



**STATE OF MICHIGAN  
ENTERPRISE PROCUREMENT**  
Department of Technology, Management, and Budget  
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913  
P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number 3  
to  
Contract Number 071B2200241

<b>CONTRACTOR</b>	RICOH USA INC
	2321 Club Meridian
	Okemos, MI 48864
	Carol Bertrand
	(248) 909-2059
	Carol.bertrand@ricoh-usa.com
	*****4400

<b>STATE</b>	Program Manager	Walker, John	DTMB
		313-456-3814	
	walkerj5@Michigan.gov		
	Contract Administrator	Terry Mead	DTMB
(517) 284-7035			
meadt@michigan.gov			

CONTRACT SUMMARY				
DESCRIPTION: UIA Infoprint Mainframe Printer Maint.				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
June 21, 2012	June 20, 2015	2 - 1 Year	June 20, 2016	
PAYMENT TERMS		DELIVERY TIMEFRAME		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<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				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$ 830,224.55		\$27,804.33	\$ 858,028.88	

**DESCRIPTION:** Effective May 9, 2016, this Contract is hereby increased by \$27,804.33 and amended utilizing Chapter 5, 5.7.6, to add the attached Statement of Work (SOW) to the scope of the Contract. This SOW provides for Discontinuation Services, Packing, Transportation, and Reinstallation Services. All other terms, conditions, pricing, and specifications remain the same. Per vendor and agency agreement and DTMB Procurement approval.

## Statement of Work - Order

### 1.0 Statement of Work

This Statement of Work ("SOW") describes the work to be undertaken by Ricoh under the Ricoh Master Maintenance and Sale Agreement or any equivalent agreement in effect between us (the "Agreement") and the terms and conditions contained herein.

The following are incorporated in and made part of this SOW:

- Appendix A – Project Change Control Procedure
- Appendix B – Statement of Work Support Information

### 2.0 Project Scope

In this project Ricoh will:

Provide **Discontinuance Services and Reinstallation** support on only the **4000, 4100, 8120s, Kodak HD300 & Ricoh Pro C7100s** machines and **Transportation Services** on all the machines identified in Appendix B at the **State of Michigan** locations identified in Appendix B. These services will take place in two phases.

Ricoh will provide Services under this SOW during normal business hours, 7:00 a.m. to 5:00 p.m. (local time zone) Monday through Friday, except Ricoh holidays, unless modified below.

Optional Coverage:

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Ricoh agrees to provide the Services described in this SOW provided you accept this SOW, without modification, by signing in the space below on or before 5/5/2015

In entering into this SOW, State of Michigan is not relying upon any representation made by or on behalf of Ricoh that is not specified in the Agreement or the SOW, including, without limitation, the actual or estimated completion date, amount of hours to provide any of the Services, charges to be paid, or the results of any of the Services to be provided under this SOW. This SOW, its Appendices, and the Agreement represent the entire agreement between the parties regarding the subject matter and replace any prior oral or written communications.

Agreed to:  
State of Michigan

By \_\_\_\_\_  
Authorized signature

Name (type or print):

Date:

Purchase Order: **Required**

Customer Invoice to address:

State of Michigan  
Unemployment Insurance Agency  
14333 Woodrow Wilson  
Detroit, MI 48238

Customer Contact:

John K Walker (313) 456-3814

Agreed to:  
RicoH USA, Inc.

By \_\_\_\_\_  
Authorized signature

Name (type or print):

Date:

Statement of Work number: ZU01415

Ricoh address:

RicoH USA, Inc  
6300 Diagonal Highway  
Boulder, CO  
80501

Contract Value: \$ 27,804.33

### 3.0 Ricoh Responsibilities

Under this SOW, Ricoh will perform the following tasks:

#### 3.1 Ongoing Project Management and tasks

Ricoh will provide ongoing project management for the Ricoh responsibilities in this SOW. The purpose of this activity is to provide technical direction and control of Ricoh project personnel and to provide a framework for project planning, communications, reporting, procedural and contractual activity. This activity is composed of the following tasks:

1. Review the SOW and the contractual responsibilities of both parties with the **State of Michigan** Project Manager.
2. Maintain project communications through the **State of Michigan** Project Manager.
3. Coordinate the establishment of the project environment.
4. Review project tasks, schedules, and resources and make changes or additions, as appropriate.
5. Work with the **State of Michigan** Project Manager to address and resolve deviations as necessary.
6. Administer the Project Change Control Procedure with the **State of Michigan** Project Manager.
7. Coordinate and manage the technical activities of Ricoh project personnel.

#### 3.2 Discontinuance Services

Ricoh will disassemble the Machine(s) covered by this SOW in accordance with Ricoh's standard practices for the specific Machine(s). This activity may include the disconnection of cables attached to the Machine(s), inter-frame cables, if present, and the installation of appropriate packing materials (internal and/or external). Ricoh will identify items normally shipped with the Machine(s), and place appropriate service manuals, diagnostics, licensed internal code, and other related items with the Machine(s) prior to shipment.

#### 3.3 Reinstallation Services

Ricoh will reassemble the Machine(s) covered by this SOW upon arrival at their destination(s) as identified in Appendix B. Reassembly will include the disassembly of external packing or crating materials, internal packing materials and the interconnection of required Ricoh cables to place the Machine(s) in operational condition. Ricoh will test the Machine(s) to ensure conformance to specifications, including installed Ricoh features.

#### 3.4 Maintenance Agreement Qualification Eligibility

Machine(s) covered by this SOW will be eligible for future Ricoh Maintenance Agreement coverage under the following conditions:

1. The Machine(s) being discontinued are currently covered by an active Ricoh Maintenance agreement at the time of discontinuance;
2. Ricoh performs the packing and sealing of Machine(s) in accordance with Ricoh standard practices and procedures for the Machine(s) utilizing appropriate Ricoh approved materials;
3. Machine(s) covered by this SOW are unsealed and reinstalled by Ricoh at the destination location no later than 180 days following the date of discontinuance;
4. The Machine(s) are immediately placed under an Ricoh Maintenance Agreement following

reinstallation.

