

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

**CHANGE NOTICE NO. 6**  
 to  
**CONTRACT NO. 071B9200215**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Tax Management Associates, Inc. 2225 Coronation Boulevard Charlotte, NC 28227	Richard Cooke Jr.	chip.cooke@tma1.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	1-800-951-5350	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	Treasury	Kevin D. VanGieson	(517) 241-4338	<a href="mailto:vangiesonk@michigan.gov">vangiesonk@michigan.gov</a>
BUYER	DTMB	Chelsea Edgett	(517) 284-7031	<a href="mailto:edgett@c@michigan.gov">edgett@c@michigan.gov</a>

CONTRACT SUMMARY:			
<b>Personal Property Audits – Michigan Department of Treasury</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 8, 2009	April 7, 2012	2, 1 yr. Options	April 7, 2014
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:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	6 months	October 7, 2014
VALUE/COST OF CHANGE NOTICE:			ESTIMATED REVISED AGGREGATE CONTRACT VALUE:	
\$0.00			\$10,000,000.00	
Effective immediately, this contract is hereby extended to October 7, 2014. Please note that the buyer has been changed to Chelsea Edgett. All other terms, conditions, specifications and pricing remain unchanged. Per vendor and agency agreement and DTMB Procurement approval.				

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

**CHANGE NOTICE NO. 5**  
 to  
**CONTRACT NO. 071B9200215**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Tax Management Associates, Inc. 2225 Coronation Boulevard Charlotte, NC 28227	Richard Cooke Jr.	chip.cooke@tma1.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	1-800-951-5350	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	Treasury	Kevin D. VanGieson	(517) 241-4338	<a href="mailto:vangiesonk@michigan.gov">vangiesonk@michigan.gov</a>
BUYER	DTMB	Lance Kingsbury	(517) 241-3768	kingsburyl@michigan.gov

CONTRACT SUMMARY:			
<b>Personal Property Audits – Michigan Department of Treasury</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 8, 2009	April 7, 2012	2, 1 yr. Options	April 7, 2014
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:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		April 7, 2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$10,000,000.00		

Per agency ITRAC request dated 4/18/13 and Vendor approval dated 5/30/13, this Contract is amended to include Audit of Minimum Assessing Requirements (AMAR) and property tax record reviews (includes adding Subcontractor Alan C. Young and Associates). All other terms, conditions, specifications and pricing remain unchanged.

**Contract #071B9200215  
Property Audits  
Statement of Work (SOW)**

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Attachment A, Pricing

**Exhibits**

- 1 Audit of Minimum Assessing Requirements DRAFT (AMAR) Evaluation Form
- 2 STC Training Material Regarding Land Value and Economic Condition Factor Determinations

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

### **1.010 Project Identification**

#### **1.011 Project Request**

This is Statement of Work (SOW) amends the contract for Personal Property Audits to include Audit of Minimum Assessing Requirements (AMAR) and property tax record reviews.

All other terms/conditions of the Contract will remain unchanged.

#### **1.012 Background**

An audit or evaluation of assessing practices is needed to determine the accuracy of the records of a local unit and to determine their compliance with the General Property Tax Act, State Tax Commission Rules, Bulletins, Policies and Procedures. Personal Property Audits are currently being performed on locally assessed properties and state assessed personal property. Locally assessed utility property includes oil and gas field equipment and oil wells; electric, water, and gas transmissions and distribution systems; transmission lines of gas or oil transporting companies, and other personal property. State assessed personal property includes property owned by telephone and telegraph companies, rail way cars, and rail road companies.

### **1.020 Scope of Work and Deliverables**

#### **1.021 In Scope**

The Contractor will be responsible for conducting audits as approved by the Contract Compliance Inspector or designee of minimum assessing requirements (AMAR) and property tax record reviews. All requirements of this SOW are the responsibility of the Contractor which include but are not limited to travel, food, lodging, interviews, and submission of work papers. Additionally, the Contractor must be available to attend meetings to discuss audits as required.

#### **1.022 Work and Deliverable**

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

##### **A. Audits of Minimum Assessing Requirements (AMAR)**

1. The Contractor must perform AMARs per the Evaluation Form in Exhibit 1 for local units the State Tax Commission identifies and approves to be reviewed.
2. The AMAR will require a review of land value maps, economic condition factors and database information for the local units. Contractor will sample the studies used to determine the economic condition factors being utilized in the calculation of the appraised building values.
3. A written audit program containing procedures for conducting an AMAR in Michigan must be developed in consultation with the Contract Compliance Inspector or designee. This program will be used as a means of guiding the audit staff in their work and as a means of allowing Treasury to determine whether all appropriate procedures identified in the Contractor's audit program have been completed. The audit program will be a practical guide that is used in the completion of a given audit but Treasury recognizes that some procedures may not be necessary or appropriate in a given audit situation.
4. The following is a preliminary listing of the major tasks involved for developing the end product of this project:
  - a. The Contractor will meet with each local unit to review the land value maps and economic condition factors used in the development of the 2013 assessment roll to ensure the land value maps and economic condition factors are developed in accordance with the State Tax Commission policies and procedures as identified through material on land value and economic condition factor determinations (Exhibit 2).
  - b. The Contractor will review the assessing database (e.g., BS&A and Manatron) for the local unit to determine the following:

- 1) If the true cash value on the record cards agree with the true cash value on the assessment roll with less than 1% overrides and less than 1% flat values
  - 2) Did the local unit appropriately account for all new construction in the prior year
  - 3) Did the local unit uncap properties following a transfer of ownership and did the local unit follow the requirements in State Tax Commission Bulletin 19 of 1997 regarding following sales.
- e. The Contractor will randomly pull 1% of the improved properties (up to a maximum of 500 parcels) for the local unit and conduct a record card accuracy check in accordance with STC policies and procedures and using the STC record card accuracy check spreadsheet.
5. Submission of Information:
- a. The Contractor must submit to the Contract Compliance Inspector or designee by no later than January 29, 2014, the AMAR report for each township/city in the selected counties, pending notification of the selected counties for review and finalized project plan (see Section 1.041) and timely submission of all work. Contractor will ensure work product completion meets the expectations of the Department and the CCI.

## B. Property Tax Records Reviews

1. Contractor must perform property tax record card reviews and audits of assessing practices.
2. The Contractor must review property tax records and other collected information to determine whether the property records are accurate per Public Act 206 of 1893 (The General Property Tax Act). Contractor will work with the CCI to collect and standardize a list of measures to ensure that the record cards reviewed are evaluated correctly.
  - a. The Contractor will use the State Tax Commission record card accuracy check spreadsheet.
3. A written audit program containing procedures for conducting property tax record reviews must be completed in consultation with the Contract Compliance Inspector or designee. This program will be used as a means of guiding the audit staff in their work and as a means of allowing Treasury to determine whether all appropriate procedures identified in the Contractor's audit program have been completed.
4. The Contractor must acquire property record cards for each parcel of property the Contract Compliance Inspector or designee requests a property tax record review. The Contractor is responsible for arranging, scheduling, and securing access to all data from government officials and all records, papers, and documents maintained by those officials which are necessary to perform the tasks required under this Contract.
5. Contractor must implement steps within the methodology to ensure accurate assessing practices. Contractor, along with the CCI, will work to publish an audit program using the AMAR Review Sheet as the foundation. Contractor will suggest enhancements to the Review Sheet to accommodate the complexities of a full audit program.
6. Contractor must submit identification or list of properties that were reviewed under the property tax record review. Contractor will log in the STC's record card accuracy check spreadsheet which properties were reviewed by adding an additional line per property and including specific information about the property to identify it such as its parcel identification number, USPS associated address, or other identifiers as deemed appropriate and as enumerated below in subsection b.
  - a. The list must be provided electronically in a Microsoft Excel file, or other format approved by the Contract Compliance Inspector or designee.
  - b. The list must contain the following:

- 1) Property Owner Name
- 2) Property Address
- 3) Parcel Identification Number
- 4) Parcel Address
- 5) County
- 6) Local Unit of Parcel
- 7) Legal Description
- 8) Current Assessed Value
- 9) Proposed Assessed Value
- 10) Notes and Comments associated with the assessed value estimations.

Note: The legal description may be provided in a separate, referenced, resource because of its size and the difficulty of transmission.

- c. The Department reserves the right to request the list in an alternate format and/or with additional information.
  - d. The list must be provided electronically in a Microsoft Excel file, or other format approved by the Contract Compliance Inspector or designee.
  - e. The Contractor must provide the Contract Compliance Inspector or designee upon his or her request, and in a format specified by him or her, reports and or copies of any data or documentation necessary to ensure that all statutory requirements have been satisfied for reviewing audit effectiveness, consistency, and quality; and for processing denials and appeals.
  - f. The Contractor must provide electronic (scanned) copies of all documents, databases and other information related to each property tax record review to the Contract Compliance Inspector or designee within 30 days of review assignment.
7. Every year, the Contractor must meet with the Contract Compliance Inspector or designee and provide a written report reviewing the audit process) to identify lessons learned and best practices for continuous improvement (see section 1.041.2).
  8. Quality Assurance: Contractor must provide quality assurance measures for entire process to ensure data integrity and accurate reviews. Contractor, along with the CCI, will work diligently to publish an audit program using the AMAR Review Sheet as the foundation. Contractor will suggest enhancements to the Review Sheet to accommodate the complexities of a full audit program. This audit program will establish project timelines and deliverables. Contractor will have staff who will be reviewing the collection of information in the fields prior to being submitted to the CCI.

### **1.030 Roles and Responsibilities**

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

- A. Contractor, State and Other Staff who will be involved in the Contract remain unchanged unless advised otherwise.
- B. Subcontractor: Alan C. Young and Associates (ACY) will be utilized to supplement collection of data from the field and limited analysis as the needs are identified. ACY is a professional accounting firm with staff experienced in financial reconciliations as well as property tax matters.

### **1.040 Project Plan**

#### **1.041 Project Plan Management**

- A. Within five working days of Contract Change Notice issuance, the Contractor must submit to the Contract Compliance Inspector or designee for final approval a detailed project plan. This final

project plan must be in agreement with the Contractor's proposal and accepted by the State for Contract, and must include the following:

- a. The Contractor's project organizational structure.
- b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
- c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each (e.g., estimated levels of effort for each level of personnel for Contractor personnel, including any contractual employees, and State personnel).

#### **1.042 Reports**

The Contractor must provide, to the Contract Compliance Inspector or designee, monthly reports summarizing by region, the total number of audits completed, the amount for each tax year of additional discovery for omitted or incorrectly reported personal property (taxable value), and the amount of over-reported or under-reported properties.

#### **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:

- A. The Contractor has completed an audit and interview with the local unit of government.
- B. The Contractor has provided to the CCI or designee the completed AMAR Review Sheet and a report of the Property Tax Record reviews.
- C. The Contract Compliance Inspector has provided written verification of acceptance of the deliverables in Section 1.022.

##### **1.052 Final Acceptance**

- A. The Contractor has completed and provided the Contract Compliance Inspector or designee an invoice for individual audits completed.
- B. The Contract Compliance Inspector or designee has provided written verification that the invoice has been approved.

#### **1.060 Proposal Pricing**

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

- A. A Contractor will not be retained on a contingency fee basis. The fee will not be contingent upon additional assets discovered or additional taxes collected. The Price Proposal (Attachment A) must provide that the fee will be inclusive of any and all costs, including but not limited to, postage, mailing, travel expenses and the cost of attending administrative and/or legal proceedings. The fees for the performance of an audit must not become payable until the audit has been completed and the required audit documentation has been provided to Treasury (See Section 1.052).
- B. For authorized Services and Price List, see Attachment A (Price Proposal).

##### **1.062 Price Term**

( X ) Firm Fixed Price

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

#### **1.070 Deleted – N/A**

**Attachment A, Price Proposal**

TMA is willing to offer a 2.5% discount on all payments received within 45 days of invoice date.

