</b>	<b>1,400</b>
<b>Monitor 14"</b>			<b>245 Units</b>	<b>7,350</b>
<b>Monitor 15"</b>			<b>451 Units</b>	<b>15,368</b>
<b>Monitor 17"</b>			<b>290 Units</b>	<b>12,180</b>
<b>Monitor 19" , 21"</b>			<b>115 Units</b>	<b>8,625</b>
<b>Computer</b>	<b>838</b>	<b>182</b>	<b>1020 Units</b>	<b>25,500</b>
<b>ALL-IN-ONE</b>	<b>82</b>	<b>188</b>	<b>270 Units</b>	<b>13,500</b>
<b>TV's</b>	<b>40</b>	<b>20</b>	<b>60 Units</b>	<b>4,310</b>
<b>Total LBS.</b>				<b>119,152</b>





**Exhibit F**  
Question and Answer Addendum

#1

When will the payments be processed?  
(You answered monthly)  
Is that the first of each month?

**Answer: If there are payments to be made we will make them as close to the first as possible. If there are funds due to the State those should be sent in the first of each month.**

#2

Will there be any chance of seeing the 300 pallets prior to the new bid deadline of Nov. 16th. either by appointment or a general photo of the inside of the warehouse?  
Is there a new deadline for removal of the 300+/- pallets, since the bid has been moved from the 9th to the 16th?

**Answer: No**

#3

Is the vendor required, suggested to, or not wanted, to submit a work proposal with the bid showing preliminary plans for the equipment?  
Should we put our State of Michigan Vendor number on the bid?

**Answer: A work proposal would be nice but as long as you meet the recycling, data destruction, and tag removal it is not required pre pickup.**

#4

After the initial 300 +/- pallets of equipment, since we provide the pallets.  
Would that mean we are packaging each pallet ourself to our own specs for size and weight?  
Is there a minimum size or weight required for each pallet of equipment? Any Maximum?  
(excluding single items that may fill a pallet, ie large server or very large copier)

**Answer: The Contractor is required to handle all logistics work. How as what you pack on is up to you. The State will provide equipment equal to 44 of our standard pallets for each pickup.**

#5

If we are packing each pallet of equipment, can we do that at the same time (day) as we pickup the load?

**Answer: As long as you are in and out between our working hours yes.**

#6

When we load out the pallets after the initial 300, will we be required to log the serial, model, asset tag, etc while putting each pallet together to create a pre-manifest for each pallet?

**Answer: Yes**



#7

Will the pickup of loads after the initial 300 be on a regular schedule, or are we on call for pickup?

**Answer: This will be on an on call basis.**

#8

The initial receipt reports are due after 15 days of pickup.

That is to include just the count and manifest numbers of each pallet?

Is the contractor allowed to haul all 300 pallets without submitting the report between each load?

**Answer: The report is due 15 days after each pickup. Our hope is that the initial pickup will be done in one or two days.**

#9

The Final settlement report is due at 30 days after pickup.

Is this report to include just the equipment processing, such as hard drives have been wiped with DOD 5220.22-m compliant software. Serial numbers, make, model, asset tag, weight, etc.?

**Answer: Yes**

#10

For items that we put into inventory for resale, and eventually reuse by a future customer.

Will we have to update the final recycling and disposition report on a scheduled basis (weekly, monthly, etc)?

Or just keep a record of our own stating the buyer of the item(s) and the zero-landfill statement signed by the buyer?

**Answer: This can be done at the time you do a 30 day settlement report.**



#11

For items we stockpile awaiting transport to the destination recycling facility due to minimum load size requirements.

Will we have to update the final recycling and disposition report on a scheduled basis(weekly,monthly,etc)?

Or just keep a record of our own stating the buyer of the item(s) and the zero-landfill statement signed by the buyer?

For example,CRT monitors are 1 item that 700-1000 units per load is the size of load the recycler we deal with requires.(full truckload)

**Answer: This will need to be in conjunction with a settlement report as the State requires certification for the recycling.**

#12

The work statement says the reports will be sent electronically.

Will the state supply standard report forms?

If not what file format should the reports be in?

Are the reports to be faxed,emailed,or other form of electronic submission?

**Answer: We will provide the format and it needs to be emailed.**

#13

How many years are we required to keep the asset management and disposal records?

**Answer: 7 years**

#14

Is there a percentage estimate that can be given as to how many pick-ups will be in Lansing or Detroit?

**Answer: No**

#15

Are there any union requirements that would need to be followed at the pick-up locations?

**Answer: Not that we are aware of.**