Machine(s) covered by this SOW that do not meet these conditions will not be eligible for future Ricoh Maintenance Agreement coverage and will require a Ricoh Maintenance Agreement Qualification Inspection prior to being accepted for Ricoh Maintenance Agreement coverage.

### 3.5 Packing Services

If requested as a service under this SOW, Ricoh will pack and prepare the Machine(s) for shipment using materials appropriate for the type of discontinuance services requested. Packing activities will be in accordance with Ricoh standard practices and procedures, using materials provided by or approved by Ricoh. The Customer may request Ricoh to utilize packing materials they provide, however Ricoh reserves the right to evaluate and determine the suitability of these materials for the type of discontinuance services requested, and may decline such a request. Ricoh will identify unsuitable materials, and the Customer may replace, substitute or request Ricoh to obtain appropriate materials at an additional cost.

### 3.6 Transportation Services

If requested as a service under this SOW, Ricoh will arrange for the shipment of the Machine(s) and other items requested by the Customer from the Originating location(s) identified in Appendix B to the Destination location(s) identified in Appendix B using an Ricoh authorized transportation provider.

Ricoh will coordinate all of the activities associated with the moving and shipping of the Machine(s) and will:

1. review the move plan with you;
2. prepare a requirements list;
3. contract with a moving firm;
4. notify the mover of the moving requirements;
5. conduct a site survey with the mover, if required;
6. provide move schedules;
7. and provide guidance for the move.

Ricoh will provide Invisible Transit Damage (ITD) coverage for Ricoh Machine(s) covered by this SOW when Ricoh performs the discontinuance, packing and sealing, transportation and unsealing and reinstallation services in a continuous uninterrupted sequence. Ricoh will provide labor and parts replacement services as necessary to restore Machine(s) to operational condition at no charge to the Customer. This coverage does not apply to situations where there are indications or evidence of visible transportation damage.

ITD coverage will not apply to Machine(s) covered by this SOW that are placed in temporary storage, transported to a new location by other than a Ricoh contracted moving service, or when Customer actions prevent a reinstallation from occurring upon delivery at the destination.

Ricoh's responsibility for physical loss or visible damage to equipment during transit will be limited to the lesser of cost to repair or actual cash value.

Ricoh will process any claims with the carrier. You are responsible for reporting physical loss or damage to Ricoh in writing within 10 business days after the move occurs. Ricoh's responsibility for loss or damage as stated above is contingent upon Ricoh's receipt of such notice.

### 4.0 State of Michigan Responsibilities

The successful completion of the proposed scope of work depends on the full commitment and participation of State of Michigan management and personnel. The responsibilities listed in this section are in addition to those responsibilities specified in the Agreement, and are to be provided at no charge to Ricoh. Delays in performance of these responsibilities may result in additional cost and/or delay of the completion of the project, and will be handled in accordance with Appendix A – "Project Change Control Procedure".

#### 4.1 State of Michigan Project Manager

Prior to the start of this project, **State of Michigan** will designate a person called the **State of Michigan Project Manager** who will be the focal point for Ricoh communications relative to this project and will have the authority to act on behalf of **State of Michigan** in all matters regarding this project.

#### 4.2 Other State of Michigan Responsibilities

**State of Michigan** will provide Ricoh with an approved Purchase Order, if required, prior to the commencement of services.

#### 4.3 Office Space and Other Facilities

**State of Michigan** will provide Ricoh and its personnel with suitable office space, and other accommodations and facilities that Ricoh may reasonably require to perform the Services covered by this SOW. **State of Michigan** will also provide all necessary security badges, clearance and building access for Ricoh service personnel.

#### 5.0 Materials to be Delivered

NONE

#### 6.0 Other Terms and Conditions

1. **State of Michigan** is responsible for the actual content of any data file, selection, and implementation of controls on its access and use, backup, recovery, integrity, and security of the stored data.
2. **State of Michigan** authorizes Ricoh and its subsidiaries (and their successors and assigns, contractors and Ricoh Business Partners) to store and use **State of Michigan** business contact information wherever they do business, in connection with Ricoh products and services or in furtherance of the Ricoh's business relationship with **State of Michigan**.
3. **State of Michigan** is responsible for the identification of, interpretation of, and compliance with, any applicable laws, regulations and statutes that affect **State of Michigan** applications or business.
4. If **State of Michigan** is making available to Ricoh any facilities, software, hardware or other resources in connection with Ricoh's performance of Services, **State of Michigan** agrees to obtain any license or approvals related to these resources that may be necessary for Ricoh to provide the Services and develop Materials. Ricoh will be relieved of its obligations that are adversely affected by **State of Michigan's** failure to promptly obtain such licenses or approvals. **State of Michigan** Agrees to reimburse Ricoh for any reasonable costs and other amounts that Ricoh may incur from **State of Michigan's** failure to obtain these licenses or approvals.
5. Ricoh may perform some activities described in this SOW on Ricoh premises.
6. Some of the Services may be performed by an Ricoh subcontractor.

#### 7.0 Estimated Schedule

The Services in this Statement of Work are estimated to start on or about **6/1/2016** (the "Estimated Start Date") and end on or about **7/31/2016** (the "estimated End Date").

The actual start date and end date may be adjusted with the mutual consent of **State of Michigan** and Ricoh, however the actual start date of services covered by this SOW may not be prior to the acceptance of this SOW by **State of Michigan**.

The term of this SOW is twelve (12) months.

#### 8.0 Charges

The Services will be conducted on a fixed price basis.