<b>UNIT</b>	<b>REGION</b>	<b>No. of Units</b>	<b>Total County Class 201</b>	<b>Total County Class 301</b>	<b>Total County Class 401</b>	<b>ESTIMATED TOTAL PARCELS</b>	<b>EST 1% of Parcels</b>	<b>Total Price PER COUNTY</b>	<b>INDICATED Price Per Parcel</b>
ALCONA	N ¼	12	420	50	17,594	18,064	181	\$ 18,640	\$103
ALGER	UP	9	458	47	10,127	10,632	106	\$ 11,779	\$111
ALLEGAN	SW	33	2,841	905	53,577	57,323	573	\$ 58,710	\$102
ALPENA	N 1/4	9	1,119	226	18,456	19,801	198	\$ 20,737	\$105
ANTRIM	N 1/4	15	1,096	102	33,531	34,729	347	\$ 35,805	\$103
ARENAC	MID E	15	666	148	15,710	16,524	165	\$ 15,762	\$95
BARAGA	UP	5	248	67	6,370	6,685	67	\$ 7,011	\$105
BARRY	SW	17	1,058	172	28,488	29,718	297	\$ 28,031	\$94
BAY	MID E	19	2,986	711	42,179	45,876	459	\$ 55,145	\$120
BENZIE	N 1/4	13	800	39	16,921	17,760	178	\$ 18,456	\$104
BERRIEN	SW	30	5,043	919	77,071	83,033	830	\$ 90,426	\$109
BRANCH	SW	18	1,508	174	20,227	21,909	219	\$ 21,950	\$100
CALHOUN	SW	23	3,638	599	54,563	58,800	588	\$ 61,350	\$104
CASS	SW	17	1,103	253	29,887	31,243	312	\$ 29,428	\$94
CHARLEVOIX	N 1/4	18	1,464	150	25,049	26,663	267	\$ 29,924	\$112
CHEBOYGAN	N 1/4	20	1,251	95	26,576	27,922	279	\$ 29,712	\$106
CHIPPEWA	UP	17	1,355	94	27,078	28,527	285	\$ 27,316	\$96
CLARE	MID E	18	967	99	32,345	33,411	334	\$ 33,417	\$100
CLINTON	SW	20	1,463	279	27,613	29,355	294	\$ 29,613	\$101
CRAWFORD	N 1/4	7	541	41	16,067	16,649	166	\$ 17,027	\$102
DELTA	UP	16	1,347	207	26,484	28,038	280	\$ 26,423	\$94

<b>UNIT</b>	<b>REGION</b>	<b>No. of Units</b>	<b>Total County Class 201</b>	<b>Total County Class 301</b>	<b>Total County Class 401</b>	<b>ESTIMATED TOTAL PARCELS</b>	<b>EST 1% of Parcels</b>	<b>Total Price PER COUNTY</b>	<b>INDICATED Price Per Parcel</b>
DICKINSON	UP	10	1,245	231	16,973	18,449	184	\$ 19,345	\$105
EATON	SW	22	2,224	412	40,017	42,653	427	\$ 42,024	\$99
EMMET	N 1/4	18	2,223	103	26,759	29,085	291	\$ 33,901	\$117
GENESEE	SE	28	10,450	1,518	181,037	193,005	1,930	\$ 265,206	\$137
GLADWIN	MID E	17	621	150	25,066	25,837	258	\$ 25,702	\$99
GOGEBIC	UP	9	871	205	14,296	15,372	154	\$ 16,573	\$108
GRAND TRAVERSE	N 1/4	14	3,339	261	44,691	48,291	483	\$ 57,931	\$120
GRATIOT	MID E	19	1,192	224	14,760	16,176	162	\$ 17,588	\$109
HILLSDALE	SE	21	1,305	274	24,921	26,500	265	\$ 26,125	\$99
HOUGHTON	UP	16	1,419	87	21,743	23,249	232	\$ 25,512	\$110
HURON	MID E	31	1,664	213	22,311	24,188	242	\$ 27,594	\$114
INGHAM	SE	21	5,971	770	87,978	94,719	947	\$ 104,147	\$110
IONIA	SW	19	1,391	254	23,762	25,407	254	\$ 26,644	\$105
IOSCO	MID E	14	1,275	243	28,112	29,630	296	\$ 30,541	\$103
IRON	UP	11	614	191	13,225	14,030	140	\$ 15,018	\$107
ISABELLA	MID E	18	1,693	168	23,196	25,057	251	\$ 27,987	\$112
JACKSON	SE	20	4,640	1,048	69,349	75,037	750	\$ 80,781	\$108
KALAMAZOO	SW	19	6,558	1,396	87,163	95,117	951	\$ 102,705	\$108
KALKASKA	N 1/4	12	668	62	18,043	18,773	188	\$ 19,079	\$102
KENT	SW	30	11,867	3,129	199,201	214,197	2,142	\$ 244,197	\$114
KEWEENAW	UP	5	124	-	3,616	3,740	37	\$ 3,933	\$105
LAKE	MID W	15	406	45	24,884	25,335	253	\$ 24,201	\$96
LAPEER	SE	21	1,668	387	38,127	40,182	402	\$ 39,768	\$99
LEELANAU	N 1/4	12	1,063	46	20,720	21,829	218	\$ 23,004	\$105
LENAWEE	SE	26	2,408	379	40,900	43,687	437	\$ 45,297	\$104

<b>UNIT</b>	<b>REGION</b>	<b>No. of Units</b>	<b>Total County Class 201</b>	<b>Total County Class 301</b>	<b>Total County Class 401</b>	<b>ESTIMATED TOTAL PARCELS</b>	<b>EST 1% of Parcels</b>	<b>Total Price PER COUNTY</b>	<b>INDICATED Price Per Parcel</b>
LIVINGSTON	SE	18	2,867	721	76,473	80,061	801	\$ 78,449	\$98
LUCE	UP	4	275	28	7,079	7,382	74	\$ 7,626	\$103
MACKINAC	UP	13	1,273	130	17,837	19,240	192	\$ 20,956	\$109
MACOMB	SE	24	12,154	5,085	303,679	320,918	3,209	\$ 344,918	\$107
MANISTEE	MID W	15	1,012	233	21,088	22,333	223	\$ 22,400	\$100
MARQUETTE	UP	22	2,024	165	35,355	37,544	375	\$ 41,681	\$111
MASON	MID W	17	1,159	243	20,757	22,159	222	\$ 23,495	\$106
MECOSTA	MID W	17	918	191	26,120	27,229	272	\$ 26,537	\$97
MENOMINEE	UP	16	756	219	18,622	19,597	196	\$ 21,358	\$109
MIDLAND	MID E	18	1,769	445	35,527	37,741	377	\$ 44,593	\$118
MISSAUKEE	MID W	17	374	91	12,646	13,111	131	\$ 12,346	\$94
MONROE	SE	19	3,402	677	62,858	66,937	669	\$ 73,046	\$109
MONTCALM	MID W	23	1,598	330	32,983	34,911	349	\$ 40,538	\$116
MONTMORENCY	N 1/4	8	449	94	16,215	16,758	168	\$ 17,331	\$103
MUSKEGON	MID W	23	4,262	897	72,101	77,260	773	\$ 105,273	\$136
NEWAYGO	MID W	28	992	268	32,424	33,684	337	\$ 33,926	\$101
OAKLAND	SE	52	21,333	4,878	451,193	477,404	4,774	\$ 555,874	\$116
OCEANA	MID W	17	778	175	21,181	22,134	221	\$ 21,524	\$97
OGEMAW	MID E	16	787	83	23,276	24,146	241	\$ 24,088	\$100
ONTONAGON	UP	11	443	221	8,897	9,561	96	\$ 10,075	\$105
OSCEOLA	MID W	18	632	165	18,101	18,898	189	\$ 18,449	\$98
OSCODA	N 1/4	6	327	79	13,383	13,789	138	\$ 13,852	\$100
OTSEGO	N 1/4	10	1,410	222	24,097	25,729	257	\$ 28,583	\$111
OTTAWA	SW	23	5,139	1,693	91,675	98,507	985	\$ 103,281	\$105
PRESQUE ISLE	N 1/4	16	587	94	19,706	20,387	204	\$ 21,832	\$107

<b>UNIT</b>	<b>REGION</b>	<b>No. of Units</b>	<b>Total County Class 201</b>	<b>Total County Class 301</b>	<b>Total County Class 401</b>	<b>ESTIMATED TOTAL PARCELS</b>	<b>EST 1% of Parcels</b>	<b>Total Price PER COUNTY</b>	<b>INDICATED Price Per Parcel</b>
ROSCOMMON	MID E	11	1,509	30	32,478	34,017	340	\$ 36,014	\$106
SAGINAW	MID E	30	5,642	1,073	78,505	85,220	852	\$ 115,220	\$135
SANILAC	MID E	30	1,377	219	21,620	23,216	232	\$ 23,947	\$103
SCHOOLCRAFT	UP	9	413	99	9,835	10,347	103	\$ 11,221	\$108
SHIAWASSEE	SE	21	1,430	488	28,742	30,660	307	\$ 28,413	\$93
ST. CLAIR	SE	31	4,396	988	71,030	76,414	764	\$ 80,561	\$105
ST. JOSEPH	SW	18	1,586	478	29,155	31,219	312	\$ 29,531	\$95
TUSCOLA	MID E	25	1,487	211	25,638	27,336	273	\$ 28,785	\$105
VAN BUREN	SW	22	2,403	413	41,430	44,246	442	\$ 41,073	\$93
WASHTENAW	SE	25	5,759	1,126	111,705	118,590	1,186	\$ 122,052	\$103
WAYNE CITY OF DETROIT	SE	1	22,369	6,552	301,974	330,895	500	\$ 71,400	\$143
WAYNE LESS CITY OF DET	SE	42	22,694	7,093	411,536	441,323	4,413	\$ 531,655	\$120
WEXFORD	MID W	18	1,096	183	20,866	22,145	221	\$ 22,080	\$100

**Exhibit 1**

Audit of Minimum Assessing Requirements DRAFT (AMAR) Evaluation Form

**Michigan State Tax Commission  
Audit of Minimum Assessing Requirements  
AMAR Review Sheet**

The State Tax Commission, per MCL 211.10f, has jurisdiction to determine substantial compliance with the requirements of the General Property Tax Act. The AMAR review reflects the minimum assessing requirements of a local unit of government based on statute and STC Rules, Policy, Bulletins and Publications. Local units of government that do not meet one or more of the minimum requirements must submit a corrective action plan detailing how and when the deficiencies will be resolved.

Failure to submit an acceptable corrective action plan, or failure to resolve the deficiencies as outlined within the corrective action plan that is approved by the State Tax Commission, will result in a determination of substantial non-compliance and may result in the State Tax Commission assuming jurisdiction of the assessment roll of the local unit of government. Failure to meet one or more of the minimum AMAR requirements does not automatically result in State Tax Commission assumption of jurisdiction of the assessment roll.

**Local Unit Background Information:**

Year of Audit: \_\_\_\_\_

Name of Local Unit: \_\_\_\_\_

Name of County: \_\_\_\_\_

Name of Assessor: \_\_\_\_\_

Assessor Certification Level: \_\_\_\_\_ Assessor Certification Number: \_\_\_\_\_

Name of Supervisor, City Manager or Mayor: \_\_\_\_\_ Title: \_\_\_\_\_

Mailing Address for Supervisor, City Manager or Mayor: \_\_\_\_\_

What is the required certification level for this local unit? \_\_\_\_\_

What date did the assessor certify the assessment roll? \_\_\_\_\_

Does the local unit have a policy regarding public inspection of records? YES: \_\_\_\_\_ NO: \_\_\_\_\_

Did the March, July and December Boards of Review prepare minutes and file them with the local unit clerk in accordance with MCL 211.33 and State Tax Commission Board of Review Publications? YES: \_\_\_\_\_ NO: \_\_\_\_\_

If the Board of Review made any taxable valuation changes to parcels, was Form L-4035a, Taxable Value Calculations Worksheet, properly completed and made part of the Board of Review Record? YES: \_\_\_\_\_ NO: \_\_\_\_\_

Were forms L-4021, L-4022 and L-4025 timely delivered to County Equalization per MCL 211.34d and Rule 209.26(6b)? YES: \_\_\_\_\_ NO: \_\_\_\_\_

**Assessment Roll Analysis:**

1. Does the local unit have properly calculated and appropriately documented Economic Condition Factors that meet State Tax Commission requirements per MCL 211.10e and STC ECF Publications?

Requirement Met: YES: \_\_\_\_ NO: \_\_\_\_

2. Does the local unit have accurate Land Value Maps that meet the State Tax Commission requirements per MCL 211.10e and State Tax Commission Land Value Map Publications?

Requirement Met: YES: \_\_\_\_ NO: \_\_\_\_

3. Does the local unit have Land Value Determinations that are appropriately documented, properly calculated and meet State Tax Commission requirements per MCL 211.10e and State Tax Commission Land Value Determination Publications?

Requirement Met: YES: \_\_\_\_ NO: \_\_\_\_

4. Does the true cash value on the local unit record cards agree with the true cash value indicated on the assessment roll with less than 1% overrides and less than 1% flat land values – excluding DNR PILT Property (STC Policy)?

Requirement Met: YES: \_\_\_\_ NO: \_\_\_\_

5. Do the local unit appraisal record cards meet a 90% or greater accuracy rating? (Based upon a review of 1% of the improved properties in a local unit up to a maximum of 500 parcels)

Requirement Met: YES: \_\_\_\_ NO: \_\_\_\_

6. Based upon a review of a sample of properties, do the current year's assessments of the local unit include new construction from the prior year?

Requirement Met: YES: \_\_\_\_ NO: \_\_\_\_

7. Is the local unit in compliance with the requirement of uncapping the taxable value of property in the year following a transfer of ownership per MCL 211.27a within a less than 5% error rate?

Requirement Met: YES: \_\_\_\_ NO: \_\_\_\_

8. Based on a sampling of known "sale" properties, is the local unit assessing all properties uniformly at 50% of true cash value as outlined within STC Bulletin 19 of 1997?

Requirement Met: YES: \_\_\_\_ NO: \_\_\_\_

**Comments:**

DRAFT

I hereby declare that the foregoing information submitted is a complete and true statement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

By checking this box, I agree and confirm that the signature I have typed above is the electronic representation of my original, handwritten signature when used on this document and creates a legally-binding contract. I further understand that signing this document using my electronic signature will have the same legally-binding effect as signing my signature using pen and paper.

