

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

September 25, 2012

**CHANGE NOTICE NO. 4**  
 to  
**CONTRACT NO. 071B8200231**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Applied Biosystems, LLC 850 Lincoln Center Drive, MS402-2 Foster City, CA 94404	Holly Senter	<a href="mailto:holly.senter@lifetech.com">holly.senter@lifetech.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(248) 345-4140	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	MSP	Jeff Nye	(517) 719-4460	<a href="mailto:nyej1@michigan.gov">nyej1@michigan.gov</a>
BUYER:	DTMB	Mary Ostrowski	(517) 373-6327	<a href="mailto:ostrowskim@michigan.gov">ostrowskim@michigan.gov</a>

CONTRACT SUMMARY:			
DESCRIPTION: <b>Service Agreement for Applied Laboratory Instruments- Michigan State Police</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS	CURRENT EXPIRATION DATE
August 1, 2008	July 29, 2011		July 31, 2012
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:		
OPTION EXERCISED: <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	IF YES, EFFECTIVE DATE OF CHANGE: August 16, 2012	NEW EXPIRATION DATE: July 31, 2013
<p>Effective immediately, this Contract is hereby EXTENDED one year to July 31, 2013 and INCREASED by \$60,000.00.</p> <p>All other terms, conditions, specification, and pricing remain unchanged.</p> <p>Per agency request and DTMB Procurement approval.</p>		
VALUE/COST OF CHANGE NOTICE:	\$60,000.00	
ESTIMATED REVISED AGGREGATE CONTRACT VALUE:	\$659,669.29	

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY MANAGEMENT AND BUDGET September 20, 2011  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 3**  
**TO**  
**CONTRACT NO. 071B8200231**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR  <b>Applied Biosystems, LLC</b> <b>850 Lincoln Center Drive, MS402-2</b> <b>Foster City, CA 94404</b>  <p style="text-align: right;">Ida.young@lifetech.com</p>	TELEPHONE (650) 554-2078 <b>Ida Young</b>
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-6327 <b>Mary Ostrowski</b>
Contract Compliance Inspector: Jeff Nye (517) 719-4460 <b>Service Agreement for Applied Laboratory Instruments – Michigan State Police</b>	
CONTRACT PERIOD: From: <b>August 1, 2008</b> To: <b>July 29, 2012</b>	
TERMS  <p style="text-align: center;">N/A</p>	SHIPMENT  <p style="text-align: center;">N/A</p>
F.O.B.  <p style="text-align: center;">N/A</p>	SHIPPED FROM  <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

**NATURE OF CHANGE(S):**

Effective immediately, this Contract is hereby **INCREASED** by \$134,750.00. All other terms, conditions, specification, and pricing remain unchanged.

**AUTHORITY/REASON:**

Per agency request and DTMB Purchasing Operations' agreement and the approval of the State Administration Board on 9/15/2011.

**TOTAL ESTIMATED CONTRACT VALUE REMAINS:                      \$599,669.29**

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

August 4, 2011

**CHANGE NOTICE NO. 2**  
**TO**  
**CONTRACT NO. 071B8200231**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR  <b>Applied Biosystems, LLC</b> <b>850 Lincoln Center Drive, MS402-2</b> <b>Foster City, CA 94404</b>  Ida.young@lifetech.com	TELEPHONE (650) 554-2078 <b>Ida Young</b>
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-6327 <b>Mary Ostrowski</b>
Contract Compliance Inspector: Jeff Nye (517) 719-4460 <b>Service Agreement for Applied Laboratory Instruments – Michigan State Police</b>	
CONTRACT PERIOD: From: <b>August 1, 2008</b> To: <b>July 29, 2012</b>	
TERMS <p style="text-align: center;"><b>N/A</b></p>	SHIPMENT <p style="text-align: center;"><b>N/A</b></p>
F.O.B. <p style="text-align: center;"><b>N/A</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	

**NATURE OF CHANGE(S):**

Effective immediately, this Contract is hereby EXTENDED to July 29, 2012. Please note that the buyer has also been CHANGED to Mary Ostrowski. All other terms, conditions, specification, and pricing remain unchanged.

**AUTHORITY/REASON:**

Per agency request and DMB/Purchasing Operations' approval.

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$464,919.29**

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

April 13, 2009

CHANGE NOTICE NO. 1  
TO  
CONTRACT NO. 071B8200231  
between  
THE STATE OF MICHIGAN  
and

NAME & ADDRESS OF CONTRACTOR <b>Applera Corporation</b> <b>Applied Biosystems</b> <b>850 Lincoln Center Drive, MS402-2</b> <b>Foster City, CA 94404</b> <b>lydia.mccuaig@appliedbiosystems.com</b>	TELEPHONE (613) 347-1316 <b>Lydia McCuaig</b>
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-8530 <b>Rebecca Nevai</b>
Contract Compliance Inspector: Jeff Nye (517) 719-4460 <b>Service Agreement for Applied Laboratory Instruments – Michigan State Police</b>	
CONTRACT PERIOD: From: <b>August 1, 2008</b> To: <b>July 29, 2011</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>	

**NATURE OF CHANGE(S):**

Effective immediately, this Contract is hereby INCREASED by \$82,000.00. All other terms, conditions, specification, and pricing remain unchanged.

**AUTHORITY/REASON:**

Per agency request, (PRF dated 2/5/09), Ad Board approval on 4/7/09, and DMB/Purchasing Operations' approval.

The terms and conditions of this Contract are those of RFP #07118200165, this Contract

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$464,919.29

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

July 22, 2008

**NOTICE  
 TO  
 CONTRACT NO. 071B8200231  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF CONTRACTOR <b>Applera Corporation          Applied Biosystems          850 Lincoln Center Drive, MS402-2          Foster City, CA 94404          lydia.mccuaig@appliedbiosystems.com</b>	TELEPHONE (613) 347-1316 <b>Lydia McCuaig</b>
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-8530 <b>Rebecca Nevai</b>
Contract Compliance Inspector: Jeff Nye (517) 719-4460 <b>Service Agreement for Applied Laboratory Instruments – Michigan State Police</b>	
CONTRACT PERIOD: From: <b>August 1, 2008</b> To: <b>July 29, 2011</b>	
TERMS <p style="text-align: center;"><b>N/A</b></p>	SHIPMENT <p style="text-align: center;"><b>N/A</b></p>
F.O.B. <p style="text-align: center;"><b>N/A</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	

The terms and conditions of this Contract are those of RFP #07118200165, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.

**Current Authorized Spend Limit: \$382,919.29**

**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. 071B8200231  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF CONTRACTOR <b>Applera Corporation          Applied Biosystems          850 Lincoln Center Drive, MS402-2          Foster City, CA 94404          Lydia.Mccaige@appliedbiosystems.com</b>	TELEPHONE (613) 347-1316 <b>Lydia McCuaig</b> CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-8530 <b>Rebecca Nevai</b>
Contract Compliance Inspector: Jeff Nye (517) 719-4460 <b>Service Agreement for Applied Laboratory Instruments – Michigan State Police</b>	
CONTRACT PERIOD: From: <b>August 1, 2008</b> To: <b>July 29, 2011</b>	
TERMS <p style="text-align: center;"><b>N/A</b></p>	SHIPMENT <p style="text-align: center;"><b>N/A</b></p>
F.O.B. <p style="text-align: center;"><b>N/A</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	
MISCELLANEOUS INFORMATION:  <p><b>The terms and conditions of this Contract are those of RFP #07118200165, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.</b></p> <p><b>Current Authorized Spend Limit: \$382,919.29</b></p>	

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the RFP No. 07118200165. Orders for delivery may be issued directly by the Department of State Police through the issuance of a Purchase Order Form.

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

<p><b>FOR THE CONTRACTOR:</b></p> <p style="text-align: center;"><b>Applera Corporation/Applied Biosystems</b>          _____          Firm Name</p> <p style="text-align: center;">_____          Authorized Agent Signature</p> <p style="text-align: center;">_____          Authorized Agent (Print or Type)</p> <p style="text-align: center;">_____          Date</p>	<p><b>FOR THE STATE:</b></p> <p style="text-align: center;">_____          Signature  <b>Rebecca Nevai, Buyer Specialist</b>          _____          Name/Title  <b>Services Division, Purchasing Operation</b>          _____          Division</p> <p style="text-align: center;">_____          Date</p>
---	---



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

**Contract No. 071B8200231  
Service Agreement for Applied Laboratory Instruments**

**Buyer Name: Rebecca Nevai  
Telephone Number: 517-373-8530  
E-Mail Address: [nevair@michigan.gov](mailto:nevair@michigan.gov)**



Table of Contents

**Article 1 – Statement of Work (SOW)..... 6**

**1.010 Project Identification..... 6**

1.011 Project Request..... 6

1.012 Background ..... 6

**1.020 Scope of Work and Deliverables..... 6**

1.021 In Scope ..... 6

1.022 Work and Deliverable ..... 7

**1.030 Roles and Responsibilities..... 9**

1.031 Contractor Staff, Roles, and Responsibilities..... 9

**1.040 Project Plan..... 10**

1.041 Project Plan Management – DELETED – NOT APPLICABLE ..... 10

1.042 Reports..... 10

**1.050 Acceptance ..... 10**

1.051 Criteria ..... 10

1.052 Final Acceptance – DELETED – NOT APPLICABLE ..... 10

**1.060 Proposal Pricing..... 10**

1.061 Proposal Pricing ..... 10

1.062 Price Term ..... 11

1.063 Tax Excluded from Price ..... 11

**1.070 Additional Requirements..... 12**

1.071 Additional Terms and Conditions specific to this RFP ..... 12

**ATTACHMENTS**

**Mutually negotiated Master Terms Document 0807.00**



## DEFINITIONS

“Days” means calendar days unless otherwise specified.