Prices contained in this SOW will remain valid if Services are initiated within 90 days of acceptance by **State of Michigan** and Ricoh, otherwise Ricoh reserves the right to re-price this SOW at the then applicable rates.

The total charges stated below represent the sum of charges for the Services to be performed under this SOW, exclusive of any applicable taxes.

Labor and Materials Charges:	<b>\$ 16,625.00</b>
Transportation Charges:	<b>\$ 11,179.33</b>
<b>Total Charges:</b>	<b>\$ 27,804.33</b>

The Ricoh will invoice **State of Michigan** for the Total Charges, including applicable taxes upon completion of the Services covered by this SOW. Payment is due upon receipt of invoice.

#### 9.0 Completion Criteria

Ricoh will have fulfilled its obligations under this SOW when any of the following first occurs:

- Ricoh provides the Services described in Section 3, Ricoh Responsibilities;
- Either of us terminates this Statement of Work under the terms of this Agreement.

#### 10.0 Termination

Either party may terminate this Statement of Work by giving the other party not less than 30 days written notice. Upon termination, **State of Michigan** will pay Ricoh for:

1. all Services Ricoh provides and any Products and Materials Ricoh delivers through termination,
2. all expenses Ricoh incurs through termination, and
3. any charges Ricoh incurs in terminating the Services.

**Appendix A. Project Change Control Procedure**

When both of us agree to a change in this Statement of Work, a written description of the agreed to change (called a "Change Authorization") will be prepared, which both parties must sign. The Change Authorization will describe the change, the rationale for the change, and specify any change in charges, estimated schedule or other terms. Depending on the extent and complexity of the requested changes, Ricoh may charge for the effort required to analyze it. When charges are necessary in order to analyze a change, Ricoh will provide a written estimate and begin the analysis upon receipt of written authorization. The terms of a mutually agreed upon Change Authorization will prevail over those of this Statement of Work or any previous Change Authorization.

## Appendix B. Statement of Work Support Information

Services defined in this Statement of Work will be performed on the following equipment:

Machine Type/Model	Machine Serial	Phase #
4100/TD4	016020T	1
4100/TD3	015020T	1
1332/DST	57H028036	1
1332/054	04K028077	1
1332/041	01F028216	1
1332/028	05N028089	1
1332/024	01W028046	1
Ricoh Pro C7100s	13656547	1
Kodak HD300	13140184	1
4000/ID2	14254	2
4000/ID1	13254	2
1332/041	17438	2
1332/054	17400	2
1332/024	17389	2
8120s	13226990	2

Services defined in this Statement of Work will be performed at the following State of Michigan locations:

Description	Origination
Address	State of Michigan 14333 Woodrow Wilson Detroit, MI 48238
Account Number	17781485
Purchase Order	Not Required
Invoice Amount	\$ 19,641.33

Description	Destination
Address	State of Michigan 9023 Joseph Campau St Hamtramck, MI 48212
Account Number	17781485
Purchase Order	Not Required
Invoice Amount	\$ 8,163.00

Form No. DTMB-3521 (Rev. 10/2015)  
 AUTHORITY: Act 431 of 1984  
 COMPLETION: Required  
 PENALTY: Contract change will not be executed unless form is filed

**STATE OF MICHIGAN**  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET  
 PROCUREMENT

525 W. ALLEGAN STREET  
 LANSING, MI 48933

P.O. BOX 30026  
 LANSING, MI 48909

CHANGE NOTICE NO. 2  
 to  
 CONTRACT NO. 071B2200241  
 between  
 THE STATE OF MICHIGAN  
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Ricoh Usa Inc 2321 Club Meridian Okemos MI, 48864	Carol Bertrand  PHONE (248) 909-2059	Carol.bertrand@ricoh-usa.com  CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY) *****4400

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Walker, John	313-456-3814	walkerj5@Michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Terry Mead	(517) 284-7035	meadt@michigan.gov

CONTRACT SUMMARY			
<b>DESCRIPTION:</b> UIA Infoprint Mainframe Printer Maint.			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
June 21, 2012	June 20, 2015	2 - 1 Year	June 20, 2016
PAYMENT TERMS		DELIVERY TIMEFRAME	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<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			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	1-year	<input type="checkbox"/>		June 20, 2017
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$ 664,885.13		\$ 165,339.42	\$ 830,224.55	

**DESCRIPTION:** Effective June 7, 2016, this contract is hereby amended and increased by \$165,339.42 to support the last option year and to provide printer hardware maintenance services, and estimated printer per-click (usage) charges for the period 6/21/16 – 6/20/17. The State of Michigan Unemployment Insurance Agency will be making an up-front payment on the maintenance portion of this contract in order to take advantage of the discount. By utilizing the up-front payment discount, UIA will save \$4,024.18. The maintenance cost will be reduced from \$138,163.60 to \$134,139.42. The pricing is per cost tables 4 (attached) and 5 in the contract, Article 1, Attachment B – Cost Tables. All other terms, conditions, pricing, and specifications remain the same. Per vendor and agency agreement, DTMB approval, and the approval of the State Administrative Board dated May 17, 2016.

**Table 4: Maintenance Cost per Time Period, for the 2 Option Years on the contract**

Quarterly and Annual costs below do not include discounts for up-front payments. Click Charge rates are paid monthly and are not included with up-front discounts.