## **Exhibit 2**

### STC Training Material Regarding Land Value and Economic Condition Factor Determinations

See State Tax Commission policies and procedures on Development of Land Value Determinations and Tax Maps on Treasury's Internet site at

[http://www.michigan.gov/documents/treasury/Chapter\\_4\\_Land\\_Value\\_Determination\\_and\\_Tax\\_Maps\\_353172\\_7.pdf](http://www.michigan.gov/documents/treasury/Chapter_4_Land_Value_Determination_and_Tax_Maps_353172_7.pdf).

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

November 19, 2012

**CHANGE NOTICE NO. 4 (REVISED)**  
 to  
**CONTRACT NO. 071B9200215**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Tax Management Associates, Inc. 2225 Coronation Boulevard Charlotte, NC 28227	Richard Cooke, Jr.	<a href="mailto:Chip.cooke@tma1.com">Chip.cooke@tma1.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 241-1916	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	TREA	Kevin D. VanGieson	(517) 241-4338	<a href="mailto:vangiesonk@michigan.gov">vangiesonk@michigan.gov</a>
BUYER	DTMB	Lance Kingsbury	(517) 241-3768	<a href="mailto:kingsburyl@michigan.gov">kingsburyl@michigan.gov</a>

CONTRACT SUMMARY:			
DESCRIPTION: Personal Property Audits – Michigan Department of Treasury			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 8, 2009	April 7, 2012	2, 1 Yr. Options	April 7, 2014
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:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:		
\$0.00		\$10,000,000.00		

Effective immediately, the following pricing per parcel is adjusted to reflect Change Notice No.3 price changes.

All other terms, conditions, specifications, and pricing remain the same.

Per agency request and DTMB Procurement approval.

Contract #071B9200215 (Tax Management Associates)  
Personal Property Audits  
Change Request 4

Note: Changes/additions from/to the original Contract are underlined in the below sections.

1. **Attachment A, Price Proposal TMA's Pricing Structure, Page 44. Additional group to per parcel pricing of: \$0.00 - \$199,999.00 at a cost of \$600.00 per parcel is hereby added. Item 7 heading is now updated to read "Commercial and Industrial TCV Categories"**

Commercial and Industrial TCV Categories (Regardless of County or Region)

\$0.00 - \$199,999.99	\$600.00 per parcel
\$200,000.00 - \$299,999.99	\$658.13 per parcel
\$300,000.00 - \$399,999.99	\$706.88 per parcel
\$400,000.00 - \$499,999.99	\$999.38 per parcel
\$500,000.00 - \$2,499,999.99	\$1,974.38 per parcel
\$2,500,000.00 - \$9,999,999.99	\$3,924.38 per parcel
\$10,000,000.00 and Greater	\$7,336.88 per parcel

2. **Section 1.011, Page 9: The word "industrial," after the word "commercial" and before "or utility properties," is now added to read:**

This Contract is to conduct personal property audits of locally assessed commercial, industrial or utility properties, and state assessed personal property. The personal property to be audited will be determined by the Department. Personal property is defined by MCL 211.34c. Locally assessed utility property includes oil and gas field equipment and oil wells; electric, water, and gas transmissions and distribution systems; transmission lines of gas or oil transporting companies, and other personal property. State assessed personal property includes property owned by telephone and telegraph companies, rail way cars, and rail road companies.

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 20, 2012

**CHANGE NOTICE NO. 4**  
 to  
**CONTRACT NO. 071B9200215**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Tax Management Associates, Inc. 2225 Coronation Boulevard Charlotte, NC 28227	Richard Cooke, Jr.	<a href="mailto:Chip.cooke@tma1.com">Chip.cooke@tma1.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 241-1916	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	TREA	Kevin D. VanGieson	(517) 241-4338	<a href="mailto:vangiesonk@michigan.gov">vangiesonk@michigan.gov</a>
BUYER	DTMB	Lance Kingsbury	(517) 241-3768	<a href="mailto:kingsburyl@michigan.gov">kingsburyl@michigan.gov</a>

CONTRACT SUMMARY:			
DESCRIPTION: Personal Property Audits – Michigan Department of Treasury			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 8, 2009	April 7, 2012	2, 1 Yr. Options	April 7, 2014
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:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:		
\$0.00		\$10,000,000.00		

Effective immediately, please see the attachment for the following changes that are hereby incorporated into this Contract.

All other terms, conditions, specifications, and pricing remain the same.

Per agency request and DTMB Procurement approval.

**Contract #071B9200215 (Tax Management Associates)**  
**Personal Property Audits**  
**Change Request 4**

Note: Changes/additions from/to the original Contract are underlined in the below sections.

3. **Attachment A, Price Proposal TMA's Pricing Structure, Page 44. Additional group to per parcel pricing of: \$0.00 - \$199,999.00 at a cost of \$600.00 per parcel is hereby added. Item 7 heading is now updated to read "Commercial and Industrial TCV Categories"**

Commercial and Industrial TCV Categories (Regardless of County or Region)

\$0.00 - \$199,999.99	\$600.00 per parcel
\$200,000.00 - \$299,999.99	\$675.00 per parcel
\$300,000.00 - \$399,999.99	\$725.00 per parcel
\$400,000.00 - \$499,999.99	\$1,025.00 per parcel
\$500,000.00 - \$2,499,999.99	\$2,025.00 per parcel
\$2,500,000.00 - \$9,999,999.99	\$4,025.00 per parcel
\$10,000,000.00 and Greater	\$7,525.00 per parcel

4. **Section 1.011, Page 9: The word "industrial," after the word "commercial" and before "or utility properties," is now added to read:**

This Contract is to conduct personal property audits of locally assessed commercial, industrial or utility properties, and state assessed personal property. The personal property to be audited will be determined by the Department. Personal property is defined by MCL 211.34c. Locally assessed utility property includes oil and gas field equipment and oil wells; electric, water, and gas transmissions and distribution systems; transmission lines of gas or oil transporting companies, and other personal property. State assessed personal property includes property owned by telephone and telegraph companies, rail way cars, and rail road companies.

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

March 27, 2012

**CHANGE NOTICE NO. 3**  
**TO**  
**CONTRACT NO. 071B9200215**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR		TELEPHONE (704) 847-1234 <b>Richard Cooke, Jr.</b>	
<b>Tax Management Associates, Inc.</b> <b>2225 Coronation Boulevard</b> <b>Charlotte, NC 28227</b>  <b>chip.cooke@tma1.com</b>			
		BUYER/CA (517) 241-1916 <b>Jim Wilson</b>	
Contract Compliance Inspector: Kevin D. VanGieson (517) 241-4338 <b>Personal Property Audits – Michigan Department of Treasury</b>			
CONTRACT PERIOD:		From: <b>May 7, 2012</b>	To: <b>April 7, 2014</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 EXTENDED through April 7, 2014. Funds in the amount of \$4,000,000.00 are hereby ADDED to this Contract.**

**Additionally, effective April 8, 2012, all prices are reduced by 2.5% (see attached revised Attachment A, Price Proposal).**

**All other terms, conditions, and specifications remain unchanged.**

**AUTHORITY/REASON(S):**

**Per agency request, Contractor agreement, Ad Board approval on 5/1/2012, and the approval of DTMB-Procurement.**

**REVISED ESTIMATED CONTRACT VALUE: \$10,000,000.00**

## Attachment A, Price Proposal

### TMA's Pricing Structure

- TMA is interested in performing audits in all regions in Michigan
- TMA is willing to audit all property types including, but not limited to:
  - Locally assessed utilities
  - Locally assessed commercial personal property
  - State Assessed personal property
- TMA can not provide total region costs as specified in the cost attachments due to a lack of information on total parcel counts and invested personal property distributions. Therefore, TMA has provided "per parcel" pricing which should be considered for all regions.

1.	Oil and Gas Field Equipment and Oil Wells	\$658.13 per well (all regions)
2.	Electric, Water and Gas Transmission and Distribution Systems	\$1,706.25 per parcel
3.	Transmission Lines of Gas and Oil Transporting Companies	\$2,437.50 per parcel
4.	State Assessed Telephone and Telegraph Companies	\$2,437.50 per parcel containing at least one structure
		\$682.50 per switch station (box site)
5.	State Assessed Rail Cars	\$2,437.50 per return
6.	State Assessed Rail Road Companies	\$2,437.50 per company
7.	Commercial TCV Categories (Regardless of County or Region)	
	\$200,000 - \$299,999	\$658.13 per parcel
	\$300,000 - \$399,999	\$706.88 per parcel
	\$400,000 - \$499,999	\$999.38 per parcel
	\$500,000 - \$2,499,999	\$1,974.38 per parcel
	\$2,500,000 - \$9,999,999	\$3,924.38 per parcel
	\$10,000,000 and Greater	\$7,336.88 per parcel

Terms are net 30 days.

Contract No. 071B9200215  
Change Notice No. 3  
Signature Page

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**FOR THE CONTRACTOR:**

**Tax Management Associates, Inc.**

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

**FOR THE STATE:**

Signature

**Jeff Brownlee, Chief Procurement Officer**

Name/Title

**DTMB-Procurement**

Division

Date

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

March 27, 2012

**CHANGE NOTICE NO. 2**  
**TO**  
**CONTRACT NO. 071B9200215**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR		TELEPHONE (704) 847-1234 <b>Richard Cooke, Jr.</b>	
<b>Tax Management Associates, Inc.</b> <b>2225 Coronation Boulevard</b> <b>Charlotte, NC 28227</b>  <b>chip.cooke@tma1.com</b>			
		BUYER/CA (517) 241-1916 <b>Jim Wilson</b>	
Contract Compliance Inspector: Kevin D. VanGieson (517) 241-4338 <b>Personal Property Audits – Michigan Department of Treasury</b>			
CONTRACT PERIOD:		From: <b>April 8, 2009</b>	To: <b>May 7, 2012</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 EXTENDED through May 7, 2012.**

**All other terms, conditions, specifications, and pricing remain unchanged.**

**AUTHORITY/REASON(S):**

**Per agency request, Contractor agreement, and the approval of DTMB-Procurement.**

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$6,000,000.00**

**Contract No. 071B9200215**  
**Change Notice No. 2**  
**Signature Page**

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---

**FOR THE CONTRACTOR:**

**Tax Management Associates, Inc.**

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

**FOR THE STATE:**

Signature

**Jeff Brownlee, Chief Procurement Officer**

Name/Title

**DTMB-Procurement**

Division

Date

**STATE OF MICHIGAN**  
**DEPARTMENT OF TECHNOLOGY MANAGEMENT AND BUDGET** September 23, 2011  
**PURCHASING OPERATIONS**  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO.1**  
**TO**  
**CONTRACT NO. 071B9200215**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR		TELEPHONE (704) 847-1234 <b>Richard Cooke, Jr.</b>	
<b>Tax Management Associates, Inc.</b> <b>2225 Coronation Boulevard</b> <b>Charlotte, NC 28227</b>  <b>chip.cooke@tma1.com</b>			
		BUYER/CA (517) 241-1916 <b>James J. Wilson</b>	
Contract Compliance Inspector: Kevin D. VanGieson (517) 241-4338 <b>Personal Property Audits – Michigan Department of Treasury</b>			
CONTRACT PERIOD: From: <b>April 8, 2009</b> To: <b>April 7, 2012</b>			
TERMS		SHIPMENT	
<b>N/A</b>		<b>N/A</b>	
F.O.B.		SHIPPED FROM	
<b>N/A</b>		<b>N/A</b>	
MINIMUM DELIVERY REQUIREMENTS			
<b>N/A</b>			

**NATURE OF CHANGE(S):**

Effective immediately, Section 2.023 Project Manager is hereby canceled and the CCI has been changed to:

Kevin D. VanGieson  
 517.241.4338  
[vangiesonk@michigan.gov](mailto:vangiesonk@michigan.gov)

**AUTHORITY/REASON(S):**

Per agency request and the approval of DTMB Purchasing Operations.