“24x7x365” means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).

“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.

“Audit Period” has the meaning given in **Section 2.093**.

“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.

“Blanket Purchase Order” is an alternate term for Contract and is used in the States computer system.

“Business Critical” means any function identified in any Statement of Work as Business Critical.

“Chronic Failure” is defined in any applicable Service Level Agreements.

“Deleted – Not Applicable” means that section is not applicable or included in this RFP. This is used as a placeholder to maintain consistent numbering.

“Deliverable” means physical goods and/or commodities as required or identified by a Statement of Work

“DMB” means the Michigan Department of Management and Budget

“Environmentally preferable products” means a product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to, those which contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.

“Excusable Failure” has the meaning given in **Section 2.214**.

“Hazardous material” means any material defined as hazardous under the latest version of federal Emergency Planning and Community Right-to-Know Act of 1986 (including revisions adopted during the term of the Contract).

“Incident” means any interruption in Services.

“ITB” is a generic term used to describe an Invitation to Bid. The ITB serves as the document for transmitting the RFP to potential bidders

“Key Personnel” means any Personnel designated in **Section 1.031** as Key Personnel.

“New Work” means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.

“Ozone-depleting substance” means any substance the Environmental Protection Agency designates in 40 CFR part 82 as: (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or (2) Class II, including, but not limited to, hydrochlorofluorocarbons.



“Post-Consumer Waste” means any product generated by a business or consumer which has served its intended end use, and which has been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product, and which does not include post-industrial waste.

“Post-Industrial Waste” means industrial by-products which would otherwise go to disposal and wastes generated after completion of a manufacturing process, but does not include internally generated scrap commonly returned to industrial or manufacturing processes.

“Recycling” means the series of activities by which materials that are no longer useful to the generator are collected, sorted, processed, and converted into raw materials and used in the production of new products. This definition excludes the use of these materials as a fuel substitute or for energy production.

“Reuse” means using a product or component of municipal solid waste in its original form more than once.

“RFP” means a Request for Proposal designed to solicit proposals for services.

“Services” means any function performed for the benefit of the State.

“Source reduction” means any practice that reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment prior to recycling, energy recovery, treatment, or disposal.

“State Location” means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.

“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.

“Unauthorized Removal” means the Contractor’s removal of Key Personnel without the prior written consent of the State.

“Waste prevention” means source reduction and reuse, but not recycling.

“Waste reduction”, or “pollution prevention” means the practice of minimizing the generation of waste at the source and, when wastes cannot be prevented, utilizing environmentally sound on-site or off-site reuse and recycling. The term includes equipment or technology modifications, process or procedure modifications, product reformulation or redesign, and raw material substitutions. Waste treatment, control, management, and disposal are not considered pollution prevention, per the definitions under Part 143, Waste Minimization, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.

“Work in Progress” means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

“Work Product” refers to any data compilations, reports, and other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of an in furtherance of performing the services required by this Contract.



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

**1.010 Project Identification**

**1.011 Project Request**

This Contract is to obtain a Service Agreement covering Applied Biosystem Genetic Analyzers with associated computer and software. The Service Agreement must be equivalent in all aspects to the manufacturer’s Service Agreement, and shall include both on-site preventative maintenance and repairs, and shall provide all services within required equivalent response times.

All services **must** be rendered by a manufacturer authorized service representative.

**1.012 Background**

The Applied Biosystem Genetic Analyzers laboratory instruments are used to complete laboratory testing in the Michigan State Police, Forensic Science Division laboratories. The Genetic Analyzers are used by the Forensic Biology and Combined DNA Index System (CODIS) Units within the Michigan State Police Forensic Science Division. The instruments are located in the Grand Rapids, Lansing and Northville laboratories. The Genetic Analyzers separate DNA fragments by utilizing capillary electrophoresis technology. The detection method components include an argon laser and CCD camera. There are several models of genetic analyzers that have between one and sixteen capillaries.

**1.020 Scope of Work and Deliverables**

**1.021 In Scope**

- A. MSP requires a laboratory instrument service agreement to maintain and assure reliable, continuous operation of these critical instruments.
- B. All services must be rendered by a manufacturer authorized service provider.
- C. The Contractor shall provide a Service Agreement, equivalent in all aspects to the manufacturer’s service agreement, provide equivalent response times, service levels, software patches and upgrades, and include on-site preventative maintenance and repair service, including manufacturer recommended parts, for the covered Applied Biosystem’s Genetic Analyzers.
- D. The Contractor must have access to manufacturer instrument parts and possess a thorough knowledge of the operation, maintenance and repair of these instruments.
- E. The Contractor must provide 24/7 toll free number(s) to receive questions from MSP staff to provide technical and troubleshooting assistance for both software and instruments.
- F. All instruments are currently in fully operational condition and have been continuously covered by either warranty, or a service agreement.
- G. The following instruments are covered under the service agreement:

- 1) Fourteen (14) Applied Biosystems 310 Genetic Analyzers with associated computers and software:
 

S/N 310001373	S/N 310001983
S/N 100000120	S/N 100000122
S/N 10000164	S/N 1000001030
S/N 310001984	S/N 100000176
S/N 100001112	S/N 310001198
S/N 310001499	S/N 310001490
S/N 100000177	S/N 100000709



- 2) Three (3) Applied Biosystems 3100/3130xi Genetic Analyzers with associated computers and software:  
 S/N 1477-026  
 S/N 1208-017  
 S/N 1351-039
  
- 3) Three (3) Applied Biosystems 3130-04 Genetic Analyzers with associated computers and software:  
 S/N 16301-028  
 S/N 16301-032  
 S/N 16301-023

H. The equipment is located at the following locations:

Michigan State Police  
 Forensic Science Division  
 Lansing Laboratory  
 7320 North Canal Road  
 Lansing MI 48913

Michigan State Police  
 Grand Rapids Laboratory  
 720 Fuller Ave., N.E.  
 Grand Rapids, MI 49503

Michigan State Police  
 Northville Laboratory  
 42145 W. Seven Mile Road  
 Northville, MI 48167

I. Instrument repairs due to damage caused by a State employee are not covered under the Service Agreement.

**1.022 Work and Deliverable**

MSP requires a service agreement for the covered instruments to maintain and assure reliable, continuous operation of these critical instruments. The Bidder shall provide Deliverables/Services and staff, and otherwise to all things necessary for or incidental to the performance of work, as set forth below:

**A. GENERAL REQUIREMENTS**

The Contractor shall provide a Service Agreement equivalent to the manufacturer's Assurance Plan, with all services rendered by a manufacturer authorized service provider.

- 1. The Contractor must provide 24/7 toll free number(s) to receive questions from MSP laboratory staff to provide customer service, reporting instrument problems, technical and troubleshooting assistance for both software and instruments. The Contractor will notify the CCI in advance of any change in the toll free phone number.

**1-800-327-3002 (options 1, 4)**

- 2. The Contractor must have access to manufacturer instrument parts and possess a thorough knowledge of the operation, maintenance and repair of these instruments.
- 3. The Contractor is responsible to conduct all services on the instruments, per the manufacturer's instructions.
- 4. The Contractor must provide a field service report for each site visit, whether preventative maintenance or a repair visit. The Contractor must use original manufacturer replacement parts for all preventative maintenance and repairs. If parts are replaced, documentation that parts replaced were original manufacturer replacement parts must be provided with each field service report.



5. All services must be rendered by a manufacturer authorized service provider. Service representatives must have completed manufacturer's authorized service training program.
6. Any and all software upgrades and patches must be provided without cost to the State of Michigan. The Contractor must provide on-site training after each software change, enhancement, or upgrade upon request of MSP staff. The Contractor must provide and maintain software on the primary equipment set-up and on a backup computer provided by the State of Michigan.
7. Any computer included in the instrumentation must be capable of functioning as a stand-alone computer (not networked). This computer must be capable of being interfaced with the Laboratory Information System (LIMS).
8. The Contractor shall have a Michigan sales representative that will meet with MSP at their site no less than once per year.