Description	Serial Number	Location	Quarterly Cost	Annual Cost	Discount for Up Front Payment
<b>IBM InfoPrint 4100 Production Printer – Pre/post Processing Equipment (On-site, 24 X 7 coverage)</b>					
Print Engine 1 – (4100-TD3)	01-5020T	*OMSC	\$4,514.46	\$18,057.85	\$17,531.89
Print Engine 2 – (4100-TD4)	01-6020T	*OMSC	\$4,514.46	\$18,057.85	\$17,531.89
Unwinder – (80019101)	101180019101F028216	*OMSC	\$1,305.14	\$5,220.56	\$5,068.50
Loop Control (Part of Unwinder) – (50306405)	101150306405C028224	*OMSC	N/C	N/C	N/C
Web Stabilizer Fan – (50488202)	101150488202D028197	*OMSC	N/C	N/C	N/C
Web Handler – (50386605)	081150386605N028089	*OMSC	\$342.93	\$1,371.71	\$1,331.76
Cutter – (50317601)	081150317601W028046	*OMSC	\$4,054.64	\$16,218.54	\$15,746.16
Merger – (50341004)	081150341004K028077	*OMSC	\$1,517.71	\$6,070.82	\$5,894.00
Decending Stacker – (504057)	0711504057H028036	*OMSC	\$1,622.25	\$6,489.00	\$6,300.00
<b>IBM InfoPrint 4000 Production Printer – Pre/post Processing Equipment (On-site, 24 X 7 coverage)</b>					
Unwinder - (800174)	1200800174P017438	*OMSC	\$1,305.14	\$5,220.56	\$5,068.50
Engine 1 - (4000-ID1)	13254	*OMSC	\$4,766.76	\$19,067.03	\$18,511.68
Engine 2 - (4000-ID2)	14254	*OMSC	\$5,025.08	\$20,100.33	\$19,514.88
Web Stabilizer Fan - (503799)	1200503799C017498	*OMSC	N/C	N/C	N/C
Cutter - (503176)	1100503176AQ017389	*OMSC	\$4,054.64	\$16,218.54	\$15,746.16
Merger - (503410)	1100503410C017400	*OMSC	\$1,517.71	\$6,070.82	\$5,894.00
Vertical Stacker - (5007714)	11772	*OMSC	N/C	N/C	N/C
4100 Machine Microcode License Fee	\$20,000 per 4100 Duplex System		N/C	N/C	N/C
<b>ANNUAL TOTAL</b>			<b>\$34,540.90</b>	<b>\$138,163.60</b>	<b>\$134,139.42</b>
<b>2-YEAR TOTAL</b>			<b>\$69,081.80</b>	<b>\$276,327.21</b>	<b>\$268,278.84</b>

\*STATE OF MICHIGAN  
LARA/UIA - OAKMAN MULTI-SERVICE CENTER (OMSC)  
14333 WOODROW WILSON  
DETROIT MI 48238

**Department of Talent and Economic Development  
Talent Investment Agency/Unemployment Insurance Agency**

**Business Case Documentation  
Ricoh InfoPrint Hardware Maintenance Renewal Option Year 2  
iTRAC Request #**

**February 10, 2016**

**Purpose:**

DTMB-TED/TIA/UIA is requesting to exercise the second option year of the Ricoh contract, BPO #071B2200241, for hardware maintenance services for UIA's high-speed InfoPrint printer environment. This request also includes adding additional funding to the existing contract to cover the period (June 21, 2016 thru June 20, 2017) maintenance services and printer per-click (usage) charges. These services are needed to ensure continuity of usage and support of UIA's Info print printing environment.

**Background:**

UIA's current MiDAS printing system runs on InfoPrint hardware configured with InfoPrint software. This print environment is housed in the UIA's Oakman Multi Service Center (OMSC) in Detroit. UIA uses Ricoh InfoPrint printers to print forms to collect taxes, collect claimant information, mail employer's information about clients filing claims and wage-reporting information. Printer hardware maintenance and usage is needed to ensure system stability and availability.

**Recommendation:**

To ensure continued performance and stability of the UIA's InfoPrint printer environment, DTMB and UIA recommends exercising the option year extension and adding additional funds of \$170,000.00 to the Ricoh contract, BPO #071B2200241. This will provide coverage for FY17 maintenance services and printer per-click (usage) charges.

- Cost Information for recommended solution:
  - Monthly InfoPrint Hardware Maintenance: \$11,513.63
    - InfoPrint 4100 and 4000 Printers with front and back-end processing equipment:
  - Monthly Estimated Per-Click (Usage): \$2600.00
  - Total Annual Cost: \$169363.56

**Risks:**

Without these services in place, UIA's critical MiDAS printer environment would be unsupported and not covered by a maintenance and usage contract. This present a high risk that UIA would potentially be unable to print forms to collect taxes used to pay Unemployment Insurance benefits to eligible Michigan claimants. In addition, UIA would also be unable to print forms to collect claimant information, mail employers information about clients filing claims, and wage reporting information that are required to certify eligibility for UI benefits. Without the ability to print and disseminate these forms, payments for initial claims would be delayed causing additional financial hardship for Michigan families dependent upon these benefits.

**Next Steps:**

Initiate and approve procurement request for services. ITRAC request and maintenance renewal quote from Ricoh are attached.



ORDER AGREEMENT

Master Maintenance and Sale Agreement Date:	Existing Agreement	Sale Type:	Service Only
Master Sale Agreement Date:			
Master Maintenance Agreement Date:			
RFP or Bid Contract Date:			

BILL TO INFORMATION

Customer Legal Name:	State of Michigan - Unemployment Ins. Agency		
Address Line 1:	PO BOX 30026	Contact:	David Hatch
Address Line 2:	DMB ACTS PAYABLE	Phone:	(517) 284-7044
City:	LANSING	E-mail:	hatchd@michigan.gov
ST / Zip:	MI 48909	County:	INGHAM
		Fax:	Fax (517) 335-0046

BILLING INFORMATION

<input type="checkbox"/> PO Included PO #	<input type="checkbox"/> PS Service (Subject to and governed by additional Terms and Conditions)
<input type="checkbox"/> Sales Tax Exempt (Attach Valid Exemption Certificate)	<input type="checkbox"/> IT Services (Subject to and governed by additional Terms and Conditions)
<input type="checkbox"/> Syndication	<input checked="" type="checkbox"/> Fixed Service Charge <input type="checkbox"/> Add To Existing Service Contract #

This is an Order made pursuant to the terms and conditions of the above referenced Master Agreement(s) between Customer and Ricoh USA, Inc. The signature below indicates that the customer accepts all terms and conditions of the applicable Master Agreement(s) for this sale, including but not limited to the terms set forth in the Master Agreement(s) and any Exhibit A thereto, all of which are incorporated herein by reference and made part of this Order. This Order is not valid unless and until signed by and Authorized Signatory of Ricoh USA, Inc.