**TOTAL ESTIMATED CONTRACT VALUE: \$6,000,000.00**

---

---

**FOR THE CONTRACTOR:**

**Tax Management Associates, Inc.**

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

**FOR THE STATE:**

Signature

**Jeff Brownlee, Chief Procurement Officer**

Name/Title

**DTMB, Purchasing Operations**

Division

Date

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

May 7, 2009

**NOTICE  
 TO  
 CONTRACT NO. 071B9200215  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF CONTRACTOR  <b>Tax Management Associates, Inc. 2225 Coronation Boulevard Charlotte, NC 28227</b>		TELEPHONE (704) 847-1234 <b>Richard Cooke, Jr.</b>
		BUYER/CA (517) 241-1916 <b>James J. Wilson</b>
Contract Compliance Inspector: Mary Lynn Noah (517) 373-3305 <b>Personal Property Audits – Michigan Department of Treasury</b>		
CONTRACT PERIOD: From: <b>April 8, 2009</b> To: <b>April 7, 2012</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>		

The terms and conditions of this Contract are those of RFP #07119200024, 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: \$6,000,000.00**

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

**CONTRACT NO. 071B9200215  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF CONTRACTOR  <b>Tax Management Associates, Inc.          2225 Coronation Boulevard          Charlotte, NC 28227</b>  <p style="text-align: right;">chip.cooke@tma1.com</p>	TELEPHONE (704) 847-1234 <b>Richard Cooke, Jr.</b>  BUYER/CA (517) 241-1916 <b>James J. Wilson</b>
Contract Compliance Inspector: Mary Lynn Noah (517) 373-3305 <p style="text-align: center;"><b>Personal Property Audits – Michigan Department of Treasury</b></p>	
CONTRACT PERIOD: From: <b>April 8, 2009</b> To: <b>April 7, 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>	
MISCELLANEOUS INFORMATION:  <p>The terms and conditions of this Contract are those of RFP #07119200024, 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.</p> <p><b>Current Authorized Spend Limit: \$6,000,000.00</b></p>	

---

<p><b>FOR THE CONTRACTOR:</b></p> <p style="text-align: center;"><b>Tax Management Associates, Inc.</b></p> <hr/> <p style="text-align: center;">Firm Name</p> <hr/> <p style="text-align: center;">Authorized Agent Signature</p> <hr/> <p style="text-align: center;">Authorized Agent (Print or Type)</p> <hr/> <p style="text-align: center;">Date</p>	<p><b>FOR THE STATE:</b></p> <hr/> <p style="text-align: center;">Signature</p> <p style="text-align: center;"><b>Kristi L. B. Thompson, Director</b></p> <hr/> <p style="text-align: center;">Name/Title</p> <p style="text-align: center;"><b>Services Division, Purchasing Operations</b></p> <hr/> <p style="text-align: center;">Division</p> <hr/> <p style="text-align: center;">Date</p>
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**STATE OF MICHIGAN**  
**Department of Management and Budget**  
**Purchasing Operations**

Contract No. 071B9200215  
Personal Property Audits

Buyer Name: Jim Wilson  
Telephone Number: 517-241-1916  
E-Mail Address: wilsonj4@michigan.gov



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**ATTACHMENTS:**

- Attachment A, Pricing
- Appendix B, Safeguard Requirements of Confidential Data
- Appendix C, Treasury Form 627
- Appendix D, Treasury Form 4277



## 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 2.112**.

“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 Contract. 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 2.244**.

“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**

The purpose of this Contract is to conduct personal property audits for the Department of Treasury (Treasury).

This Contract is to conduct personal property audits of locally assessed commercial or utility properties, and state assessed personal property. The personal property to be audited will be determined by the Department. Personal property is defined by MCL 211.34c. Locally assessed utility property includes oil and gas field equipment and oil wells; electric, water, and gas transmissions and distribution systems; transmission lines of gas or oil transporting companies, and other personal property. State assessed personal property includes property owned by telephone and telegraph companies, rail way cars, and rail road companies.

#### **1.012 Background**

##### **Background:**

The Personal Property Audit Program started as a grant program for fiscal years 2004-2005. The Department issued a total of nearly \$6 million in grants to 33 units of local government to be used as matching funds to pay for completed personal property audits. Ultimately, the Department reimbursed about \$5 million for a total of 8,083 completed audits.

Beginning in, 2005, the Treasury contracted for personal property auditing, to be performed under direct supervision of the Department in lieu of further grants to units of local government in compliance with Treasury's appropriations act boilerplate. For the first two years of the contract, locally assessed commercial and industrial personal property was audited based on the true cash value amount of the personal property and the location of the property. Audit activity was focused on the top 25 units of local government with high concentration of personal property.

During the 2008 fiscal year, a change in the focus of the personal property audit program occurred. The recently enacted Michigan Business Tax substantially reduced State-imposed taxes levied upon locally-assessed industrial and commercial personal property. Such property no longer will be subject to 24 mills (6 state education tax mills and 18 non-homestead mills). Instead, commercial personal property will receive a 12-mill reduction and industrial personal property will receive a 24-mill reduction.

Audits still focus on the current tax year and the previous two tax years to comply with potential assessment changes as allowed by MCL 211.154. As funding is limited and not sufficient to conduct personal property audits statewide, the focus proposed for the last year of the audit contact is in Southeast Michigan where the highest concentration of public utility personal property is located.

The Department has begun the audit process of public utilities in Southeast Michigan. Specifically, utility personal property parcels owned by Detroit Edison, MichCon, Consumers Energy, Midwest Energy, Michigan Gas Utilities, SEMCO Energy Gas Company, and ITC Transmission located in Macomb, Monroe, Oakland, and Wayne counties are being audited.

### **1.020 Scope of Work and Deliverables**

#### **1.021 In Scope**

The contractor will be responsible for conducting personal property audits as approved by the Contract Compliance Inspector. All requirements of this contract are the responsibility of the contractor which include but are not limited to travel, food, lodging, interviews, and submission of work papers. Additionally, the contractor must be available to attend the Michigan State Tax Commission meetings when the omitted or incorrectly reported personal property is considered by the Commission.

#### **1.022 Work and Deliverable**

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



- A. The contractor must develop and provide, a written audit program containing procedures for conducting personal property taxation audits in Michigan. This program will be used as a means of guiding the audit staff in their work and as a means of allowing Treasury to determine whether all appropriate procedures identified in the contractors audit program have been completed. The audit program will be a practical guide that is used in the completion of a given audit but Treasury recognizes that some procedures may not be necessary or appropriate in a given audit situation. The size and nature of the taxpayer's business, the nature and extent of its property and the results of initial audit procedures may be considered in determining the extent of the audit procedures to be completed.

The Personal Property Audit must, at a minimum, include:

1. An inspection of the property (unless the taxpayer does not have a situs location in the region being audited). (See Section 1.022-E).
  2. A detailed initial interview with the taxpayer or one or more taxpayer representatives who are knowledgeable regarding the financial activities, business activities and operations of the taxpayer (See Section 1.022-C).
  3. An exit interview with the taxpayer or representative of the taxpayer to discuss audit determinations and any aspects/issues of the audit that the taxpayer requests to discuss (See Section 1.022-D).
  4. Verification of both the authenticity and reliability of the taxpayer's asset records (See Section 1.022-F5).
  5. Pro forma revised personal property statements for all years audited, with supporting work paper documentation that contains a complete asset listing for the taxpayer and allows a reviewer to follow the auditor's review and reconciliation process that has led to the development of the pro forma statements (See Section 1.022-F7).
  6. Review of construction in progress claims.
  7. Review of reporting of rebooked costs.
  8. For State assessed personal property, review of the last (tax year 2008) personal property reports [to be overnight mailed to the Contractor(s)] and statements to the State Tax Commission.
  9. Review of applied tax credits (if applicable).
- B. The contractor must provide information that demonstrates the following:
1. The contractor's full and part-time staff and its sub-contractors have sufficient knowledge of accounting procedures, methods and terminology so that they will successfully complete the contemplated audit activity. In all cases, this knowledge should include an understanding of the meaning and practical application of concepts such as (but not limited to) capitalization, capitalized cost, direct cost, indirect cost, construction in progress, amortization, expensing, acquisition date, placed-in-service dates, leasehold improvements, real property, tangible personal property, intangible personal property, fixed assets, and trade fixtures and should include familiarity with the examination procedures that are applicable to accounting documents such as fixed asset listings, depreciation schedules, lapse schedules, expense journals, adjusted trial balances, charts of account, general ledgers, balance sheets, income statements, and audited financial statements. If the audit program will include taxpayers that are large industrial facilities, multi-jurisdictional, publicly traded, or the product of an acquisition, reorganization, or merger process resulting in the application of the purchase method or similar asset revaluation procedures, then the contractor should also demonstrate that it has the experience and advanced accounting knowledge to accomplish the more complex audit procedures required for such taxpayers.
  2. The contractor's full and part time staff and its sub-contractors possess a sufficient understanding of Michigan tax laws, policies, case law, rules, regulations and procedures to successfully complete the audit activity in accordance with the requirements of the Michigan State Tax Commission in its consideration of petitions filed pursuant to MCL 211.154.



3. The contractor has sufficient qualified staff available to properly complete the audit project. To this end, the contractor should indicate the proposed schedule of progress toward completion of the audit program. The contractor must identify the number of certified personal property examiners it proposes to employ per TCV category.

All persons assigned to this contract must be certified as Personal Property Examiners by the Michigan State Tax Commission, as provided in Section 22a of PA 206 of 1893. In addition to being certified as a Personal Property Examiner, all persons assigned to this Contract must have three (3) year's full-time experience, or the equivalent in part-time experience, in performing personal property audits on behalf of governmental units, unless the person is acting under the direct and active supervision of another person who meets this experience requirement.

4. The contractor has the financial resources to complete its obligations under this contract, including the ability to carry out its responsibilities during the period between commencement of the project and completion of any given audit, the ability to hire and retain adequate staff and/or sub-contractors, and the ability to meet its financial obligations as they fall due in the normal course of business.
- C. The contractor must conduct an initial interview with the taxpayer or representative of the taxpayer who have personal operational knowledge of the financial record keeping practices of the taxpayer and personal operational knowledge of the activity that is carried on at the taxpayer location(s) in the State (See Section 1.022-A2).

Interviews with tax representatives who lack personal operational or accounting knowledge are not sufficient. A representative with personal operational knowledge should have at least one (1) or more year(s) of work history with the business being audited and must be a CPA, senior employee with budget, accounting, and finance experience, or supervisors and employees who are familiar with the business operation.

- D. Within 20 business days of the completed field work, the contractor will conduct an exit interview, with the taxpayer or a representative of the taxpayer (See Section 1.022-A3). Reasonable efforts shall be made to conduct the exit interview in person. The contractor must provide the Contract Compliance Inspector with a copy of the minutes of each such exit interview with work papers (See Section 1.022-F2). The assessor or equalization director or his or her representative must be notified of the exit interview so they may attend the exit interview if they choose to. The taxpayer or taxpayers representative shall be provided a short written summary of the audit results within 10 business days of the completed audit and an explanation of any matters the auditor deems significant. The taxpayer or taxpayers representative may request an explanation of specific audit determinations. If a taxpayer does not cooperate in the scheduling of an exit interview, the work papers shall reflect that reason for not scheduling the exit interview.

For the purposes of this section (1.022-D) only, an audit is considered completed when appropriate audit procedures (as provided in Section 1.022-A) have been completed.

- E. Conduct an on-site inspection of the facility that is being audited (in cases where the taxpayer has a situs location in the region being audited). During this inspection, a property inventory shall be taken or a sampling of property shall be identified and tested for the purpose of verifying the completeness and accuracy of the taxpayer's fixed asset records (See Section 1.022-F7). Detail the inventory in the audit work papers.
- F. The following audit work paper requirements must be fulfilled by the contractor :
1. Within 20 business days after completing the audit(s) and field work, submit the audit work papers to the local assessing unit or County Equalization Director, or as otherwise directed by the Contract Compliance Inspector. The Contract Compliance Inspector may require both hard copy and electronic formats.
  2. The audit work papers must include the minutes of the initial interview with the taxpayer or representatives of the taxpayer who have personal operational knowledge of the financial record keeping practices of the taxpayer and personal operational knowledge of the activity that is carried on at the taxpayer location(s) in the State (See Section 1.022-C). The work papers must also include minutes of exit interviews. If no exit interview occurred, documentation of attempts to schedule an interview must be provided in the work papers.
  3. The audit work papers must include the record of personal inspection of the taxpayer's location (See Section 1.022-E).



4. The audit work papers must include a complete and comprehensive listing of the taxpayer's fixed assets in Michigan on each of the preceding three (3) assessment dates and a reconciliation between that listing and the listing of assets used to calculate the taxpayer's proposed assessments for each of those three (3) assessment dates. If the business has an operating history less than three (3) years, then the audit work papers must include information as of the dates of operation and a listing of fixed assets on all assessments.
  5. The audit work papers must include materials which evidence the documentation and process(es) used to authenticate the listing of the taxpayer's fixed assets (See Section 1.022-A4).
  6. The audit work papers must include a listing of the specific procedures in the audit program that were actually performed (See Section 1.022-A).
  7. The audit work papers must include the real property record card(s) used as the basis for determining the allocation of fixed assets expenditures between the real property assessment(s) and the personal property assessment(s).
  8. The audit work papers must include pro forma personal property statements of the taxpayer for each of the preceding three (3) assessment dates and a calculation of the assessment for each statement. If the business has an operating history less than three (3) years, then the audit work papers must include information as of the dates of operation and pro forma personal property statements that support all assessments (See Section 1.022-A5).
  9. The audit summary and final audit results must be provided to the Contract Compliance Inspector or designated Treasury staff in an electronic format.
- G. When conducting the personal property audits, discovery of:
- a. new real property that has not been assigned a real property parcel number from Treasury,
  - b. property location changes
  - c. impending property location change
  - d. other business changes, such as a pending or recent sale, closing, or transfer.

The contractor shall provide a separate report to the Contract Compliance Inspector or other designated Treasury staff such changes or potential changes to the real property. Such reports must include: (1) address, (2) possible legal description, (3) company name, (4) company ID number (as assigned by Treasury) (Appendix B), (5) personal property assets at that location and (6) real property buildings or other structures.