**B. EQUIVALENT TO MANUFACTURER'S ASSURANCE PLAN SERVICE AGREEMENT**

1. The Contractor's service levels and response times **must** be equivalent to the manufacturer's "Assurance Plan." The Assurance Service Plan must include on-site preventative maintenance per the manufacturer's recommendations, including any recommended routine parts replacements, as well as repair service for the following Applied/Aplera instruments:

- a) Fourteen (14) Applied Biosystems 310 Genetic Analyzers with associated computers and software:

S/N 310001373	S/N 310001983
S/N 100000120	S/N 100000122
S/N 10000164	S/N 1000001030
S/N 310001984	S/N 100000176
S/N 100001112	S/N 310001198
S/N 310001499	S/N 310001490
S/N 100000177	S/N 100000709

Service agreement to include but is not limited to: one (1) preventive maintenance visit annually. To include cleaning, repairing, replacing, but not limited to: optics, computer/software, syringe/polymer block, laser power switch, air filter, buffer valve, all system fans, ambient temperature sensor, HV current monitor, variable resistor. Verify preventative maintenance with all appropriate tests.

- b) Three (3) Applied Biosystems 3100/3130xi Genetic Analyzers with associated computer and software:

S/N 1477-026
S/N 1208-017
S/N 1351-039

Service agreement to include but is not limited to: one (1) preventive maintenance visit annually. To include cleaning, repairing, replacing, but not limited to: optics, computer/software, syringe/polymer block, laser power switch, air filter, buffer valve, all system fans, ambient temperature sensor, HV current monitor, variable resistor. Verify preventative maintenance with all appropriate tests.

- c) Three (3) Applied Biosystems 3130-04 Genetic Analyzers with associated computer and software:

S/N 16301-028
S/N 16301-032
S/N 16301-023

Service agreement to include but is not limited to: one (1) preventive maintenance visit annually. To include cleaning, repairing, replacing, but not limited to: optics, computer/software, syringe/polymer block, laser power switch, air filter, buffer valve, all system fans, ambient temperature sensor, HV current monitor, variable resistor. Verify preventative maintenance with all appropriate tests.



2. The Contractor must have access to manufacturer instrument parts and possess a thorough knowledge of the operation, maintenance and repair of these instruments.
3. The Contractor is responsible to provide manufacturer's software patches and upgrades at no additional cost when they become available, unless MSP directs the Contractor in writing not to perform the upgrade.
4. The Contractor must also provide emergency service, which includes any service that is required outside of a scheduled service. Response time must be within two (2) business days of receipt of the service call.
5. Guaranteed priority response time of two (2) business day after receipt of a service call for instruments. If Contractor fails to arrive at the instrument location within 2 business day for reasons other than MSP's failure to provide access to Contractor or causes beyond the reasonable control of Contractor, the Contractor will provide the MSP Contract Compliance Inspector (CCI) a service plan renewal credit in an amount equivalent to one day's pro-rated charge for each day Contractor's response is late.
6. "Smart Services" remote monitoring by manufacturer, which provides for notification to customer of instrument failures or errors that are reported by Smart Services monitoring software.
7. The Contractor should note that timing of preventative maintenance may be on differing schedules for various pieces of equipment, so more than one site visit may be necessary. The Contractor is responsible to conduct all necessary preventative maintenance service within a time frame equivalent to the manufacturer's Service Agreement.
8. The Contractor is responsible to ensure that no instrument becomes overdue for preventative maintenance. Within one week of contract award, the Contractor will review preventative maintenance schedule for all instruments with the MSP CCI.
9. The Contractor will complete service work on first site visit or will provide loaner instruments for MSP to be able to continue to do testing.

### **1.030 Roles and Responsibilities**

#### **1.031 Contractor Staff, Roles, and Responsibilities**

- A. The Contractor has designated the following inside and outside sales representatives specifically assigned to the State account who will handle the State of Michigan account.

##### **Outside Sales**

Lydia McCuaig

Phone: 613-347-1316

Fax: 613-347-1848

Email: [Lydia.McCuaig@appliedbiosystems.com](mailto:Lydia.McCuaig@appliedbiosystems.com)

##### **Inside Sales**

Ida Young

Phone: 650-554-2078

Fax: 650-638-6030

Email: [Ida.Young@appliedbiosystems.com](mailto:Ida.Young@appliedbiosystems.com)



- B. The Contractor shall describe their staffing plan to administer the State's Contract:
1. Applied Biosystems primary corporate offices are located in Foster City, California. Administrative support services (including inside sales) for this Contract will be performed there. Contact Ida Young as provided in Section 1.201.
  2. Applied Biosystems' Field Service Engineers and Field Service Manager who will be providing services for this Contract are located within the state of Michigan.
  3. No sub-contractors will be used in the performance of this Contract.

#### **1.040 Project Plan**

##### **1.041 Project Plan Management – DELETED – NOT APPLICABLE**

##### **1.042 Reports**

- A. The Contractor must provide a field service report for each site visit, whether preventative maintenance or a repair visit. If parts are replaced, the Contractor shall attach documentation to the field service report demonstrating that all parts replaced are original manufacturer parts. A copy of each field service report will be provided to the Contract Compliance Inspector (CCI), in Section 2.022.
- B. Upon request, the Contractor must provide summary reports of preventative maintenance and repairs, including but not limited to: usage of spare parts by equipment serial number, type of repair by equipment serial number, and preventative and repair visits by equipment serial number.
- C. All reports shall be provided at no cost to the State.
- D. Reports may be submitted electronically, and other adjustments to reporting may be made on an on-going basis through mutual agreement.
- E. Failure to submit reports on a timely basis or with complete supporting documentation may be considered a breach of contract, and could result in the cancellation of the contract.

#### **1.050 Acceptance**

##### **1.051 Criteria**

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

The Contract Compliance Inspector (CCI) in Section 2.022, or their designee, will review and approve the documentation for each field service report relating to both preventative maintenance and repair on-site visits. The service request shall not be considered closed until approved and accepted by the CCI.

##### **1.052 Final Acceptance – DELETED – NOT APPLICABLE**

#### **1.060 Proposal Pricing**

##### **1.061 Proposal Pricing**

Contractor shall require no minimum order. Contractor agrees that the State is not obligated to purchase this service in any amount and that payment will be issued only for items ordered from individual State departments or agencies.

- A. The Contractor's compensation will be limited to a flat annual rate per piece of equipment. The flat annual rate must include all related preventative maintenance and repair costs. No other contract costs, such as travel, may be billed separately.



EQUIPMENT TYPE	ESTIMATED QUANTITY	ANNUAL PRICE PER EACH	TOTAL ESTIMATED ANNUAL COST	TOTAL ESTIMATED THREE YEAR COST
310 Genetic Analyzers	10	\$5773.84	\$57,738.40	\$173,215.20
310 Genetic Analyzers	4	\$5170.90	\$20,683.60	\$62,050.80
3100/3130xi Genetic Analyzers	3	\$10,218.91	\$30,656.73	\$91,970.19
3130-04 Genetic Analyzers	1	\$5,861.51	\$5,861.51	\$17,584.53
3130-04 Genetic Analyzers	2	\$6,464.45	\$12,928.90	\$38,786.70
<b>TOTALS</b>			\$127,869.14	\$383,607.42

- B. Prices shall be fixed and firm for the duration of the contract.
- C. The Contract payment terms are Net 45 days, billed annually in advance of the service year.
- D. The Contractor’s labor repair rates for repairs not covered under the Service Agreement, if damaged is caused by a State employee are:
  - \$285 per hour
  - plus \$850 First Day Charge for Zone 1 or \$1,100 for Zone 2
  - Additional daily Surcharge for Zone 1 and 2 of \$500.
- E. The Contractor agrees that any travel costs related to repairs not covered by the Service Agreement due to damage by a State employee will be reimbursed according to current State guidelines. See [http://www.mi.gov/dmb/0,1607,7-150-9141\\_13132---.00.html](http://www.mi.gov/dmb/0,1607,7-150-9141_13132---.00.html) for current rates. Any travel related costs in 1.06 D above, shall be deducted from the invoice, and shall be governed by this section.
- F. Contractor’s out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See [www.michigan.gov/dmb](http://www.michigan.gov/dmb) for current rates.

**1.062 Price Term**

Firm Fixed Price - Prices quoted are firm for the entire length of the Contract.

**1.063 Tax Excluded from Price**

- (a) Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices must not include the taxes. Exemption Certificates for State Sales Tax will be furnished upon request.
- (b) Federal Excise Tax: The State may be exempt from Federal Excise Tax, or the taxes may be reimbursable, if articles purchased under any resulting Contract are used for the State’s exclusive use. Certificates showing exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices must not include the Federal Excise Tax.