SERVICE INFORMATION

Service Term (Months)	Base Billing Frequency	Overage Billing Frequency
12	MONTHLY	MONTHLY

Service Type	Guaranteed Group Total Allowance <small>(Per Base Billing Frequency)</small>		Group Overage		Service Base <small>(Per Base Billing Frequency)</small>	
	B/W	N/A	B/W	N/A	Monthly	11,178.29
BRONZE						
	Color	N/A	Color	N/A		

SHIP TO INFORMATION

Customer Name:	State of Michigan - Unemployment Ins. Agency		
Address Line 1:	14333 WOODROW WILSON ST	Contact:	David Hatch
Address Line 2:	UNEMPLOYMENT AGENCY	Phone:	(517) 284-7044
City:	Detroit	E-mail:	hatchd@michigan.gov
ST / Zip:	MI 48238	County:	Wayne
		Fax:	Fax (517) 335-0046

PRODUCT INFORMATION

Product Description <small>LIST ONLY MAINFRAMES</small>	QTY	Service Level	B/W Allowance <small>(Per Base Billing Frequency)</small>	B/W Ovg	Color Allowance <small>(Per Base Billing Frequency)</small>	Color Ovg	Service Base <small>(Per Base Billing Frequency)</small>	Sell Price	Extended Sell Price
See Inventory Detail page									

SHIP TO INFORMATION

Customer Name:		Contact:	
Address Line 1:		Phone:	
Address Line 2:		E-mail:	
City:		Fax:	
ST / Zip:		County:	

PRODUCT INFORMATION									
Product Description <b>LIST ONLY MAINFRAMES</b>	QTY	Service Level	B/W Allowance (Per Base Billing Frequency)	B/W Ovg	Color Allowance (Per Base Billing Frequency)	Color Ovg	Service Base (Per Base Billing Frequency)	Sell Price	Extended Sell Price

SHIP TO INFORMATION									
Customer Name:									
Address Line 1:					Contact:				
Address Line 2:					Phone:				
City:					E-mail:				
ST / Zip:		County:			Fax:				

PRODUCT INFORMATION									
Product Description <b>LIST ONLY MAINFRAMES</b>	QTY	Service Level	B/W Allowance (Per Base Billing Frequency)	B/W Ovg	Color Allowance (Per Base Billing Frequency)	Color Ovg	Service Base (Per Base Billing Frequency)	Sell Price	Extended Sell Price

ORDER TOTALS									
Service Type Offerings:					Product Total:				
Gold: Includes all supplies and staples. Excludes paper.					BASIC CONNECTIVITY / P3 / IT Services:				
Silver: Includes all supplies. Excludes paper and staples.					BuyOut After Promotions:				
Bronze: Parts and labor only. Excludes paper, staples and supplies.					Grand Total: (Excludes Tax):				
Additional Provisions:									

*State of Michigan Contract No. 071B2200241, 2nd option years, year 5. The Referenced Agreement stated above as "Existing Agreement" means the most recent Master Maintenance and Sale Agreement or any other equivalent agreement in place between us. Maintenance services are provided 7 days per week, 24 hours per day.*

Accepted by Customer	Accepted: Ricoh USA, Inc.
Authorized Signature: _____	Authorized Signature: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Version # 1.1



Inventory Detail										
Maintenance Contract - 2839877. Effective from 06/21/2016 to 06/20/2017										
Service Base Charges per Billing Frequency					Monthly			\$ 11,178.29		
Service Base Charges Annually								\$ 134,139.42		
SHIP TO INFORMATION (1)										
Customer Name:		State of Michigan - Unemployment Ins. Agency								
Address Line 1:		14333 WOODROW WILSON ST			Contact:		David Hatch			
Address Line 2:		UNEMPLOYMENT AGENCY			Phone:		(517) 294-7044			
City:		Detroit			E-mail:		hatchd@michigan.gov			
ST / Zip:		MI 48238	County:	Wayne		Fax:		Fax (517) 335-0046		
PRODUCT INFORMATION										
Machine Type / Serial	Service Level	Coverage	B/W Allowance (Per Base Billing Frequency)	B/W Ovg	Color Allowance (Per Base Billing Frequency)	Color Ovg	Service Base (Per Base Billing Frequency)	Maintenance Start Date	Maintenance Stop Date	
4000D1-IBM	13254	Bronze	24 x 7	0	288/1000	na	na	\$ 1,542.64	06/21/2016	6/20/2017
4000D2-IBM	14254	Bronze	24 x 7	0	288/1000	na	na	\$ 1,626.24	06/21/2016	6/20/2017
1332-IBM	17369	Bronze	24 x 7	na	na	na	na	\$ 1,312.18	06/21/2016	6/20/2017
1332-IBM	17400	Bronze	24 x 7	na	na	na	na	\$ 491.17	06/21/2016	6/20/2017
1332-IBM	17436	Bronze	24 x 7	na	na	na	na	\$ 422.38	06/21/2016	6/20/2017
4100-TD3-IBM	0150207	Bronze	24 x 7	0	216/1000	na	na	\$ 1,460.99	06/21/2016	6/20/2017
4100-TD4-IBM	0160201	Bronze	24 x 7	0	216/1000	na	na	\$ 1,460.99	06/21/2016	6/20/2017
1332-IBM	01F028216	Bronze	24 x 7	na	na	na	na	\$ 422.38	06/21/2016	6/20/2017
1332-IBM	01W028046	Bronze	24 x 7	na	na	na	na	\$ 1,312.18	06/21/2016	6/20/2017
1332-IBM	04K028077	Bronze	24 x 7	na	na	na	na	\$ 491.17	06/21/2016	6/20/2017
1332-IBM	05N028089	Bronze	24 x 7	na	na	na	na	\$ 110.98	06/21/2016	6/20/2017
1332-IBM	57H028036	Bronze	24 x 7	na	na	na	na	\$ 525.00	06/21/2016	6/20/2017
								\$ 11,178.29	<b>SHIP 1 TOTAL</b>	