### **1.030 Roles and Responsibilities**

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

- A. The following are required responsibilities of the contractor:
1. To properly prepare all necessary documentation required in Section 154 of PA 206 of 1983, including Treasury Form 627 (Appendix C, must also be prepared when an assessment is open to correction for an increase.), reconciliation work sheets, pro forma statements and other documents required by the STC, for a local unit assessor's or equalization director's signature. Forward a copy of Treasury Form 627 to the Contract Compliance Inspector.
  2. To appear, without additional charge or reimbursement of costs, at all administrative, tribunal and court proceedings for the purpose of providing testimony and/or consultation.
  3. To travel to the locations where the taxpayer records are kept even in cases where the location is outside the State of Michigan.
  4. Within 20 business days of the completion of field work, notify the Michigan State Tax Commission and local unit assessor or equalization director of possible omitted real property or omitted personal property, or both, owned by taxpayers not being audited, when such possible omitted property is discovered during the course of an audit.
  5. To maintain confidentiality of its work papers and taxpayer documents and records, in accordance with the requirements of Section 23 of PA 206 of 1893 and taxpayer confidentiality requirements of Appendix C.



6. Work papers will be the property of the local unit, county, or State depending on where the work papers are sent. The work papers, for the most part, will be sent to the governmental unit that is approving and signing a Treasury Form 627, or STC MCL 211.154 petition.
- B. If the contractor employs the services of one or more subcontractors, it shall secure and provide with the bid a conflict of interest statement and a written agreement by each subcontractor to comply with and be bound by the contractor's agreement with the State. Subcontracting shall be limited to no more than 30% of the proposed personal property audit project and this limit must be reflected in the audit project.
- C. The contractor must agree that the auditor will be available in person for consultation and attendance at meetings with a representative of Treasury, at a mutually agreed upon location, when necessary to resolve issues that have arisen from the audit process. As requested by the Contract Compliance Inspector, the contractor must provide the name, work address, telephone number and e-mail (if possible) of the auditors and the properties assigned to each auditor.
- D. After the contractor has been provided an award letter, the contractor shall provide to DMB – Purchasing Operations, within 30 days, the names of all of its clients and of all clients of its affiliate who are, or may be, part of the population being audited prior a contract being signed. The contractor may not audit the personal property records of any taxpayer for which it is or has provided consulting, accounting, tax or attestation services. After full disclosure of any relationship that it may have, a contractor firm that is an affiliate of an accounting firm that is or has provided consulting, accounting, tax or attestation services for a taxpayer may audit that taxpayer's records if adequate safeguards acceptable to the State are first implemented to assure that confidentiality and independence are maintained. If the contractor's affiliate has engaged in significant activity directly related to the taxpayer or taxpayer's personal property tax reporting, a contract may not be awarded for that taxpayer or taxpayers. The contractor or contractor's affiliate firm must include a list of all employees of these firms, including part-time employees.
- E. The contractor must complete and submit, the Vendor, Contractor, Subcontractor Confidentiality Agreement Form (Attachment A to Appendix B). This form must be completed for all subcontractors.

### **1.040 Project Plan**

#### **1.041 Project Plan Management**

- A. The Contractor will carry out this project under the direction and control of the Contract Compliance Inspector (See Section 2.022).
- B. Although there will be continuous liaison with the Contractor team, the Department of Treasury Contract Compliance Inspector will meet monthly as a minimum, or as requested by the Contract Compliance Inspector, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise. Meetings are expected to occur via conference call; however there may be times that the Contractor's project manager or key staff will be expected to attend meeting in Lansing.
- C. The Contractor will submit, to the Contract Compliance Inspector, brief written monthly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the Contract Compliance Inspector; and notification of any significant deviation from previously agreed-upon work plans.
- D. Within five (5) working days of the award of the Contract, the Contractor will submit to the Contract Compliance Inspector for final approval a work plan. This final implementation plan must be in agreement with sections 1.022 and 1.030 as proposed by the bidder and accepted by the State for Contract, and must include the following:
  1. The Contractor's project organizational structure.
  2. The Contractor's supervisory auditors names, title, work address, telephone number and e-mail (if possible) that will be working on the project. This must be in agreement with staffing of accepted proposal (See Section 1.022-B3). Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
  3. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.

**1.042 Reports**

The contractor must provide, to the Contract Compliance Inspector, monthly reports summarizing by region, the total number of audits completed, the amount for each tax year of additional discovery for omitted or incorrectly reported personal property (taxable value), the amount of over-reported or under-reported personal property, the status of the Treasury Form 627 (compliance with MCL 211.154) filings, and provide requirements of Section 1.041-C.

**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:

- A. The contractor has completed an audit and interview with the taxpayer or taxpayers representative.
- D. The contractor has provided the local unit, County Equalization Director, or Contract Compliance Inspector with completed work papers and Treasury Form 627 (See Section 1.031-A1).
- E. The Contract Compliance Inspector has provided written verification of acceptance of the above documents.

**1.052 Final Acceptance**

- A. The contractor has completed and provided the Contract Compliance Inspector a reimbursement form (Appendix D) or summary invoice for individual audits completed.
- B. The Contract Compliance Inspector has provided written verification that the reimbursement form (Appendix D) has been approved.

**1.060 Proposal Pricing****1.061 Proposal Pricing**

- A. A contractor will not be retained on a contingency fee basis. The fee will not be contingent upon additional assets discovered or additional taxes collected. The Price Proposal (Appendix A) must provide that the fee will be inclusive of any and all costs, including but not limited to, postage, mailing, travel expenses and the cost of attending administrative and/or legal proceedings. The fees for the performance of an audit must not become payable until the audit has been completed and the required audit documentation has been provided to Treasury (See Section 1.052).

For authorized Services and Price List, see Attachment A.

**1.062 Price Term**

( X ) Firm Fixed Price

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

**1.070 Additional Requirements**

**1.071 Additional Terms and Conditions specific to this Contract – Deleted Not Applicable**



## Article 2, Terms and Conditions

### 2.000 Contract Structure and Term

#### **2.001 Contract Term**

This Contract is for a period of three (3) years beginning April 8, 2009 through April 7, 2012. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) 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.

#### **2.002 Renewal(s)**

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 (2) additional one (1) year periods.

#### **2.003 Legal Effect**

Contractor shall show acceptance of this Contract by signing two copies of the Contract and returning them to the Contract Administrator. The Contractor shall not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a contract release/purchase order that authorizes and defines specific performance requirements.

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

#### **2.004 Attachments & Exhibits**

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

#### **2.005 Ordering**

The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under this Contract. All orders are subject to the terms and conditions of this Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order's or Blanket Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown, however, the Contractor will be required to furnish all such materials and services as may be ordered during the CONTRACT period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

#### **2.006 Order of Precedence**

(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005**.

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

#### **2.007 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.

**2.008 Form, Function & Utility**

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

**2.009 Reformation and Severability**

Each provision of the Contract is severable from all other provisions of the Contract and, if one or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.

**2.010 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, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

**2.011 No Waiver of Default**

If a party fails to insist upon strict adherence to any term of the Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of the Contract.

**2.012 Survival**

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, 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.

**2.020 Contract Administration****2.021 Issuing Office**

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

Jim Wilson  
Purchasing Operations  
Department of Management and Budget  
Mason Bldg, 2nd Floor  
PO Box 30026  
Lansing, MI 48909  
wilsonj4@michigan.gov  
517-241-1916

**2.022 Contract Compliance Inspector (CCI)**

After DMB-Purchasing Operations receives the properly executed Contract, it is anticipated that the Director of Purchasing Operations, in consultation with Treasury, will direct the person named below, or any other person so designated, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract as that authority is retained by DMB Purchasing Operations.** The Contract Compliance Inspector for this Contract is:

Mary Lynn Noah  
Michigan Department of Treasury  
430 W. Allegan St.  
Lansing, MI 48922

**2.023 Project Manager**

The following individual will oversee the project:



Mary Lynn Noah  
Michigan Department of Treasury  
430 W. Allegan St.  
Lansing, MI 48922

## 2.024 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 Contractor does not so notify the State, the Contractor has no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable.

### Change Requests:

- (a) By giving Contractor written notice within a reasonable time, the State must 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 must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").
- (b) No proposed Change may 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.
- (c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

## 2.025 Notices

Any notice given to a party under the Contract must be deemed effective, if addressed to the 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 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  
Purchasing Operations  
Attention: Jim Wilson  
PO Box 30026  
530 West Allegan  
Lansing, Michigan 48909

Contractor:  
Tax Management Associates  
Attention: Richard H Cooke Jr.  
2225 Coronation Blvd.  
Charlotte, NC 28227

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

## 2.026 Binding Commitments

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in this Contract. Contractor may change the representatives from time to time upon written notice.

**2.027 Relationship of the Parties**

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 must be or must 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.

**2.028 Covenant of Good Faith**

Each party must 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.

**2.029 Assignments**

(a) Neither party may assign the Contract, or 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 the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the 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. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties, and the requirement under the Contract that all payments must be made to one entity continues.

(c) If the Contractor intends to assign the contract or any of the Contractor's rights or duties under the Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

**2.030 General Provisions****2.031 Media Releases**

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

**2.032 Contract Distribution**

Purchasing Operations retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operations.

**2.033 Permits**

Contractor must 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 must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

**2.034 Website Incorporation**

The State is not 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 the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

**2.035 Future Bidding Preclusion**

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

**2.036 Freedom of Information**

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

**2.037 Disaster Recovery**

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

**2.040 Financial Provisions****2.041 Fixed Prices for Services/Deliverables**

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

**2.042 Adjustments for Reductions in Scope of Services/Deliverables**

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

**2.043 Services/Deliverables Covered**

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

**2.044 Invoicing and Payment – In General**

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

(b) 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. 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 1.064**.

(c) 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.

**2.045 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.

**2.046 Antitrust Assignment**

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

**2.047 Final Payment**

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

**2.048 Electronic Payment Requirement**

Electronic transfer of funds is required for payments on State Contracts. Contractors are required to register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in Public Act 431 of 1984, all contracts that the State enters into for the purchase of goods and services shall provide that payment will be made by electronic fund transfer (EFT).

**2.050 Taxes****2.051 Employment Taxes**

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes.

**2.052 Sales and Use Taxes**

Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two or more trades or businesses under common control" the term "organization" means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

**2.060 Contract Management****2.061 Contractor Personnel Qualifications**

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

**2.062 Contractor Key Personnel**

- (a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (c) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection.



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

(e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

### **2.063 Re-assignment of Personnel at the State's Request**

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement personnel for the removed person must 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 incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted for a time as agreed to by the parties.

### **2.064 Contractor Personnel 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.

### **2.065 Contractor Identification**

Contractor employees must 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.

### **2.066 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. As reasonably requested by the State in writing, the Contractor will provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with the requests for access.

### **2.067 Contractor Return of State Equipment/Resources**

The Contractor must return 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.

**2.068 Contract Management Responsibilities**

The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of Subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve Subcontractors and to require the Contractor to replace Subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the Subcontractor to all provisions of the Contract. Any change in Subcontractors must be approved by the State, in writing, prior to such change.

**2.070 Subcontracting by Contractor****2.071 Contractor Full Responsibility**

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

**2.072 State Consent to Delegation**

Contractor shall not delegate any duties under this Contract 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 SLA for the affected Work will not be counted for a time agreed upon by the parties.

**2.073 Subcontractor Bound to Contract**

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

**2.074 Flow Down**

Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, 2.200** in all of its agreements with any Subcontractors.

**2.075 Competitive Selection**

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.

**2.080 State Responsibilities****2.081 Equipment**

The State will provide only the equipment and resources identified in the Statements of Work and other Contract Exhibits.

**2.082 Facilities**

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

**2.090 Security****2.091 Background Checks**

On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. 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. The 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>. 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.

**2.092 Security Breach Notification**

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must 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 the use or disclosure or the shorter time period as is reasonable under the circumstances.

**2.093 PCI Data Security Requirements – Deleted Not Applicable****2.100 Confidentiality****2.101 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 must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) which is marked confidential, restricted, proprietary or with a similar designation. "Confidential Information" of the State must mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. "Confidential Information" excludes any information (including this Contract) that is publicly available under the Michigan FOIA.

**2.102 Protection and Destruction of Confidential Information**

The State and Contractor will each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the 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 the Confidential Information from unauthorized use or disclosure.

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

**2.103 Exclusions**

Notwithstanding the foregoing, the provisions of **Section 2.100** 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 the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.100** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the 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 the disclosure as reasonably requested by the furnishing party.

**2.104 No Implied Rights**

Nothing contained in this Section must 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.

**2.105 Respective Obligations**

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

**2.110 Records and Inspections****2.111 Inspection of Work Performed**

The State's authorized representatives must at all reasonable times and with 10 days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and must have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon 10 Days prior written notice and at all reasonable times, the State's representatives must be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that the access will not reasonably interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives.