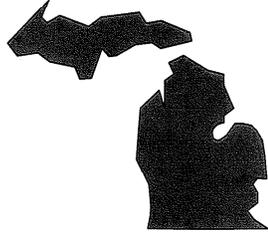
**1.064 Holdback - DELETED – NOT APPLICABLE**



**1.070 Additional Requirements**

**1.071 Additional Terms and Conditions specific to this RFP**

- A. The Contractor must provide the Service Agreement through a manufacturer authorized service provider. The State reserves the right to verify the authorized status at any time.
- B. The Contractor shall not begin to use, or change sub-contractors without written permission from the State, in advance of any change.
- C. If, at any time, the Contractor renders service using a provider not authorized by the manufacturer, it may be considered a breach of contract, and the Contract may be canceled. The State will not be responsible to render payment for, and will be entitled to a full refund of the annual expense for the instrument(s) that had any services rendered by an unauthorized provider.
- D. The Contract Compliance Inspector for this Contract is:
- Jeff Nye  
Michigan State Police  
Forensic Science Division  
CODIS Unit  
7320 North Canal Road  
Lansing, MI 48913  
Phone: 517-322-6135  
Fax: 517-322-5508  
E-mail: Nyejv@michigan.gov
- E. This Contract is for a period of three years year beginning August 1, 2008 through July 29, 2011. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.130**) of the Contract, unless otherwise extended under 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.
- F. This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to two additional one year periods.



MASTER TERMS AND CONDITIONS

between

APPLIED BIOSYSTEMS

and

STATE OF MICHIGAN  
Department of Management and Budget  
Purchasing Operations

AGREEMENT NUMBER 0807

REVISION NUMBER .00

Master Terms and Conditions are effective for three (3) years after mutual execution of the parties. The Master Terms and Conditions may be revised or extended by mutual agreement, signified by a revised, mutually executed coversheet, with any revisions to the agreement attached.

Melissa Castro

John Elliott

State of Michigan Authorized Agent  
Name (print or type)

Applied Biosystems Authorized Agent  
Name (print or type)

Buyer Manager

Director of Customer Support

Title

Title

8/29/07

8/28/07

Date

Date

Melissa Castro

John Elliott

Authorized Agent Signature

Authorized Agent Signature



Table of Contents

Table of Contents ..... 2

2.010 Contract Structure and Administration ..... 5

    2.011 Definitions ..... 5

    2.012 Attachments and Exhibits ..... 5

    2.013 Statements of Work ..... 5

    2.014 Issuing Office ..... 6

    2.015 Contract Compliance Inspectors ..... 6

2.020 Contract Objectives/Scope/Background ..... 7

    2.021 Background - RESERVED ..... 7

    2.022 Purpose - RESERVED ..... 7

    2.023 Objectives and Scope - RESERVED ..... 7

    2.024 Interpretation - RESERVED ..... 7

    2.025 Form, Function and Utility ..... 7

2.030 Legal Effect and Term ..... 7

    2.031 Legal Effect ..... 7

    2.032 Contract Term ..... 7

2.040 Contractor Personnel ..... 7

    2.041 Contractor Personnel ..... 7

    2.042 Contractor Identification ..... 9

    2.043 Cooperation with Third Parties ..... 9

    2.044 Subcontracting by Contractor ..... 9

    2.045 Contractor Responsibility for Personnel ..... 10

2.050 State Standards ..... 10

    2.051 Existing Technology Standards ..... 10

    2.052 PM Methodology Standards - RESERVED ..... 10

    2.053 Adherence to Portal Technology Tools - RESERVED ..... 10

    2.054 Acceptable Use Policy ..... 10

2.060 Deliverables ..... 11

    2.061 Ordering ..... 11

    2.062 Software ..... 11

    2.063 Hardware ..... 11

    2.064 Equipment to be New and Prohibited Products ..... 11

2.070 Performance ..... 12

    2.071 Performance, In General ..... 12

    2.072 Time of Performance ..... 12

    2.073 Liquidated Damages - RESERVED ..... 12

    2.074 Bankruptcy ..... 12

    2.075 Time is of the Essence ..... 13

2.080 Delivery and Acceptance of Deliverables ..... 13

    2.081 Delivery Responsibilities ..... 13

    2.082 Delivery of Deliverables ..... 14

    2.083 Testing/Equipment Validation ..... 14

    2.084 Approval of Deliverables, In General - RESERVED ..... 14

    2.085 Process for Approval of Written Deliverables – RESERVED ..... 14

    2.086 Process for Approval of Services - RESERVED ..... 14

    2.087 Process for Approval of Physical Deliverables – RESERVED ..... 14

    2.088 Final Acceptance ..... 15

2.090 Financial ..... 15

    2.091 Pricing ..... 15

    2.092 Invoicing and Payment Procedures and Terms ..... 15

    2.093 State Funding Obligation ..... 17

    2.094 Holdback - RESERVED ..... 17



2.095	Electronic Payment Availability .....	17
2.100	Contract Management .....	17
2.101	Contract Management Responsibility .....	17
2.102	Problem and Contract Management Procedures .....	17
2.104	System Changes .....	18
2.105	Reserved .....	18
2.106	Change Requests .....	19
2.110	Records and Inspections .....	20
2.111	Records and Inspections .....	20
2.112	Errors .....	21
2.120	State Responsibilities .....	21
2.121	State Performance Obligations .....	21
2.130	Security .....	22
2.131	Background Checks .....	22
2.140	Reserved .....	22
2.150	Confidentiality .....	22
2.151	Freedom of Information .....	22
2.152	Confidentiality .....	22
2.153	Protection of Confidential Information .....	23
2.154	Exclusions .....	23
2.155	No Implied Rights .....	23
2.156	Remedies .....	23
2.157	Security Breach Notification .....	24
2.158	Survival .....	24
2.159	Destruction of Confidential Information .....	24
2.160	Proprietary Rights .....	24
2.163	Rights in Data .....	24
2.164	Ownership of Materials .....	25
2.165	Standard Software .....	25
2.166	Pre-existing Materials for Custom Software Deliverables – RESERVED .....	25
2.167	General Skills .....	25
2.170	Warranties and Representations .....	25
2.171	Warranties and Representations .....	26
2.175	DISCLAIMER .....	30
2.175	Standard Warranties .....	31
2.176	Consequences for Breach .....	31
2.180	Insurance .....	31
2.181	Liability Insurance .....	31
2.190	Indemnification .....	34
2.191	Indemnification .....	34
2.192	Continuation of Indemnification Obligations .....	35
2.193	Indemnification Procedures .....	35
2.200	Limits of Liability and Excusable Failure .....	36
2.201	Limits of Liability .....	36
2.202	Excusable Failure .....	37
2.203	Disaster Recovery .....	37
2.210	Termination/Cancellation by the State .....	38
2.211	Termination for Cause .....	38
2.212	Termination for Convenience .....	38
2.213	Non-Appropriation .....	39
2.214	Criminal Conviction .....	39
2.216	Rights and Obligations upon Termination .....	40
2.217	Reservation of Rights .....	40
2.218	Contractor Transition Responsibilities .....	41
2.219	State Transition Responsibilities .....	42
2.220	Termination by Contractor .....	42



2.221 Termination by Contractor .....42

2.230 Stop Work .....42

2.231 Stop Work Orders .....42

2.232 Cancellation or Expiration of Stop Work Order .....42

2.233 Allowance of Contractor Costs .....43

2.240 Reserved .....43

2.250 Dispute Resolution .....43

2.251 In General .....43

2.252 Informal Dispute Resolution .....43

2.253 Injunctive Relief .....44

2.254 Continued Performance .....44

2.260 Federal and State Contract Requirements .....44

2.261 Nondiscrimination .....44

2.262 Unfair Labor Practices .....44

2.263 Workplace Safety and Discriminatory Harassment .....45

2.270 Litigation .....45

2.271 Disclosure of Litigation .....45

2.272 Governing Law .....46

2.273 Compliance with Laws .....46

2.274 Jurisdiction .....46

2.280 Environmental Provision .....46

2.281 Environmental Provision .....46

2.290 General .....47

2.291 Amendments .....47

2.292 Assignment .....47

2.293 Entire Contract; Order of Precedence .....48

2.294 Headings .....48

2.295 Relationship of the Parties (Independent Contractor Relationship) .....48

2.296 Notices .....48

2.297 Media Releases and Contract Distribution .....49

2.298 Reformation and Severability .....50

2.299 Consents and Approvals .....50

2.300 No Waiver of Default .....50

2.301 Survival .....50

2.302 Covenant of Good Faith .....50

2.303 Permits .....50

2.304 Website Incorporation .....50

2.305 Taxes .....50

2.306 Prevailing Wage - RESERVED .....51

2.307 Call Center Disclosure .....51

2.308 Future Bidding Preclusion .....51

2.310 Reserved .....51

2.320 Extended Purchasing .....51

2.321 MiDEAL .....51

2.330 Federal Grant Requirements .....51

2.331 Federal Grant Requirements .....51



## Article 2 – General Terms and Conditions

### 2.010 Contract Structure and Administration

#### **2.011 Definitions**

Capitalized terms used in State Contracts and/or Purchase Orders (including its Exhibits) shall have the meanings given below, unless the context requires otherwise:

- (a) "Days" means calendar days unless otherwise specified.
- (b) "24x7x365" means 24 hours a day, seven (7) days a week, and 365 days a year (including the 366th day in a leap year).
- (c) "Additional Service" means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. "Additional Service" does not include New Work.
- (d) "Amendment Labor Rates" means the schedule of fully-loaded hourly labor rates attached as **Article 1, Attachment C**.
- (e) "Audit Period" has the meaning given in **Section 2.111**.
- (f) "Business Day," whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
- (g) "Incident" means any interruption in Services.
- (h) "Business Critical" means any function identified in any Statement of Work as Business Critical.
- (i) "Deliverable" means physical goods and/or commodities as required or identified by a Statement of Work
- (j) "Key Personnel" means any Personnel designated in **Article 1, Section 1.201 and/or Attachment B**, as Key Personnel.
- (k) "New Work" means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. "New Work" does not include Additional Service.
- (l) "Services" means any function performed for the benefit of the State.
- (m) "State Location" means any physical location where the State performs work. State Location may include State-owned, leased, or rented space.
- (n) "Subcontractor" means a company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
- (o) "Work in Process" means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

#### **2.012 Attachments and Exhibits**

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

#### **2.013 Statements of Work**

- (a) The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to State Contracts and/or Purchase Orders (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under State



Contracts and/or Purchase Orders. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against State Contracts and Purchase Orders, or an amendment to State Contracts and/or Purchase Orders (see 2.106). Contractor shall perform in accordance with State Contracts and/or Purchase Orders, 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 State Contracts and/or Purchase Orders.