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

**CHANGE NOTICE NO. 1**  
 to  
**CONTRACT NO. 071B2200241**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Ricoh 2321 Club Meridian Okemos, MI 48864	Carol Bertrand	Carol.bertrand@ricoh-usa.com
	PHONE	VENDOR TAX ID # (LAST FOUR DIGITS ONLY)
	(248) 909-2059	-4400

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	John Walker	(313) 456-3814	Walkerj5@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Terry Mead	(517) 284-7035	MeadT@michigan.gov

CONTRACT SUMMARY			
<b>DESCRIPTION: Maintenance for LARA/UIA Printers</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
June 21, 2012	June 20, 2015	2, one year	June 20, 2015
PAYMENT TERMS	F.O.B.	SHIPPED TO	
N/A	N/A	N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<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 EXTENSION/OPTION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1 year	June 20, 2016
CURRENT VALUE	VALUE/COST OF CHANGE NOTICE	ESTIMATED REVISED AGGREGATE CONTRACT VALUE		
\$499,545.71	\$165,339.42	\$664,885.13		

**DESCRIPTION:**

Effective 6/21/15, this contract is hereby amended and increased by \$165,339.42 to support the first option year and to provide printer hardware maintenance services, and estimated printer per-click (usage) charges for the period 6/21/15 – 6/20/16. The State of Michigan Unemployment Insurance Agency will be making an up-front payment on the maintenance portion of this contract in order to take advantage of the discount. By utilizing the up-front discount, UIA will save \$4,024.18. The maintenance cost will be reduced from \$138,163.60 to \$134,139.42. The pricing is per cost tables 4 (attached) and 5 in the contract, Article 1, Attachment B – Cost Tables. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement and DTMB Procurement approval.

**Table 4: Maintenance Cost per Time Period, for the 2 Option Years on the contract**

Quarterly and Annual costs below do not include discounts for up-front payments. Click Charge rates are paid monthly and are not included with up-front discounts.

Description	Serial Number	Location	Quarterly Cost	Annual Cost	Discount for Up Front Payment
<b>IBM InfoPrint 4100 Production Printer – Pre/post Processing Equipment (On-site, 24 X 7 coverage)</b>					
Print Engine 1 – (4100-TD3)	01-5020T	*OMSC	\$4,514.46	\$18,057.85	\$17,531.89
Print Engine 2 – (4100-TD4)	01-6020T	*OMSC	\$4,514.46	\$18,057.85	\$17,531.89
Unwinder – (80019101)	101180019101F028216	*OMSC	\$1,305.14	\$5,220.56	\$5,068.50
Loop Control (Part of Unwinder) – (50306405)	101150306405C028224	*OMSC	N/C	N/C	N/C
Web Stabilizer Fan – (50488202)	101150488202D028197	*OMSC	N/C	N/C	N/C
Web Handler – (50386605)	081150386605N028089	*OMSC	\$342.93	\$1,371.71	\$1,331.76
Cutter – (50317601)	081150317601W028046	*OMSC	\$4,054.64	\$16,218.54	\$15,746.16
Merger – (50341004)	081150341004K028077	*OMSC	\$1,517.71	\$6,070.82	\$5,894.00
Decending Stacker – (504057)	0711504057H028036	*OMSC	\$1,622.25	\$6,489.00	\$6,300.00
<b>IBM InfoPrint 4000 Production Printer – Pre/post Processing Equipment (On-site, 24 X 7 coverage)</b>					
Unwinder - (800174)	1200800174P017438	*OMSC	\$1,305.14	\$5,220.56	\$5,068.50
Engine 1 - (4000-ID1)	13254	*OMSC	\$4,766.76	\$19,067.03	\$18,511.68
Engine 2 - (4000-ID2)	14254	*OMSC	\$5,025.08	\$20,100.33	\$19,514.88
Web Stabilizer Fan - (503799)	1200503799C017498	*OMSC	N/C	N/C	N/C
Cutter - (503176)	1100503176AQ017389	*OMSC	\$4,054.64	\$16,218.54	\$15,746.16
Merger - (503410)	1100503410C017400	*OMSC	\$1,517.71	\$6,070.82	\$5,894.00
Vertical Stacker - (50077714)	11772	*OMSC	N/C	N/C	N/C
4100 Machine Microcode License Fee	\$20,000 per 4100 Duplex System		N/C	N/C	N/C
<b>ANNUAL TOTAL</b>			<b>\$34,540.90</b>	<b>\$138,163.60</b>	<b>\$134,139.42</b>
<b>2-YEAR TOTAL</b>			<b>\$69,081.80</b>	<b>\$276,327.21</b>	<b>\$268,278.84</b>

\*STATE OF MICHIGAN  
 LARA/UIA - OAKMAN MULTI-SERVICE CENTER (OMSC)  
 14333 WOODROW WILSON  
 DETROIT MI 48238

**Department of Talent and Economic Development  
Talent Investment Agency/Unemployment Insurance Agency Business Case  
Documentation *Ricoh InfoPrint Hardware Maintenance Renewal Option Year 1***

ITRAC Request #  
**April 21, 2015**

**Purpose:**

DTMB-TED/TIA/UIA is requesting to exercise the first option year of the Ricoh contract, BPO #071B2200241, for hardware maintenance services for UIA's high-speed InfoPrint printer environment. This request also includes adding additional funding to the existing contract to cover the period (June 21, 2015 thru June 20, 2016) maintenance services and printer per-click (usage) charges. These services are needed to ensure continuity of usage and support of UIA's Info print printing environment.