**2.112 Examination of Records**

For seven years after the Contractor provides any work under this Contract (the "Audit Period"), the State may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules. The State must notify the Contractor 20 days before examining the Contractor's books and records. The State does not have the right to review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

**2.113 Retention of Records**

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

**2.114 Audit Resolution**

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

**2.115 Errors**

(a) If the audit demonstrates any errors in the documents provided to the State, then the amount in error must 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 invoices. If a balance remains after four invoices, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly invoice 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 must pay all of the reasonable costs of the audit.

**2.120 Warranties****2.121 Warranties and Representations**

The Contractor represents and warrants:

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

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

(c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under this Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.



- (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must 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 must 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 the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the 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 for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the 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 the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the Contract.
- (n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Management and Budget, Purchasing Operations.

### **2.122 Warranty of Merchantability**

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



### 2.123 Warranty of Fitness for a Particular Purpose

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

### 2.124 Warranty of Title

Contractor shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by Contractor shall be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by Contractor, under this Contract, shall be delivered free of any rightful claim of any third person by or infringement or the like.

### 2.125 Equipment Warranty – Deleted Not Applicable

### 2.126 Equipment to be New – Deleted Not Applicable

### 2.127 Prohibited Products – Deleted Not Applicable

### 2.128 Consequences For Breach

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

## 2.130 Insurance

### 2.131 Liability Insurance

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether the 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 under this Contract.

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

The insurance must be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor must have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if the ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract must be issued by companies that have been approved to do business in the State.

See [www.michigan.gov/dleg](http://www.michigan.gov/dleg).

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State must be entitled to coverage to the extent of the higher limits.

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



The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

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

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

3. Workers' compensation coverage must be provided according to 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 must 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 must apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.

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

8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must 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 must be endorsed on the policy as a loss payee as its interests appear.

### 2.132 Subcontractor Insurance Coverage

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) must 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.



### **2.133 Certificates of Insurance and Other Requirements**

Contractor must furnish to DMB-Purchasing Operations, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "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) must 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. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must 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.

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

### **2.140 Indemnification**

#### **2.141 General Indemnification**

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

#### **2.142 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.

#### **2.143 Employee Indemnification**

In any 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 must 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.

#### **2.144 Patent/Copyright Infringement Indemnification**

To the extent permitted by law, the Contractor must 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 the 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 the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the 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 must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the 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 the 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 has 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; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

#### **2.145 Continuation of Indemnification Obligations**

The Contractor's duty to indemnify under 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 before expiration or cancellation.

#### **2.146 Indemnification Procedures**

The procedures set forth below must apply to all indemnity obligations under this Contract.

(a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the 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 the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must 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 before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under 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 may defend the claim in the 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 must promptly reimburse the State for all the reasonable costs and expenses.



## **2.150 Termination/Cancellation**

### **2.151 Notice and Right to Cure**

If the Contractor breaches the Contract, and the State in its sole discretion determines that the breach is curable, then the State will provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

### **2.152 Termination for Cause**

(a) The State may terminate this Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State

(b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.

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

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

### **2.153 Termination for Convenience**

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

### **2.154 Termination for Non-Appropriation**

(a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the 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 unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.



(c) If the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must 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. This Section will not preclude Contractor from reducing or stopping Services/Deliverables 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.

#### **2.155 Termination for Criminal Conviction**

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

#### **2.156 Termination for Approvals Rescinded**

The State may terminate this Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State will pay the Contractor for only the work completed to that point under the Contract. 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 the written notice.

#### **2.157 Rights and Obligations upon Termination**

(a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) 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 must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not 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 may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

#### **2.158 Reservation of Rights**

Any termination of this Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

### **2.160 Termination by Contractor**

#### **2.161 Termination by Contractor**

If the State breaches the Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.



The Contractor may terminate this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.190** before it terminates the Contract.

### **2.170 Transition Responsibilities**

#### **2.171 Contractor Transition Responsibilities**

If the State terminates this Contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or 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. If this Contract expires or terminates, 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 thirty days. These efforts must include, but are not limited to, those listed in **Sections 2.171, 2.172, 2.173, 2.174, and 2.175**.

#### **2.172 Contractor Personnel Transition**

The Contractor must 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 must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.

#### **2.173 Contractor Information Transition**

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

#### **2.174 Contractor Software Transition**

The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This must include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses must, 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.

#### **2.175 Transition Payments**

If the transition results from a termination for any reason, reimbursement must be governed by the termination provisions of this Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

#### **2.176 State Transition Responsibilities**

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

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



## **2.180 Stop Work**

### **2.181 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 must be identified as a stop work order and must indicate that it is issued under this **Section 2.180**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring 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 must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.150**.

### **2.182 Cancellation or Expiration of Stop Work Order**

The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract must 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 2.024**.

### **2.183 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, the termination must be deemed to be a termination for convenience under **Section 2.150**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.180**.

## **2.190 Dispute Resolution**

### **2.191 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 must 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 must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's 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 claim and the supporting data are current and complete to Contractor's best knowledge and belief.

### **2.192 Informal Dispute Resolution**

(a) All disputes between the parties must be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DMB, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:

- (i) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary 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 must 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, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

(b) This Section 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 under **Section 2.193**.

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

### **2.193 Injunctive Relief**

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is the that the damages to the 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.

### **2.194 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 must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.

## **2.200 Federal and State Contract Requirements**

### **2.201 Nondiscrimination**

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under 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.

### **2.202 Unfair Labor Practices**

Under 1980 PA 278, MCL 423.321, et seq., the State must 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 under 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, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under Section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after 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.

### **2.203 Workplace Safety and Discriminatory Harassment**

In performing Services for the State, the Contractor must 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 must 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>.

## **2.210 Governing Law**

### **2.211 Governing Law**

The Contract must in all respects be governed by, and construed according to, 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.

**2.212 Compliance with Laws**

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

**2.213 Jurisdiction**

Any dispute arising from the Contract must 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 the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the 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.

**2.220 Limitation of Liability****2.221 Limitation of Liability**

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does 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.

The Contractor's liability for damages to the State is limited to two times the value of the Contract or \$500,000 which ever is higher. The foregoing limitation of liability does not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

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

**2.230 Disclosure Responsibilities****2.231 Disclosure of Litigation**

(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) 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; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor must disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated. 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. If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:

- (i) the ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or
- (ii) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:



- (a) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and
- (b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.
- (c) Contractor must make the following notifications in writing:
  - (1) 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 must notify DMB Purchasing Operations.
  - (2) Contractor must also notify DMB 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.
  - (3) Contractor must also notify DMB Purchasing Operations within 30 days whenever changes to company affiliations occur.

### **2.232 Call Center Disclosure**

Contractor and/or all Subcontractors involved in the performance of this Contract providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information is a material breach of this Contract.

### **2.233 Bankruptcy**

The State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:

- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

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 must be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

### **2.240 Performance**

#### **2.241 Time of Performance**

- (a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to 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 2.241(a)**, Contractor must 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 must inform the State of the projected actual delivery date.
- (c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to the Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

#### **2.242 Service Level Agreements (SLAs) – Deleted Not Applicable**



### 2.243 Liquidated Damages

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work and the State does not elect to exercise its rights under **Section 2.152**, the State is entitled to collect liquidated damages in the amount of \$5,000.00 and an additional \$100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.

It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.152**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is \$25,000.00 per individual if the Contractor identifies a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.

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

### 2.244 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 the 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 a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the 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.

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. But the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the 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 is not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b) the State may terminate any portion of the Contract so affected and the charges payable will 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 the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/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.



## **2.250 Approval of Deliverables**

### **2.251 Delivery Responsibilities**

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

- (a) Shipment responsibilities - Services performed/Deliverables provided under this Contract must be delivered "F.O.B. Destination, within Government Premises." The Contractor must 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 must examine all packages. The quantity of packages delivered must be recorded and any obvious visible or suspected damage must be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record the damage. Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within 14 days of receipt. Any damage must be reported to the Contractor within five days of inspection

### **2.252 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 must be completed and delivered for State review and written approval and, where applicable, installed according to the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

### **2.253 Testing**

- (a) Before 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 conforms with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor must certify to the State that (1) it has performed the quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during the quality assurance activities and testing, (4) the Deliverable or Service is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.
- (b) If a Deliverable includes installation at a State Location, then Contractor must (1) perform any applicable testing, (2) correct all material deficiencies discovered during the quality assurance activities and testing, and (3) inform the State that the Deliverable is in a suitable state of readiness for the State's review and approval. To the extent that testing occurs at State Locations, the State is entitled to observe or otherwise participate in testing.

### **2.254 Approval of Deliverables, In General**

- (a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, according to the following procedures. Formal approval by the State requires the State to confirm in writing that the Deliverable meets its specifications. Formal approval may include the successful completion of Testing as applicable in **Section 2.253**, to be led by the State with the support and assistance of Contractor. The approval process will be facilitated by ongoing consultation between the parties, inspection of interim and intermediate Deliverables and collaboration on key decisions.
- (b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.



(c) Before commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor according to **Section 2.253**.

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

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

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if the process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity that renders continuing the process unproductive or unworkable. If that happens, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery before resuming the testing or approval process.

### **2.255 Process For Approval of Written Deliverables**

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (and if the Statement of Work does not state the State Review Period, it is by default five Business Days for Written Deliverables of 100 pages or less and 10 Business Days for Written Deliverables of more than 100 pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable before its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State notifies the Contractor about deficiencies, the Contractor will correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

### **2.256 Process for Approval of Services**

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

**2.257 Process for Approval of Physical Deliverables**

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

**2.258 Final Acceptance**

Unless otherwise stated in the Article 1, Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable must occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.251-2.257**. 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.

**2.260 Ownership****2.261 Ownership of Work Product by State**

The State owns all Deliverables as they are works made for hire by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

**2.262 Vesting of Rights**

With the sole exception of any preexisting licensed works identified in the SOW, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon the State's request, the Contractor must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

**2.263 Rights in Data**

(a) The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The 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 the Contractor. No employees of the 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, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

(b) The State is the owner of all State-specific data under the Contract. 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 may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

**2.264 Ownership of Materials**

The State and the 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.



### **2.270 State Standards**

#### **2.271 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>.

#### **2.272 Acceptable Use Policy**

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice>. 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.

#### **2.273 Systems Changes**

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

### **2.280 Extended Purchasing**

#### **2.281 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: [www.michigan.gov/buymichiganfirst](http://www.michigan.gov/buymichiganfirst). Unless otherwise stated, the Contractor must ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.

The Contractor will supply Contract Services and equipment to these local governmental agencies at the established State of Michigan contract prices and terms to the extent applicable and where available. The Contractor must send its invoices will be submitted to and pay the local unit of government on a direct and individual basis.

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

#### **2.282 State Employee Purchases – Deleted Not Applicable**

### **2.290 Environmental Provision**

#### **2.291 Environmental Provision**

Energy Efficiency Purchasing Policy – The State seeks wherever possible to purchase energy efficient products. This includes giving preference to U.S. Environmental Protection Agency (EPA) certified 'Energy Star' products for any category of products for which EPA has established Energy Star certification. For other purchases, the State may include energy efficiency as one of the priority factors to consider when choosing among comparable products.

Environmental Purchasing Policy – The State of Michigan is committed to encouraging the use of products and services that impact the environment less than competing products. The State is accomplishing this by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution. Environmental components that are to be considered include: recycled content and recyclability; energy efficiency; and the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bioaccumulative. The Contractor should be able to supply products containing recycled and environmentally preferable materials that meet performance requirements and is encouraged to offer such products throughout the duration of this Contract. Information on any relevant third party certification (such as Green Seal, Energy Star, etc.) should also be provided.

**Hazardous Materials:**

For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, construction materials including paint thinners, solvents, gasoline, oil, 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 the 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.

(a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The State must provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor must immediately stop all affected Work, notify the State in writing about 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 must order a suspension of Work in writing. The State must proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State must terminate the affected Work for the State's convenience.

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor must resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any 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 2.242** 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 must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

Michigan has a Consumer Products Rule pertaining to labeling of certain products containing volatile organic compounds. For specific details visit [http://www.michigan.gov/deq/0,1607,7-135-3310\\_4108-173523--,00.html](http://www.michigan.gov/deq/0,1607,7-135-3310_4108-173523--,00.html)

**Refrigeration and Air Conditioning:**

The Contractor shall comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this Contract.

**Environmental Performance:**

Waste Reduction Program - Contractor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by this Contract. The Contractor's programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).



## Attachment A, Price Proposal

### TMA's Pricing Structure

- TMA is interested in performing audits in all regions in Michigan
- TMA is willing to audit all property types including, but not limited to:
  - Locally assessed utilities
  - Locally assessed commercial personal property
  - State Assessed personal property
- TMA can not provide total region costs as specified in the cost attachments due to a lack of information on total parcel counts and invested personal property distributions. Therefore, TMA has provided "per parcel" pricing which should be considered for all regions.