#### 2.014 Issuing Office

State Contracts and/or Purchase Orders are issued by the Department of Management and Budget, Purchasing Operations ("PO") on behalf of state agencies (collectively, including all other relevant State of Michigan departments and agencies, the "State"). PO is the sole point of contact in the State with regard to all procurement and contractual matters relating to DMB issued Contracts and/or Purchase Orders. **PO is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of State Contracts and Purchase Orders.** The Contractor Administrator within the Purchasing Operations for State Contracts and/or Purchase Orders is:

Rebecca Nevai  
Purchasing Operations  
Department of Management and Budget  
Mason Bldg, 2nd Floor  
PO Box 30026  
Lansing, MI 48909  
Email [nevair@michigan.gov](mailto:nevair@michigan.gov)  
Phone 517-373-8530  
Fax 517-335-0046

#### 2.015 Contract Compliance Inspectors

Upon receipt at PO of the properly executed Contract, it is anticipated that the Director of DMB Purchasing Operations, in consultation with state agencies 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 State Contracts and/or Purchase Orders 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 Purchasing Operations.** The Contract Compliance Inspectors for State Contracts and/or Purchase Orders will be listed in the purchase orders issued by each individual state agency.

**2.016 Project Manager - RESERVED**

*2.020 Contract Objectives/Scope/Background*

**2.021 Background - RESERVED**

**2.022 Purpose - RESERVED**

**2.023 Objectives and Scope - RESERVED**

**2.024 Interpretation - RESERVED**

**2.025 Form, Function and Utility**

If the Contract is for use of more than one (1) state agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

*2.030 Legal Effect and Term*

**2.031 Legal Effect**

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under State Contracts and Purchase Orders, until Contractor is notified in writing that State Contracts and Purchase Orders (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**

The term of State Contracts and/or Purchase Orders will be specified within the individual Contracts or Purchase Orders.

**2.033 Renewal(s)**

The option for State Contract and/ or Purchase Order renewals will be specified within the individual Contracts or Purchase Orders.

*2.040 Contractor Personnel*

**2.041 Contractor Personnel**

(a) Personnel Qualifications. All persons assigned by Contractor to the performance of Services under State Contracts and/or Purchase Orders shall be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and shall be fully qualified to perform the work assigned to them. Contractor shall include a similar provision in any subcontract entered into with a Subcontractor. For the



purposes of State Contracts and/or Purchase Orders, independent contractors engaged by Contractor solely in a staff augmentation role shall be treated by the State as if they were employees of Contractor for State Contracts and/or Purchase Orders only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

(b) Key Personnel – RESERVED

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

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

(e) Staffing Levels.

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

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

(f) Personnel Turnover. The Parties agree that it is in their best interests to keep the turnover rate of employees of Contractor and its Subcontractors who are performing the Services to a reasonable minimum. Accordingly, if the State determines that the turnover rate of such employees is excessive and so notifies Contractor, Contractor will meet with the State to discuss the reasons for the turnover rate and otherwise use commercially reasonable efforts to minimize such turnover rate. If requested to do so by the State, Contractor will submit to the State its proposals for reducing the turnover rate to an acceptable level. In any event,



notwithstanding the turnover of personnel, Contractor remains obligated to perform the Services without degradation and in accordance with the State-approved Contract schedule.

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

#### **2.042 Contractor Identification**

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

#### **2.043 Cooperation with Third Parties**

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel, and, as reasonably requested by the State, to provide to the State's agents and other contractors with reasonable access to Contractor's Project personnel, systems and facilities to the extent they relate to activities specifically associated with State Contracts and Purchase Orders 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 State Contracts and Purchase Orders 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 State Contracts and Purchase Orders, including payment of any and all charges for Services and Deliverables.

(b) Contractor shall not delegate any duties under State Contracts and/or Purchase Orders to a Subcontractor unless the Department of Management and Budget, 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. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time agreed upon by the parties.



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

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

(e) The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

#### **2.045 Contractor Responsibility for Personnel**

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

#### 2.050 State Standards

#### **2.051 Existing Technology Standards**

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>.

#### **2.052 PM Methodology Standards - RESERVED**

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

#### **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/dit/service/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 Deliverables

**2.061 Ordering**

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

**2.062 Software**

**Individual State Contracts may contain a listing of the items of software the State is required to purchase for execution of the Contract.** The list includes all software required to complete the Contract and make the Deliverables operable; if any additional software is required in order for the Deliverables to meet the requirements of State Contracts and/or Purchase Orders, such software shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Statement of Work or Contract Change Notice). The list also identifies certain items of software to be provided by the State.

**2.063 Hardware**

**Individual State Contracts may contain a listing of the items of hardware the State is required to purchase for execution the Contract.** The list includes all hardware required to complete the Contract and make the Deliverables operable; if any additional hardware is required in order for the Deliverables to meet the requirements of State Contracts and/or Purchase Orders, such hardware shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Contract Change Notice). The list also identifies certain items of hardware to be provided by the State.

**2.064 Equipment to be New and Prohibited Products**

(a) Equipment to be New

If applicable, all equipment provided under State Contracts and Purchase Orders by Contractor shall be new where Contractor has knowledge regarding whether the equipment is new or assembled from new or serviceable used parts that are like new in performance or has the option of selecting one or the other. Equipment that is assembled from new or serviceable used parts that are like new in performance is acceptable where Contractor does not have knowledge or the ability to select one or other, unless specifically agreed otherwise in writing by the State.

(b) Prohibited Products

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Purchasing Operations has approved a change order pursuant to **Section 2.106**.



#### 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 State Contracts and/or Purchase Orders and with the participation of State representatives as specified in State Contracts and/or Purchase Orders.

##### **2.072 Time of Performance**

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

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

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

##### **2.073 Liquidated Damages - RESERVED**

##### **2.074 Bankruptcy**

If Contractor shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against Contractor and not removed within 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 State Contracts and/or Purchase Orders, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish such Works in Process by whatever appropriate method the State may deem expedient. Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

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

**2.075 Time is of the Essence**

The Contractor agrees that time is of the essence in the performance of the Contractor's obligations under State Contracts and Purchase Orders.

**2.076 Service Level Agreements (SLAs) - RESERVED**2.080 Delivery and Acceptance of Deliverables**2.081 Delivery Responsibilities**

Unless otherwise specified by the State within an individual order, the following shall be applicable to all orders issued under State Contracts and/or Purchase Orders.

- (a) Shipment responsibilities - Services performed/Deliverables provided under State Contracts and Purchase Orders shall be delivered "F.O.B. Destination, within Government Premises." The Contractor shall have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates will be specified on the individual purchase order.
- (b) Delivery locations - Services will be performed/Deliverables will be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.
- (c) Damage Disputes - At the time of delivery to State Locations, the State shall examine all packages. The quantity of packages delivered shall be recorded and any obvious visible or suspected damage shall be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record such.
  - i) Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally. Any damage must be reported to the Contractor within 15 business days of receipt. The Contractor must issue a return authorization number immediately upon contact from the State; as well as specifying the correct address to return the item(s). The Contractor will be responsible to contact the shipping carrier and request inspection by a local agent if they desire a written report of the findings to support any claim.
  - ii) In addition, within five (5) business days the State must ship out the product to be returned; however it is not necessary that the Contractor receive the product within that five (5) business day period. The State will return damaged, defective or incorrect product at the Contractor's expense; either via a prepaid call tag, or via C.O.D using the Contractor's account number with the shipping company. The returned product should be in unused and in a condition no worse than that delivered to the State, in the original containers and packing material, and accompanied by a valid return authorization number obtained from the Contractor. The Return Authorization number must be placed in a prominent location on the outside of the shipping container.
  - iii) The Contractor may, but is not obligated to, issue a return authorization number or accept the return of a product if contacted by the State after 15 business days of the receipt of Deliverable.