**Background:**

UIA's current MiDAS printing system runs on InfoPrint hardware configured with InfoPrint software. This print environment is housed in the UIA's Oakman Multi Service Center (OMSC) in Detroit. UIA uses Ricoh InfoPrint printers to print forms to collect taxes, collect claimant information, mail employer's information about clients filing claims and wage-reporting information. Printer hardware maintenance and usage is needed to ensure system stability and availability.

**Recommendation:**

To ensure continued performance and stability of the UIA's InfoPrint printer environment, DTMB and UIA recommends exercising the option year extension and adding additional funds of \$169,363.56 to the Ricoh contract, BPO #071B2200241. This will provide coverage for FY16 maintenance services and printer per-click (usage) charges.

- Cost Information for recommended solution:
  - Monthly InfoPrint Hardware Maintenance: \$11,178.285
  - InfoPrint 4100 and 4000 Printers with front and back-end processing equipment:
  - Monthly Estimated Per-Click (Usage): \$2600.00
  - Total Annual Cost: \$165,339.42

**Risks:**

Without these services in place, UIA's critical MiDAS printer environment would be unsupported and not covered by a maintenance and usage contract. This present a high risk that UIA would potentially be unable to print forms to collect taxes used to pay Unemployment Insurance benefits to eligible Michigan claimants. In addition, UIA would also be unable to print forms to collect claimant information, mail employer's information about clients filing claims, and wage reporting information that are required to certify eligibility for UI benefits. Without the ability to print and disseminate these forms, payments for initial claims would be delayed causing additional financial hardship for Michigan families dependent upon these benefits.

**Next Steps:**

Initiate and approve procurement request for services. ITRAC request and maintenance renewal quote from Ricoh are attached.



ORDER AGREEMENT

Master Maintenance and Sale Agreement Date:	Existing Agreement	Sale Type:	Service Only
Master Sale Agreement Date:			
Master Maintenance Agreement Date:			
RFP or Bid Contract Date:			

BILL TO INFORMATION

Customer Legal Name:	State of Michigan - Unemployment Ins. Agency		
Address Line 1:	PO BOX 30026	Contact:	David Hatch
Address Line 2:	DMB ACTS PAYABLE	Phone:	(517) 284-7044
City:	LANSING	E-mail:	hatchd@michigan.gov
ST / Zip:	MI 48909	County:	INGHAM
		Fax:	Fax (517) 335-0046

BILLING INFORMATION

Check All That Apply:

<input checked="" type="checkbox"/> PO Included PO #	<input type="checkbox"/> PS Service (Subject to and governed by additional Terms and Conditions)
<input type="checkbox"/> Sales Tax Exempt (Attach Valid Exemption Certificate)	<input type="checkbox"/> IT Services (Subject to and governed by additional Terms and Conditions)
<input type="checkbox"/> Syndication	<input type="checkbox"/> Fixed Service Charge
	<input type="checkbox"/> Add To Existing Service Contract #

This is an Order made pursuant to the terms and conditions of the above referenced Master Agreement(s) between Customer and Ricoh USA, Inc. The signature below indicates that the customer accepts all terms and conditions of the applicable Master Agreement(s) for this sale, including but not limited to the terms set forth in the Master Agreement(s) and any Exhibit A thereto, all of which are incorporated herein by reference and made part of this Order. This Order is not valid unless and until signed by and Authorized Signatory of Ricoh USA, Inc.

SERVICE INFORMATION

Service Term (Months)	Base Billing Frequency	Overage Billing Frequency	
12	MONTHLY	MONTHLY	
Service Type	Guaranteed Group Total Allowance <small>(Per Base Billing Frequency)</small>	Group Overage	Service Base <small>(Per Base Billing Frequency)</small>
BRONZE	B/W	N/A	Monthly 11,513.63
	Color	N/A	

SHIP TO INFORMATION

Customer Name:	State of Michigan - Unemployment Ins. Agency		
Address Line 1:	14333 WOODROW WILSON ST	Contact:	David Hatch
Address Line 2:	UNEMPLOYMENT AGENCY	Phone:	(517) 284-7044
City:	Detroit	E-mail:	hatchd@michigan.gov
ST / Zip:	MI 48238	County:	Wayne
		Fax:	Fax (517) 335-0046

PRODUCT INFORMATION

Product Description <small>LIST ONLY MAINFRAMES</small>	QTY	Service Level	B/W Allowance <small>(Per Base Billing Frequency)</small>	B/W Ovg	Color Allowance <small>(Per Base Billing Frequency)</small>	Color Ovg	Service Base <small>(Per Base Billing Frequency)</small>	Sell Price	Extended Sell Price
See Inventory Detail page									

SHIP TO INFORMATION

Customer Name:			
Address Line 1:		Contact:	
Address Line 2:		Phone:	
City:		E-mail:	
ST / Zip:		County:	
		Fax:	

PRODUCT INFORMATION									
Product Description <small>LIST ONLY MAINFRAMES</small>	QTY	Service Level	B/W Allowance <small>(Per Base Billing Frequency)</small>	B/W Ovg	Color Allowance <small>(Per Base Billing Frequency)</small>	Color Ovg	Service Base <small>(Per Base Billing Frequency)</small>	Sell Price	Extended Sell Price