1.	Oil and Gas Field Equipment and Oil Wells	\$675 per well (all regions)
2.	Electric, Water and Gas Transmission and Distribution Systems	\$1,750 per parcel
3.	Transmission Lines of Gas and Oil Transporting Companies	\$2,500 per parcel
4.	State Assessed Telephone and Telegraph Companies	\$2,500 per parcel containing at least one structure  \$700 per switch station (box site)
5.	State Assessed Rail Cars	\$2,500 per return
6.	State Assessed Rail Road Companies	\$2,500 per company
7.	Commercial TCV Categories (Regardless of County or Region)	
	\$200,000 - \$299,999	\$675 per parcel
	\$300,000 - \$399,999	\$725 per parcel
	\$400,000 - \$499,999	\$1,025 per parcel
	\$500,000 - \$2,499,999	\$2,025 per parcel
	\$2,500,000 - \$9,999,999	\$4,025 per parcel
	\$10,000,000 and Greater	\$7,525 per parcel

TMA offers no discounts for early payments. Terms are net 30 days.



APPENDIX B

REVISED

7-15-04

## **SAFEGUARD REQUIREMENTS OF CONFIDENTIAL DATA**

This section sets forth the safeguard requirements for handling, storage, and processing of confidential tax information for a Contractor and their subcontractor(s) and is incorporated as an integral part of the Contract. It will facilitate administration and enforcement of the laws of the State of Michigan applicable to the State of Michigan and in a manner consistent with the applicable statutes, regulations, published rules and procedures or written communication.

### **I. Authority**

Authority for the Michigan Department of Treasury to require that this section be included in the Contract is contained in 1941 PA 122, as amended, MCL 205.28(1)(f), which states in part that subject to the same restrictions and penalties imposed upon department employees on the treatment of confidential information, a private contractor or its employees are strictly prohibited from disclosing taxpayer information to a third party. The prohibition against disclosure does not bar an employee of a private contractor with whom the State of Michigan (State) contracts that processes tax returns or payments pursuant to the Contract from having access to confidential information that is reasonably required for the processing or collection of amounts due this State.

### **II. Confidentiality**

It is agreed that all information exchanged under this section will be kept confidential in accordance with the confidentiality provisions contained within section MCL 205.28(1)(f) and MCL 205.28(2) of the Michigan Department of Treasury Revenue Act, which state in part;

“Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department will not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department.”

“A person who violates subsection (1)(e), (1)(f), or (4) is guilty of a felony, punishable by a fine of not more than \$5,000.00, or imprisonment for not more than 5 years, or both, together with the costs of prosecution. In addition, if the offense is committed by an employee of this state, the person will be dismissed from office or discharged from employment upon conviction.”

All information obtained by either Treasury or Contractor will not be disclosed except as necessary for the proper administration of and execution of the Contract. In the event, confidentiality statutes are amended, the State will notify Contractor of any changes.



No employee, agent, authorized representative or legal representative of Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department or unit within such governmental agency, to any other state or nation, or unauthorized third party. No tax returns or tax return information provided to Contractor will be duplicated or disseminated within or outside the company without the written approval of the Contract Administrator. Michigan's tax returns and tax return information remain the property of the Department of Treasury.

Contractor may use a taxpayer's name, address and Social Security number or employer identification number to the extent necessary in connection with the processing and mailing of forms for any report or return required in the administration of any tax in the performance of the Contract.

Information received by the Michigan Department of Treasury from the U.S. Internal Revenue Service, pursuant to section 6103(d) of the Internal Revenue Code or any other U.S. federal Agency will only be subject to the exchange if received as part of the State of Michigan tax return filing requirements.

### III. Procedure for Security

At a minimum, Contractor will safeguard any tax return information obtained under the Contract as follows:

- A. Access to the tax returns and tax return information will be allowed only to those authorized employees and Officials of Contractor who need the information to perform their official duties in connection with the uses of the information authorized in the Contract. The Contractor will be responsible for ensuring that each employee authorized to access Michigan tax information has signed the *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) and provide a copy to the Department of Treasury, Disclosure Officer and Contract Administrator.
- B. Any records created from tax returns and tax return information will be stored in an area that is physically safe from access by unauthorized persons during duty hours as well as non-duty hours or when not in use.
- C. All personnel who will have access to the tax returns and to any records created by the tax return information will be advised of the confidential nature of the information, the safeguards required to protect the information and the civil and criminal sanctions for noncompliance contained in MCL 205.28(1)(f) and (2).
- D. All confidential information, which includes, but is not limited to, data stored electronically and any related output and paper documents will be secured from unauthorized access and with access limited to designated personnel only. Michigan tax return information will not be commingled with other information. Further, when appropriate, Michigan tax return information will be marked as follows:

**CONFIDENTIAL-MICHIGAN TAX RETURN INFORMATION****Protect at all times. Do not disclose.****MI tax information is exempt from disclosure  
under the Freedom of Information Act.**

- E. The records will be transported under appropriate safeguards as defined in the Contract.
- F. The Department of Treasury, Disclosure Officer or Contract Administrator may make onsite inspections or make other provisions to ensure that adequate safeguards are being maintained by the Contractor.
- G. The Michigan Department of Treasury, Disclosure Officer, may monitor compliance of systems security requirements during the lifetime of the Contract.
- H. Contractor will also adopt policies and procedures to ensure that information contained in their respective records and obtained from Treasury and taxpayers will be used solely as provided in the Contract.

**IV. Computer System Security of Tax Data**

The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

Computer system security and physical security of tax data stored and processed by Contractor must be in compliance with the following security guidelines and standards established by the Michigan Department of Treasury as follows (these guidelines apply to any computer system developed by Contractor, either through its own systems staff, or through a contractor, subcontractor or vendor):

**A. Controlled Access Protection –Common Criteria (C2)**

All computer systems processing, storing and transmitting Michigan tax information must have computer access protection controls – (C2). These security standards are delineated in the “Common Criteria for Information Technology Security Evaluation” (CCITSE) at [http://www.radium.ncsc.mil/tpep/library/ccitse/cc\\_over.html](http://www.radium.ncsc.mil/tpep/library/ccitse/cc_over.html). To meet these standards, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance, and documentation.

- 1) **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.



- 2) **Accountability** – Computer systems processing Michigan tax information must be secured from unauthorized access. All security features must be available (audit trails, identification and authentication) and activated to prevent unauthorized users from indiscriminately accessing Michigan tax information. Everyone who accesses computer systems containing Michigan tax information is accountable. Access controls must be maintained to ensure that unauthorized access does not go undetected. Computer programmers and contractors who have a need to access databases, and are authorized under the law, must be held accountable for the work performed on the system. The use of passwords and access control measures must be in place to identify who accessed protected information and limit that access to persons with a need to know.

a) **On-line Access** –Users will be limited to any Treasury on-line functions, by limiting access through functional processing controls and organization restrictions.

Any employee granted access privileges through the Contractor's Security Administrator will be approved for access and viewing rights to Treasury on-line systems by the Department of Treasury Disclosure Officer. The on-line access will be provided by Treasury's Office of Security.

**b) Operating Features of System Security**

Contractor must meet the following levels of protection with respect to tax return information. Individual user accountability must be ensured through user identification number and password.

- i. Access rights to confidential tax information must be secured through appropriate levels of authorization.
- ii. An audit trail must be maintained of accesses made to confidential information.
- iii. All confidential and protected information must be cleared from a system before it is used for other purposes not related to the enforcement, collection or exchange of data not covered by this section or by an addendum to this Contract.
- iv. Hard copies made of confidential tax return information must be labeled as confidential information.
- v. Confidential Treasury tax information will be blocked or coded as confidential on system.
- vi. Any computer system in which Michigan tax return information resides must systematically notify all users upon log-in of the following disclosure penalties for improperly accessing or making an authorized disclosure of Michigan tax return information:



**NOTICE TO STATE AGENCY EMPLOYEES AND AUTHORIZED REPRESENTATIVES**

*This system contains Michigan Department of Treasury tax return information. **DO NOT DISCLOSE OR DISCUSS MICHIGAN RELATED TAX RETURN INFORMATION** with unauthorized individuals. The Michigan Department of Treasury Revenue Act, MCL 205.28(10(f)(1), (2), prohibits such disclosure. A person making a willful unauthorized disclosure or inspection (browsing) of tax return information may be charged with the following Michigan penalties:*

***MICHIGAN PENALTIES***

*The Michigan Revenue Act imposes criminal penalties up to \$5,000 and/or imprisonment for 5 years, plus costs and dismissal from employment if it is found that an employee has made an unauthorized disclosure of a tax return or tax return information or divulged audit selection or processing parameters.*

This statement is subject to modification. A confidentiality statement, subject to modification, as needed, will be sent annually by the Security Administrator to all employees, contractors, and legal representatives of Contractor.

- 3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant enhancements or other changes to a security system must follow the process of review, independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.
- a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Contract Administrator. Notice of the corrective action must be provided to the Contract Administrator. All non-conformities must be reported to the Contract Administrator with the following:
    - a. Duration of non-conformity/interruption
    - b. Reason for non-conformity/interruption
    - c. Resolution.
  - b) All non-conformities to the specifications/tasks of the Contract must be corrected within four (4) hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four (4) hours to the Contract Administrator for approval.



- 4) **Documentation** – Design and test documentation must be readily available to the state. The developer or manufacturer should initially explain the security mechanisms, how they are implemented and their adequacy (limitations). This information should be passed on to the security officer or supervisor. Test documentation should describe how and what mechanisms were tested and the results. If recognized organizations/tests/standards are used, then a document to that effect will suffice. For example, a system that has been tested and certified as meeting certain criteria may have a document stating this fact, without detailed tests/results of information. Contractor, however, must ensure the documentation covers the exact system and that it includes the specific computer system used by Contractor.

Additionally, documentation must include a security administrator's guide. The security administrator's guide is addressed to the System's Administrator and Security Officer and will describe the protection mechanisms provided by the security system, guidelines on their use and how they interact. This document will present cautions about security functions and describe privileges that should be controlled when running a secure system. The document will be secured and locked at all times with access rights only by the Systems Administrator and Security Officer.

**Note:** When a security system is designed or purchased for a specific computer or computer system, the security mechanisms must be reviewed by the State to ensure that needed security parameters are met. An independent test should be implemented on the specific computer or computer system to ensure that the security system meets the security parameters within this contract and developed with the computer system. The test may be arranged by the developer but must be done by an independent organization. Contractor must assign responsible individuals (Security Officers) with knowledge of information technology and applications to oversee the testing process. These individuals must be familiar with technical controls used to protect the system from unauthorized entry.

Finally, contingency and backup plans must be in place to ensure protection of Michigan tax information.

#### **V. Electronic Transmission of Michigan Tax Information**

The two acceptable methods of transmitting Michigan tax information over telecommunications devices are encryption and the use of guided media. Encryption involves the altering of data objects in a way that the objects become unreadable until deciphered. Guided media involves the use of protected microwave transmitting or the use of end to end fiber optics.

The Department of Information Technology (DIT) has defined encryption standards in DIT Standard 1410.17 section 6.5 which must be used to provide guidance for encryption, message authentication codes or digital signatures and digital signatures with associated certification infrastructure.



Unencrypted cable circuits of fiber optics is an alternative for transmitting Michigan tax information. Adequate measures must be taken to ensure that circuits are maintained on cable and not converted to unencrypted radio transmission. Additional precautions will be taken to protect the cable, i.e., burying the cable underground or in walls or floors and providing access controls to cable vaults, rooms and switching centers.

**A. Remote Access**

Accessing databases containing Michigan tax information from a remote location – that is, a location not directly connected to the Local Area Network (LAN) will require adequate safeguards to prevent unauthorized entry.

For dial up access, the system must require an identification security card that requires both PIN and card in possession. According to DIT- Procedure 1410.17 (4.1), dial in access into any connected state network will only be permitted after a dial-in user has been authenticated. Authentication is provided through ID and password.

**B. Portable Computer Devices**

Any entrusted confidential information collected or accessed during this Contract must be encrypted when stored on all storage devices and media. This includes, but not limited to, disk drives for servers and workstations, and portable memory media (PDAs, RAM drives, memory sticks, etc.).

**VI. Record Keeping Requirements for Information Received in a Paper Format**

Each Contractor employee or contractor requesting and receiving information will keep an accurate accounting of the information received. The audit trail will be required which will include the following information:

- a. Taxpayer's name
- b. Identification number
- c. Information requested
- d. Purpose of disclosure request
- e. Date information received
- f. Name of Agency/Division and employee making request
- g. Name of other employees who may have had access
- h. Date destroyed
- i. Method of destruction

**A. Electronic Media**

Contractor will keep an inventory of magnetic and electronic media received under the Contract.

Contractor must ensure that the removal of tapes and disks and paper documents containing Michigan tax return information from any storage area is properly recorded on charge-out records. Contractor is accountable for missing tapes, disks, and paper documents.



**B. Recordkeeping Requirements of Disclosure Made to State or Federal Auditor General**

When disclosures are made by Contractor to State or Federal Auditors, these requirements pertain only in instances where the Auditor General's staff extracts Michigan tax returns or tax information for further review and inclusion in their work papers. Contractor must identify the hard copies of tax records or if the tax information is provided by magnetic tape format or through other electronic means, the identification will contain the approximate number of taxpayers records, the date of inspection, the best possible description of the records and the name of the Auditor(s) making the inspection.

The Disclosure Officer must be notified, in writing, of any audits done by auditors, internal or otherwise, of Contractor that would involve review of Treasury processing parameters.