- iv) For any valid claim made within 15 business days of receipt, the Contractor, at its option, may repair the product, or replace it with an identical product.
  - v) Shipping charges must be credited back to the State if it is found that the Contractor shipped out an incorrect item.
  - vi) The State reserves the right to require the Contractor to be responsible for the return of incorrect product shipped to the State, rather than the Contractor issuing a full credit for the incorrect product and its shipping.
  - vii) The Contractor may require that the State sign and deliver a properly completed Certificate of Decontamination prior to returning any product.
- VIII) THESE ARE THE STATE'S SOLE AND EXCLUSIVE REMEDIES FOR DAMAGED OR MISSING PRODUCT, AND, EXCEPT FOR EXPRESS WRITTEN WARRANTY RIGHTS, FOR DEFECTIVE PRODUCT.

**2.082 Delivery of Deliverables**

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

**2.083 Testing/Equipment Validation**

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

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

**2.084 Approval of Deliverables, In General - RESERVED**

**2.085 Process for Approval of Written Deliverables – RESERVED**

**2.086 Process for Approval of Services - RESERVED**

**2.087 Process for Approval of Physical Deliverables – RESERVED**

**2.088 Final Acceptance**

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

*2.090 Financial***2.091 Pricing****(a) Fixed Prices for Services/Deliverables**

Each Statement of Work/PO issued under State Contracts and Purchase Orders shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. To the extent the parties agree that certain specific Services will be provided on a time and materials basis, such Services shall be provided at the Amendment Labor Rates (**Article 1, Attachment C**). The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

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

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

**(c) Services/Deliverables Covered**

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

**(d) Labor Rates**

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

**2.092 Invoicing and Payment Procedures and Terms****(a) Invoicing and Payment – In General**

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

(ii) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. The charges for Services billed on a time and materials basis shall be determined based on the actual number of hours of Services performed, at the applicable Labor Rates specified in **Article 1, Attachment C**. Invoices for Services performed on a time and materials basis will show, for each



individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 2.094**.

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

(b) Taxes (See Section 2.305 and Article 3, Section 3.022-3.024 for additional)  
The State is exempt from Federal Excise Tax, State and Local Sales Taxes, and Use Tax with respect to the sale to and use by it of tangible personal property. Such taxes shall not be included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.  
included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.

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

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

(e) Antitrust Assignment  
The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of State Contracts and Purchase Orders.

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

**2.093 State Funding Obligation**

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

**2.094 Holdback - RESERVED****2.095 Electronic Payment Availability**

Public Act 533 of 2004 requires that payments under State Contracts and Purchase Orders be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Payment Express website ([www.cpexpress.state.mi.us](http://www.cpexpress.state.mi.us)).

2.100 Contract Management**2.101 Contract Management Responsibility**

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

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

**2.102 Problem and Contract Management Procedures**

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

**2.103 Reports and Meetings**

(a) Reports.

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

- (i) separately address Contractor's performance in each area of the Services;
- (ii) for each area of the Services, assess the degree to which Contractor has attained or failed to attain the pertinent objectives in that area, including on-time completion and delivery of Deliverables;



- (iii) explain the reasons for any failure to achieve on-time completion and delivery of Deliverables and include a plan for corrective action where appropriate;
- (iv) describe any circumstances that Contractor anticipates will impair or prevent on-time completion and delivery of Deliverables in upcoming reporting periods;
- (v) include plans for corrective action or risk mitigation where appropriate and describe the status of ongoing problem resolution efforts;
- (vi) provide reports setting forth a comparison of actual hours spent by Contractor (including its augmented personnel and Subcontractors) in performing the Project versus hours budgeted by Contractor.
- (vii) set forth a record of the material personnel changes that pertain to the Services and describe planned changes during the upcoming month that may affect the Services.
- (viii) include such documentation and other information may be mutually agreed to verify compliance with, and meeting the objectives of, State Contracts and Purchase Orders.
- (ix) set forth an updated schedule that provides information on the status of upcoming Deliverables, expected dates of delivery (or redelivery) of such Deliverables and estimates on timing for completion of the Project.
- (x) provide a field service report for each site visit, whether preventative maintenance, or a repair visit. The field service report may be submitted to facility staff in print or via electronic means.
- (xi) use manufacturer parts for all preventative maintenance and repairs, unless permission for an alternate is given by the State.
- (xii) upon request, provide DMB, CCI, or CCI designee with summary reports of preventative maintenance and repairs, including but not limited to: usage of spare parts, by equipment serial number, type of repair by equipment serial number, and preventative maintenance visits by equipment serial number.

(b) Meetings.

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

**2.104 System Changes**

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

**2.105 Reserved**



**2.106 Change Requests**

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

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

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

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

- (a) Change Requests
  - (i) State Requests
 

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

Contractor shall be entitled to propose a Change to the State, on its own initiative, should it be of the opinion that this would benefit the Contract.
  - (iii) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal will include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the



provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.

(iv) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice shall be prepared and issued under State Contracts and Purchase Orders, describing the Change and its effects on the Services and any affected components of State Contracts and Purchase Orders (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, 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 State Contracts and Purchase Orders and subsequently elects to stop performing such out-of-scope services, Contractor must, at the request of the State, back out or reverse any changes resulting from such performance that would adversely affect the Contract.

**2.107 Management Tools**

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

2.110 Records and Inspections

**2.111 Records and Inspections**

The Contractor agrees that the State may, upon 48-hour notice, perform an audit of records directly relevant to State Contracts or Purchase Orders 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. The State agrees to observe and comply with Contractor's health and safety regulations while in Contractor's premises. To the extent allowed by law, the State also agrees to keep in confidence the information it will retain after such audit. "Confidential Information" shall exclude any information (including State Contracts and Purchase Orders) that is publicly available pursuant to federal or Michigan FOIA.

#### **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 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 10%, then the Contractor shall pay all of the reasonable costs of the audit.

#### 2.120 State Responsibilities

#### **2.121 State Performance Obligations**

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

(b) **Facilities.** The State shall designate space as long as it is available and as provided in the Statement of Work, to house Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing shall observe and comply with all rules and regulations relating to, each of the State Facilities (including hours of operation) used by Contractor in the course of providing the Services. Contractor agrees that it will not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for Contractor's use, or to which Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

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

(d) Except as otherwise provided in **Section 2.220**, the State's failure to perform its responsibilities as set forth in State Contracts and Purchase Orders 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 State Contracts and Purchase Orders to the extent such default or delay is caused by nonperformance of the State's obligations under State Contracts and Purchase Orders, 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 State Contracts and Purchase Orders 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**

To the extent permitted by law, 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/dit/service/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 State Contracts and Purchase Orders 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 and information the State retained from an audit as set forth in Section 2.111. "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 State Contracts and Purchase Orders, 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



State Contracts and Purchase Orders) that is publicly available pursuant to federal or 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 State Contracts and Purchase Orders, (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 State Contracts and Purchase Orders. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under State Contracts and Purchase Orders, (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 party receiving Confidential Information may disclose such 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 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 State Contracts and Purchase Orders for any reason.

#### **2.159 Destruction of Confidential Information**

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

#### 2.160 Proprietary Rights

#### **2.161 Ownership - RESERVED**

#### **2.162 Source Code Escrow – RESERVED**

#### **2.163 Rights in Data**

(a) The State will be and remain the owner of all data made available by the State to Contractor or its agents, Subcontractors or representatives pursuant to the Contract. Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of Contractor, nor will any employee of Contractor other than those on a strictly need to know basis have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, Contractor shall only use personally identifiable information as strictly necessary to provide the Services and shall disclose such information only to its employees who have a strict need to know such information. Contractor shall comply at all times with all laws and regulations applicable to such personally identifiable information.

(b) The State is and shall remain the owner of all State-specific data pursuant to the Contract. Subject to its confidentiality obligations as set forth in Section 2.152, et seq., the State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State shall only use personally identifiable information as strictly necessary to utilize the Services and shall disclose such information only to its employees who have a strict need to know such information, except as provided by law. The State shall comply at all times with all laws and regulations applicable to such personally identifiable information. Other



material developed specifically and solely for the State and provided to the State shall remain the State's sole and exclusive property.

#### **2.164 Ownership of Materials**

State and Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

#### **2.165 Standard Software**

If applicable and necessary, all Standard Software used in performing the Services shall be provided to the State under a separate license agreement between the State and the owner (or authorized licensor) of such software. Standard Software to be licensed to the State is stated in a list in the Contract or Purchase Order.

#### **2.166 Pre-existing Materials for Custom Software Deliverables – RESERVED**

#### **2.167 General Skills**

Notwithstanding anything to the contrary in this Section, each party, its Subcontractors and their personnel shall be free to use and employ its and their general skills, know-how and expertise, and to use, disclose and employ any generalized ideas, concepts, know-how, methods, techniques or skills gained or learned during the course of performing the Services, so long as it or they acquire and apply the foregoing without disclosure of any confidential or proprietary information of the other party.

#### **2.170 Warranties and Representations**

##### **WARRANTY PERIOD EFFECTIVE DATE:**

Any applicable warranty period under these sections begins 180 business days from the earlier of delivery or the date of hardware and software installed by Contractor personnel. For all hardware and software installed by the State or anyone other than Contractor, and for all other products, the applicable warranty period begins the date the product is delivered to the State (date of acceptance).

##### **WARRANTY CLAIMS**

Warranty claims for equipment and software must be made within the applicable warranty period, or, for chemicals or other consumable products, within 15 business days after receipt by the State.

##### **WARRANTY EXCEPTIONS**

The above warranties do not apply to defects resulting from misuse, neglect or accident, including: operation with incompatible solvents or samples in the system; operation outside of the environmental or use specifications or not in conformance with the instructions for the instrument system, software, or accessories; improper or inadequate maintenance by the user; installation of software or interfacing, or use in combination with software or products, not supplied or authorized by Contractor; and modification or repair of the product not authorized by Contractor.

The foregoing provisions set forth in Contractor's sole and exclusive representations, warranties, and obligations with respect to its products, and the Contractor makes no other warranty of any kind whatsoever, expressed or implied, including without limitation, warranties



of merchantability and fitness for a particular purpose, whether arising from a statute or otherwise in law or from a course of dealing or usage of trade, all of which are expressly disclaimed.

#### **WARRANTY LIMITATIONS**

This warranty is limited to the State from the Contractor and is not transferable.

Some countries, states or jurisdictions limit the scope of or preclude limitations or exclusion of warranties, of liability, such as liability for gross negligence or willful misconduct, or of remedies or damages as or to the extent set forth above. In such countries, states and jurisdictions, the limitation or exclusion of warranties, liability, remedies or damages set forth shall apply to the fullest extent permitted by law, and shall not apply to the extent prohibited by law.

#### **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 State Contracts and Purchase Orders. The delivery of Deliverables and the performance of all obligations under State Contracts and Purchase Orders shall be provided in a timely, professional, and workman-like manner and shall meet the performance and operational standards required under State Contracts and Purchase Orders.
- (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 State Contracts and Purchase Orders, 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.
- (d) If, under State Contracts and Purchase Orders, 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 State Contracts and Purchase Orders, 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, if any, and to the extent they are transferrable.
- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into State Contracts and Purchase Orders, 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 State Contracts and Purchase Orders 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 State Contracts and Purchase Orders.

(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 State Contracts and Purchase Orders 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.

(l) All written information furnished to the State by or behalf of Contractor in connection with State Contracts and Purchase Orders, 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.

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

#### **2.172 Software Warranties**

The Contractor warrants that for a period of 90 business days [or one (1) year for instrument operating software] from the date the warranty period begins, any software designated for use with the products will perform substantially in accordance with the function and features described in its accompanying documentation when properly installed on the product for which it is designated, and that for a period of 90 business days from the date the warranty period begins, the tapes, diskettes, or other media bearing the software product will be free of defects in materials and workmanship under normal use.



The Contractor will provide any software corrections or "bug-fixed" if and when they become available, for a period of 90 business days from the date the warranty period begins. The Contractor does not warrant that the operation of the instrument or software will be uninterrupted or error free.

(a) Performance Warranty

Unless a different warranty period is provided in the quotation or applicable end-user license, Contractor warrants that for a period of 90 business days [or one (1) year for instrument operating software] from the beginning of the applicable warranty period, Contractor's application software will function substantially in accordance with the functions and features described in the documentation delivered with the software when properly installed. The applicable warranty period begins on the date of installation by Contractor's personnel. For software installed by the State or anyone other than the Contractor, the warranty period begins on the date the software is delivered to the State. This limited warranty is subject to certain exclusions, conditions, exceptions and limitations set forth in the Contractor's applicable end-user software license agreement.

(b) No Surreptitious Code Warranty

To the best of its knowledge, the Contractor represents and warrants that no copy of licensed Software provided to the State contains or will contain any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in State Contracts and Purchase Orders as the "No Surreptitious Code Warranty."

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

As used in State Contracts and Purchase Orders, "Unauthorized Code" means any virus, Trojan horse, spyware, worm or other Software routines or components designed to permit unauthorized access to disable, erase, or otherwise harm software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code. Unauthorized Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the State. The State agrees to use commercially reasonable computer and network security measures when using such software

(c) Calendar Warranty

The Contractor represents and warrants that all software for which the Contractor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.



The software design, to insure calendar year rollover compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

(d) Third-party Software Warranty

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

**2.173 Equipment Warranty**

The Contractor warrants that all standard components of its instruments will be free from defects in materials and workmanship for a period of one (1) year from the date the warranty period begins. The Contractor will repair or replace, at its discretion, all defective components during this warranty period. After this warranty period, repairs and replacement components may be purchased from the Contractor at published rates or at the discount rates specified herein. The Contractor also provides service agreements for post-warranty coverage. The Contractor reserves the right to use new, repaired, or refurbished instruments or components for warranty and post-warranty service agreement replacements. Repair or replacement of products or components that are under warranty does not extend the original warranty period; however, with the exception of consumable and maintenance items, replaceable products or components used on or in the instrument are themselves warranted to be free of defects in materials and workmanship for a period of 90 business days.

The Contractor warrants that all optional accessories supplied with its instruments, such as peripherals, computers, printers, and special monitors, will be free of defects in materials and workmanship for a period of 90 business days from the date the warranty begins. The Contractor will repair or replace, at its discretion, defective accessories during this warranty period. After this warranty period, the Contractor will pass on to the State, to the extent that it is permitted to do so, the warranty of the original manufacturer for such accessories.

The Contractor warrants that chemicals and other consumable products will be free of defects in materials and workmanship when received by the State, but not thereafter, unless otherwise specified in documentation accompanying the product.

Contractor makes only those warranties with respect to equipment expressly identified as "warranties" and set forth in Contractor's current operating manual or catalog, or in a specific written warranty included with and covering equipment, if any. Warranties are made only to the State, are not transferable and do not extend to the benefit of any other person or entity, unless otherwise expressly stated in writing by Contractor. This Agreement is subject to certain exclusions, conditions, exceptions and limitations set forth in such documentations, **ANY**



**PRODUCT NOT COVERED BY AN EXPRESS WRITTEN WARRANTY IS SOLD AND PROVIDED "AS IS," WITHOUT WARRANTY OF ANY KIND, STATUTORY, EXPRESS OR IMPLIED.** Any description of equipment recited in Contractor's quotation is for the sole purpose of identifying the equipment, and any such description is not part of any Contract between the Contractor and the State and does not constitute a warranty that equipment shall conform to that description. To the extent Contractor is responsible under State Contracts and Purchase Orders for maintaining equipment/system(s), Contractor represents and warrants that it will maintain such equipment/system(s) in good operating condition and will undertake all repairs and preventive maintenance in accordance with the applicable manufacturer's recommendations for the period specified in State Contracts and Purchase Orders.

Within five (5) business days of notification from the State, the Contractor shall adjust or repair all equipment that is defective or not performing in compliance with the Contract. In the event that Contractor determines, in its sole reasonable judgment, that adjustment or repair of the equipment is not technically or economically feasible, Contractor shall replace the equipment within one (1) month of the original notification date.

The Contractor shall provide a toll-free telephone number to allow the State to report equipment failures and problems to be remedied by the Contractor.

The Contractor agrees that all warranty service it provides under State Contracts and Purchase Orders shall be performed by original equipment manufacturer (OEM) trained, certified and authorized technicians.

The Contractor shall act as the sole point of contact for warranty service. The Contractor warrants that it shall pass through to the State any and all warranties obtained or available from the original equipment manufacturer, including any replacement, upgraded, or additional equipment warranties.

All warranty work shall be performed on the State of Michigan worksite(s). Provided, however that Contractor may require a completed Certificate of Decontamination, or transfer of an instrument to a suitable safe and secure location reasonably determined by Contractor, as a condition to servicing any instrument. The State shall not assign Contractor personnel to work in Biosafety Level 3 or Level 4 laboratories without prior written notice to Contractor and Contractor's written consent.

#### **2.174 Physical Media Warranty**

(a) Contractor represents and warrants that the media that tangibly embodies the of the Software is free from defects in materials and workmanship for a period of 90 days from installation of the software. This limited warranty is subject to certain exclusions, conditions, exceptions and limitations set forth in the Contractor's applicable end-user software license agreement. This warranty does not apply to defects arising from acts of Excusable Failure. If the Contractor breaches this warranty, then the State shall be entitled to replacement of the non-compliant copy by Contractor, at Contractor's expense (including shipping and handling).

#### **2.175 DISCLAIMER**

THE FOREGOING EXPRESS WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES AND EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.



**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 State Contracts and Purchase Orders.

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 State Contracts and Purchase Orders, 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 State Contracts and Purchase Orders.