**VII. Contract Services**

The following language will be included in any contract entered into by Contractor with a subcontractor if the subcontractor will process Michigan tax return information provided under this Safeguard Provision.

- A. The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.
- B. Definition of Treasury Tax Return Information  
Treasury tax return information is defined in RAB 1989-39 as follows:
- Taxpayer's identity, address, the source or amount of his/her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments whether the taxpayer's return was, is being or will be examined or subject to their investigation or processing, or any other data, received by, recorded by, prepared by, furnished to or collected by the agency with respect to a return or with respect to the determination of the existence, or liability (or the amount thereof) of any person under the tax laws administered by the Department, or related statutes of the state for any tax, penalty, interest, fine, forfeiture, or other imposition or offense. The term "tax return information" also includes any and all account numbers assigned for identification purposes.
- C. An acknowledgment that a taxpayer has filed a return is known as a "fact of filing" and may not be disclosed. All tax return data made available in any format will be used only for the purpose of carrying out the provisions of the Contract between Contractor and the subcontractor. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract between Contractor and the subcontractor. In addition, all related output will be given the same level of protection as required for the source material.



- D. The subcontractor will certify that the data processed during the performance of the Contract between Contractor and the subcontractor will be completely purged from all data storage components of the subcontractor's computer facility, and no output will be retained by the subcontractor at the time the work is completed. If immediate purging of all data storage components is not possible, the subcontractor will certify that any Michigan data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.
- E. Destruction of tax data, including any spoilage or any intermediate hard copy printout which may result during the processing of Michigan tax return information, will be documented with a statement containing the date of destruction, description of material destroyed, and the method used.
- F. Computer system security and physical security of tax data stored and processed by the subcontractor must be in compliance with security guidelines and standards established by this contract. See section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.
- G. The Contractor will be responsible for ensuring that each employee authorized to access Michigan tax information has signed the *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) and provide a copy to the Department of Treasury, Disclosure Officer and Contract Administrator.
- H. No work involving information furnished under the contract between Contractor and a subcontractor will be further subcontracted without the specific approval of the Michigan Department of Management and Budget. Contractor and approved subcontractors handling Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* provided by Treasury, (Form 3337, see Attachment A). The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Contract Administrator.

### VIII. Transport of Tax Information

In the event, it is necessary to transport confidential tax return information the Contractor is responsible for holding the carrier responsible for safeguarding the records. The Contractor must obtain a signed *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) for each carrier employee who has access to Michigan tax return information. The original agreements will be returned to the Department of Treasury, Disclosure Officer and a copy sent to the Contract Administrator.

If it is necessary to transfer records and responsibility for transport to a third carrier due to a mishap during transportation, the Contractor is responsible for ensuring safeguard standards remain enforce.

Any such incidents must be reported to the Contract Administrator immediately.



### **IX. Disposal of Tax Information**

Materials furnished to Contractor, such as tax returns, remittance vouchers, W-2 reports, correspondence, computer printouts, carbon paper, notes, memorandums and work papers will be destroyed by burning, mulching, pulverizing or shredding. If shredded, strips should not be more than 5/16-inch, microfilm should be shredded to effect a 1/35-inch by 3/8-inch strip, and pulping should reduce material to particles of one inch or smaller.

Disk media must be destroyed by overwriting all data tracks a minimum of three times or running a magnetic strip over and under entire area of disk at least three (3) times. If the CD or DVD cannot be overwritten it must be destroyed in an obvious manner to prevent use in any disk drive unit and discarded. Hand tearing, recycling, or burying information in a landfill are unacceptable methods of disposal. Electronic data residing on any computer systems must be purged based on Treasury's retention schedule.

Contractor and its subcontractor(s) will retain all confidential tax information received by Treasury only for the period of time required for any processing relating to the official duties and then will destroy the records. Any confidential tax information that must be kept to meet evidentiary requirements must be kept in a secured, locked area and properly labeled as confidential return information. See Procedure for Security (Section V of this section) for more details.

### **X. Security Responsibility**

Contractor will designate a security person who will ensure that each individual having access to confidential tax information or to any system which processes Michigan tax return information is appropriately screened, trained and executes a *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) before gaining access or transaction rights to any process and computer system containing Treasury tax return information.

Each Contractor or their subcontractor(s) employees' access and transaction rights will be reviewed periodically to ensure that there is a need to know Treasury tax return information displayed in any media.

Michigan tax return information will be made available only to individuals authorized by the Contract. State and Contractor will maintain a list of persons authorized to request and receive information and will update the list as necessary. A copy of the list must be furnished to the Michigan Department of Treasury Disclosure Officer and Contract Administrator.

### **XI. Effective Date**

These Safeguard requirements will be reviewed whenever the Contract modifications include specifications or processes that affect tax data.



APPENDIX B

REVISED

Attachment A

Reset Form

Michigan Department of Treasury  
3337 (Rev. 10-03)

**Vendor, Contractor or Subcontractor Confidentiality Agreement**

The Revenue Act, Section 28(1)f, 1941 PA 122, MCL 205.28(1)(f), makes all information gained in administering taxes confidential, except as otherwise provided in the Act. The Act holds a vendor, contractor or subcontractor and their employees who sell a product or provide a service to the Michigan Department of Treasury to the strict confidentiality provisions of the Act. Confidential tax information includes, but is not limited to, information obtained in connection with administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the Michigan Department of Treasury for a tax administered by the department.

**INSTRUCTIONS:** Read this entire form before you sign it. If you do not complete this agreement, you will be denied access to Michigan Department of Treasury and federal tax information. After you sign and date this form, keep a copy for your records. Send the original to: Michigan Department of Treasury, Office of Policy Communications and Disclosure, Disclosure Officer, 430 W. Allegan, Lansing, MI 48922.

Company Name and Address (Street or RR#, City, State, Zip Code)	Official or Employee Name
	Employee Identification Number or Driver's License Number
Name of State of Michigan Agency	Sub-Contractor's Name if Product/Service Furnished to Contractor
Describe here or in a separate attachment the product or service being provided to the State of Michigan Agency.	

**Confidentiality Provisions. It is illegal to reveal or inspect (browse), except as authorized:**

- All tax return information obtained in connection with the administration of a tax. This includes information from a tax return or audit and any information about the selection of a return for audit, assessment or collection, or parameters or tolerances for processing returns.
- All Michigan Department of Treasury or federal tax returns or tax return information made available, including information marked "Official Use Only". Tax returns or tax return information shall not be divulged or made known in any manner to any person except as may be necessary for the performance of official duties. Access to Treasury or federal tax information, in paper or electronic form, is allowed on a **need-to-know** basis only. Disclosure of return information to other employees of your department, agency, division or office, must meet **need-to-know** criteria and be required to perform official duties.
- Confidential information shall not be disclosed by a department employee to confirm information made public by another party or source which is part of any public record. 1999 AC 205.1003(3)

**Penalty. Violating confidentiality laws is a felony, with penalties as described:**

**Michigan Penalties**

The Michigan Revenue Act, 1941 PA 122, MCL 205.28(2), imposes criminal penalties of up to \$5,000 and/or imprisonment for five years, plus costs of prosecution, if it is found that an individual has made an unauthorized inspection or disclosure of a tax return or tax return information or divulged audit selection criteria or processing parameters. Inspection (browsing) is defined as examining a return or return information without authorization and without a need to know the information to perform official duties.

Any person who violates any other provision of the Revenue Act, 1941 PA 122, MCL 205.1, et. seq., or any statute administered under the Revenue Act, will be subject to a misdemeanor conviction with a fine of up to \$1,000.00, or imprisonment for up to one year, or both. MCL 205.27(4).

**Federal Penalties**

The Internal Revenue Code (IRC), Section 7213, 26 USC 7213, imposes a felony penalty up to \$5,000 and/or imprisonment of not more than five years, plus cost of prosecution, for willful **disclosure** to any person of federal tax return and tax return information obtained by the Michigan Department of Treasury under its agreement with the IRS. In addition to the above penalties, IRC Section 7213A, 26 USC 7213A, imposes a fine up to \$1,000 and/or imprisonment up to one year, plus cost of the action, for unauthorized **inspection (browsing)** of federal tax return or tax return information.

The IRS amended IRC Section 7431, 26 USC 7431, to provide an expanded cause of action for civil damages for unauthorized inspections, as well as disclosures of returns or return information. The IRS must notify the affected taxpayer if a federal or state employee or contractor is criminally charged under either of the above IRC sections. The injured taxpayer may bring civil action within two years against the United States and against the employee or contractor. The penalty is \$1,000 or actual damages sustained by the taxpayer, plus cost of the action and attorney's fees.

CERTIFICATION		
I acknowledge that I have read this Agreement, which is intended to help me understand applicable Michigan and Federal law related to the protection of confidential information. I understand that failure to comply with applicable law, including the laws referenced in this Agreement, may subject a violator to criminal and civil penalties.		
Print name of person signing this agreement	Signature of person named above	Date signed
WITNESS		
Print name of witness	Signature of witness	Date signed



**Appendix C**

Michigan Department of Treasury  
627, Formerly L-4154 (Rev. 10-04)

**Assessor or Equalization Director's Notice of Property Incorrectly Reported or Omitted From Assessment Roll**

Issued under authority of Section 211.154, MCL.

*Office Use Only*

**MUST BE TYPED OR PRINTED LEGIBLY.**

Name of Assessor or Equalization Director Filing this Notice		Telephone Number	File Number
Name of Assessing Unit		Assessment Unit Number	
Address (Number, Street, City or Post Office and ZIP)		Assessor Certification Number	

**PROPERTY AND ASSESSMENT ROLL INFORMATION**

Name(s) of Property Owner(s)					
Owner's Address (Number, Street, City, State and ZIP)					
County Where Property is Located			City or Township or Village and Township		
School District		Intermediate School District		Community College District	
Property Index Number (or enter property description below)			Property Classification		
Is this property assessed on the Industrial Facilities Tax Assessment Roll, the Commercial Facilities Tax Assessment Roll, the Technology Park Facilities Assessment Roll or the roll for Public Act 189 of 1953? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, specify which roll.					
Answer the following question if this notice is for personal property. Did the owner complete and deliver a personal property statement on or before February 20 for each year that this notice covers? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, indicate years in which a statement was not timely filed.					
Property Description					
<p align="center"><b>Assessed Value</b></p> Complete the applicable Assessed Value lines below when the notice is for a change in Assessed Value.			<p align="center"><b>Taxable Value</b></p> Complete the applicable Taxable Value lines below when the notice is for change in Taxable Value. For most personal property, the figures on the lines below will be the same as the figures under Assessed Value. For omitted real property, the amount of omitted Taxable Value may be less than the amount of omitted Assessed Value (see page 6 of State Tax Commission Bulletin 3 of 1995).		
Year(s) For Which Notice Was Given	Assessed Value on Assessment Roll	Requested Assessed Value	Year(s) For Which Notice Was Given	Taxable Value on Assessment Roll	Requested Taxable Value
Reason for This Notice. Attach supporting information. For incorrectly reported personal property, include a copy of the <b>timely-filed personal property statement</b> and the <b>amended personal property statement</b> . For omitted real property, provide a <b>record card or other documentation</b> showing that the omitted real property was not previously included in the assessment.					

*Continue and sign on page 2.*





**Appendix D**

Michigan Department of Treasury  
4277 (1-05)

**Approved Contractor Personal Property Audit Reimbursement Request**

Issued under authority of P.A. 327 of 2004.

**INSTRUCTIONS:** The contractor should retain detail regarding the personal property audits completed. Reimbursement is limited to completed audits where an exist interview and/or written summary has been provided to the taxpayer.

**REIMBURSEMENT INFORMATION**

The Department of Treasury will process reimbursement of funds by one wire/EFT regardless of the number of audit(s) completed. Only one reimbursement request may be made per month and must be received by the Department of Treasury no later than the 15th of each month..

Vendor Name	Contact(s) Name
Federal Employer Identification Number	Contact Phone Number
Address	
Name of Bank	Account Number
ABA Number	Contact at Bank

**AUDIT INFORMATION**

Please include the total number of audits completed and the related fees charged per completed audit by True Cash Value (TCV) amount. Attach a separate page if necessary.

TCV \$200,000 - \$299,999	TCV \$300,000 - \$399,999
TCV \$400,000 - \$499,999	TCV \$500,000 - \$2,499,999
TCV \$2,500,000 - \$9,999,999	TCV greater than \$10,000,000

**REIMBURSEMENT REQUEST AMOUNT TOTAL**

Amount of Reimbursement Requested
Total Amount of Taxable Value Discovered

Amount of taxable value discovered concurred relating to the audits completed for this reimbursement request for Tax Year:

2003	2004	2005
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Amount of taxable value discovered contested relating to the audits completed for this reimbursement request for Tax Year:

2003	2004	2005
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**CERTIFICATION**

*By signing this reimbursement request, the contractor is attesting that all audits listed on this form have been completed.*

Signature	Print Name
Title	Date

Send the completed form to:  
Michigan Department of Treasury  
Bureau of Local Government Services  
430 W. Allegan Street  
Lansing, Michigan 48922

Forms can also be faxed to (517) 373-0633  
For more information, call (517) 373-3305