All insurance coverages provided relative to State Contracts and Purchase Orders 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 State Contracts and Purchase Orders 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 30 days prior written notice, except for 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 State Contracts and Purchase Orders 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 State Contracts and Purchase Orders, 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 State Contracts and Purchase Orders, 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 State Contracts and Purchase Orders 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 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 State Contracts and Purchase Orders. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under State Contracts and Purchase Orders 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 State Contracts and Purchase Orders, or if any insurer cancels or significantly reduces any required insurance as specified in State Contracts and Purchase Orders 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 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 State Contracts and Purchase Orders 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 State Contracts and Purchase Orders.

**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 State Contracts and Purchase Orders.

(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 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 State Contracts and Purchase Orders; (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 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 State's liability for damages to the Contractor shall be limited to the value of the individual State Contract or Purchase Order. 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 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State shall not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance shall continue; (b) the State may terminate any portion of the Contract so affected and the charges payable there under shall be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to Contractor, except to the extent that the State shall pay for Services/Deliverables provided through the date of termination.

Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

**2.203 Disaster Recovery**

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



2.210 Termination/Cancellation by the State

The State may terminate State Contracts and Purchase Orders 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 State Contracts and Purchase Orders (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 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 State Contracts and Purchase Orders in whole or in part, for cause, as of the date specified in the notice of termination.

(b) In the event that State Contracts and Purchase Orders 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 State Contracts and Purchase Orders, 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 State Contracts and Purchase Orders 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 State Contracts and Purchase Orders, provided such costs are not in excess of 50% more than the prices for such Service/Deliverables provided under State Contracts and Purchase Orders.

(c) In the event the State chooses to partially terminate State Contracts and Purchase Orders for cause, charges payable under State Contracts and Purchase Orders 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 State Contracts and Purchase Orders that are terminated for cause shall cease on the effective date of the termination.

(d) In the event State Contracts and Purchase Orders 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 State Contracts and Purchase Orders for a termination for convenience.

**2.212 Termination for Convenience**

The State may terminate State Contracts and Purchase Orders 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 State Contracts and Purchase Orders for its convenience, in whole or in part, by giving Contractor written notice at least 30 days prior to the date of termination. If the State chooses to terminate State Contracts and Purchase Orders in part, the charges payable under State Contracts and Purchase Orders shall be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of State Contracts and Purchase Orders that are terminated for cause shall cease on the effective date of the termination.

#### **2.213 Non-Appropriation**

(a) Contractor acknowledges that, if State Contracts and Purchase Orders extend for several fiscal years, continuation of State Contracts and Purchase Orders is subject to appropriation or availability of funds for State Contracts and Purchase Orders. If funds to enable the State to effect continued payment under State Contracts and Purchase Orders are not appropriated or otherwise made available, the State shall have the right to terminate State Contracts and Purchase Orders 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 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 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 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 State Contracts and Purchase Orders 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 State Contracts and Purchase Orders, 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 State Contracts and Purchase Orders immediately and without further liability (except to pay Deliverables already delivered and Services already performed) 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 State Contracts and Purchase Orders 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 State Contracts and Purchase Orders is terminated by the State for any reason, Contractor shall (i) stop all work as specified in the notice of termination, (ii) 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 State Contracts and Purchase Orders that may be in Contractor's possession, (iii) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (iv) 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 (v) 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 State Contracts and Purchase Orders 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 State Contracts and Purchase Orders, 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 State Contracts and Purchase Orders 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 State Contracts and Purchase Orders, and may further pursue completion of the Services/Deliverables under State Contracts and Purchase Orders by replacement contract or otherwise as the State may in its sole judgment deem expedient.

#### **2.217 Reservation of Rights**

Any termination of State Contracts and Purchase Orders or any Statement of Work issued under it by a party shall be with full reservation of, and without prejudice to, any rights or



remedies otherwise available to such party with respect to any claims arising prior to or as a result of such termination.

#### **2.218 Contractor Transition Responsibilities**

In the event State Contracts and Purchase Orders is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of State Contracts and Purchase Orders, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 180 days. These efforts shall include, but are not limited to, the following:

- (a) **Personnel** - The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor shall allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by State Contracts and Purchase Orders. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.
- (b) **Information** - The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under State Contracts and Purchase Orders. The Contractor will provide the State with asset management data generated from the inception of State Contracts and Purchase Orders through the date on which State Contracts and Purchase Orders or is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.
- (c) **Software** - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under State Contracts and Purchase Orders. This shall include any documentation being used by the Contractor to perform the Services under State Contracts and Purchase Orders. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.
- (d) **Payment** - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of State Contracts and Purchase Orders. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after Contract expiration that result from transition operations) at the rates specified by **the individual Contract or Purchase Order**. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

**2.219 State Transition Responsibilities**

In the event that State Contracts and Purchase Orders is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

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

**2.220 Termination by Contractor****2.221 Termination by Contractor**

If the State materially breaches its obligation to pay Contractor undisputed amounts due and owing under State Contracts and Purchase Orders in accordance with **Section 2.090**, or if the State breaches its other obligations under State Contracts and Purchase Orders 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 30 days), then Contractor may terminate State Contracts and Purchase Orders, in whole or in part based on Statement of Work for cause, as of the date specified in the notice of termination; provided, however, that Contractor must discharge its obligations under **Section 2.250** before any such termination.

**2.230 Stop Work****2.231 Stop Work Orders**

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this **Section 2.230**. Upon receipt of the stop work order, Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.210**.

**2.232 Cancellation or Expiration of Stop Work Order**

If a stop work order issued under this **Section 2.230** is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.106**.

**2.233 Allowance of Contractor Costs**

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

2.240 Reserved

2.250 Dispute Resolution

**2.251 In General**

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

**2.252 Informal Dispute Resolution**

(a) All operational disputes between the parties shall be resolved under the Contract Management procedures developed pursuant to **Section 2.100**. If the parties are unable to resolve any disputes after compliance with such processes, the parties shall meet with the Director of 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 60 calendar days, the Director of Purchasing Operations, DMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within 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 State Contracts and Purchase Orders or any purchase order resulting from State Contracts and Purchase Orders 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 provide on at least an annual basis to the Contract Administrator, the list of litigations contained in their 10Ks and 10Q filings with the SEC to 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 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 State Contracts and Purchase Orders would cause a reasonable party to be concerned about:

- (i) the ability of Contractor (or a Subcontractor hereunder) to continue to perform State Contracts and Purchase Orders 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 State Contracts and Purchase Orders 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 State Contracts and Purchase Orders and any Statements of Work in accordance with its terms and conditions, and
  - (B) Contractor and/or its Subcontractors hereunder have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in such Proceeding.



- (c) Contractor shall make the following notifications in writing:
  - (i) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor shall notify the Purchasing Operations.
  - (ii) Contractor shall also notify the Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
  - (iii) Contractor shall also notify Purchasing Operations within 30 days whenever changes to company affiliations occur.

**2.272 Governing Law**

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

**2.273 Compliance with Laws**

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

**2.274 Jurisdiction**

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

2.280 Environmental Provision

**2.281 Environmental Provision**

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

- (a) The Contractor shall use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material in accordance with all federal, state and local laws. The State shall provide a safe and suitable environment for performance of Contractor's Work. Prior to the commencement of Work, the State shall advise Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of such Hazardous



Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor shall immediately stop all affected Work, give written notice to the State of the conditions encountered, and take appropriate health and safety precautions.

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

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

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

#### 2.290 General

##### **2.291 Amendments**

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

##### **2.292 Assignment**

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



decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

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

**2.293 Entire Contract; Order of Precedence**

(a) All State Contracts or Purchase Orders, including any Statements of Work (only as to the name or identity of the products or services purchased, quantity, delivery date, bill to and ship to address and price), Exhibits, software licenses, and Label Licenses, to the extent not contrary to the Agreement, 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**. Any State Contracts or Purchase Orders submitted hereunder shall be governed solely by the terms of this Agreement and any preprinted terms on Contractor quotations, or State purchase orders except only as to the name or identity of the products or services purchased, quantity, delivery date, bill to and ship to address and, if accurate, price), invoices or other forms or documents shall have no force or effect and shall be superseded and fully replaced by the terms of this Agreement. "**Label License**" shall mean express written conditions or limitations under which patent rights or other intellectual property rights are granted by Supplier that accompany, are affixed to or otherwise apply to any Goods. If the terms of any software license conflict with the terms of this Agreement, then the terms of this Agreement shall govern.

**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:**  
 State of Michigan  
 DMB - Purchasing Operations  
 Professional Services Division

**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 - RESERVED**

**2.307 Call Center Disclosure**

**Contractor and/or all subcontractors involved in the performance of providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of State Contracts and Purchase Orders.**

**2.308 Future Bidding Preclusion**

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

2.310 Reserved

2.320 Extended Purchasing

**2.321 MiDEAL**

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

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

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

**2.322 State Employee Purchases - RESERVED**

2.330 Federal Grant Requirements

**2.331 Federal Grant Requirements**

The following links contain certifications and terms which may be required for some purchases paid via Federal funds. They are included here to be utilized as required.