SHIP TO INFORMATION									
Customer Name:									
Address Line 1:				Contact:					
Address Line 2:				Phone:					
City:				E-mail:					
ST / Zip:		County:		Fax:					

PRODUCT INFORMATION									
Product Description <small>LIST ONLY MAINFRAMES</small>	QTY	Service Level	B/W Allowance <small>(Per Base Billing Frequency)</small>	B/W Ovg	Color Allowance <small>(Per Base Billing Frequency)</small>	Color Ovg	Service Base <small>(Per Base Billing Frequency)</small>	Sell Price	Extended Sell Price

ORDER TOTALS									
Service Type Offerings:					Product Total:				
Gold: Includes all supplies and staples. Excludes paper.					BASIC CONNECTIVITY / PS / IT Services:				
Silver: Includes all supplies. Excludes paper and staples.					BuyOut After Promotions:				
Bronze: Parts and labor only. Excludes paper, staples and supplies.					Grand Total: (Excludes Tax):				
Additional Provisions:									

*The Referenced Agreement stated above as "Existing Agreement" means the most recent Master Maintenance and Sale Agreement or any other equivalent agreement in place between us. Maintenance services are provided 7 days per week, 24 hours per day.*

Accepted by Customer					Accepted: Ricoh USA, Inc.				
Authorized Signature: _____					Authorized Signature: _____				
Printed Name: _____					Printed Name: _____				
Title: _____					Title: _____				
Date: _____					Date: _____				



Inventory Detail										
Maintenance Contract - 2839877, Effective from 06/21/2015 to 06/20/2016										
Service Base Charges per Billing Frequency					Monthly			\$ 11,513.63		
Service Base Charges Annually								\$ 138,163.62		
SHIP TO INFORMATION (1)										
Customer Name:		State of Michigan - Unemployment Ins. Agency								
Address Line 1:		14333 WOODROW WILSON ST			Contact:		David Hatch			
Address Line 2:		UNEMPLOYMENT AGENCY			Phone:		(517) 284-7044			
City:		Detroit			E-mail:		hatchd@michigan.gov			
ST / Zip:		MI 48238		County:		Wayne		Fax: (517) 335-0046		
PRODUCT INFORMATION										
Machine Type / Serial	Service Level	Coverage	B/W Allowance (Per Base Billing Frequency)	B/W Ovg	Color Allowance (Per Base Billing Frequency)	Color Ovg	Service Base (Per Base Billing Frequency)	Maintenance Start Date	Maintenance Stop Date	
4000I1-IBM	13254	Bronze	24 x 7	0	288/100ft	na	na	\$ 1,588.92	08/21/2015	6/20/2016
4000I2-IBM	14254	Bronze	24 x 7	0	288/100ft	na	na	\$ 1,675.03	08/21/2015	6/20/2016
1332-IBM	17389	Bronze	24 x 7	na	na	na	na	\$ 1,351.55	08/21/2015	6/20/2016
1332-IBM	17400	Bronze	24 x 7	na	na	na	na	\$ 505.90	08/21/2015	6/20/2016
1332-IBM	17438	Bronze	24 x 7	na	na	na	na	\$ 435.05	08/21/2015	6/20/2016
4100-TD3-IBM	015020T	Bronze	24 x 7	0	216/100ft	na	na	\$ 1,504.82	08/21/2015	6/20/2016
4100-TD4-IBM	016020T	Bronze	24 x 7	0	216/100ft	na	na	\$ 1,504.82	08/21/2015	6/20/2016
1332-IBM	01F028216	Bronze	24 x 7	na	na	na	na	\$ 435.05	08/21/2015	6/20/2016
1332-IBM	01W028046	Bronze	24 x 7	na	na	na	na	\$ 1,351.55	08/21/2015	6/20/2016
1332-IBM	04K028077	Bronze	24 x 7	na	na	na	na	\$ 505.90	08/21/2015	6/20/2016
1332-IBM	05N028089	Bronze	24 x 7	na	na	na	na	\$ 114.31	08/21/2015	6/20/2016
1332-IBM	57H028036	Bronze	24 x 7	na	na	na	na	\$ 540.75	08/21/2015	6/20/2016
								\$ 11,513.63	<b>SHIP 1 TOTAL</b>	

Form No. DTMB-3522 (Rev. 4/2012)  
 AUTHORITY: Act 431 of 1984  
 COMPLETION: Required  
 PENALTY: Contract will not be executed unless form is filed

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

July 26, 2012

**CONTRACT NO. 071B2200241**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
<b>Ricoh</b> <b>2321 Club Meridian</b> <b>Okemos, Mi. 48864</b>	Carol Bertrand	<a href="mailto:Carol.bertrand@ricoh-usa.com">Carol.bertrand@ricoh-usa.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	248-909-2059	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	John Walker	313 456-3814	Walkerj5@michigan.gov
BUYER:	DTMB	Mark Lawrence	(517) 241-1640	<a href="mailto:Lawrencem1@michigan.gov">Lawrencem1@michigan.gov</a>

CONTRACT SUMMARY:			
DESCRIPTION: <b>Maintenance for LARA/UIA Printers</b>			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
Three years	6/21/2012	6/20/2015	Two, one-year options
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 type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$499,545.71

Form No. DTMB-3522 (Rev. 4/2012)  
 AUTHORITY: Act 431 of 1984  
 COMPLETION: Required  
 PENALTY: Contract will not be executed unless form is filed

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

**CONTRACT NO. 071B2200241**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
<b>Ricoh</b> <b>2321 Club Meridian</b> <b>Okemos, Mi. 48864</b>	Carol Bertrand	<a href="mailto:Carol.bertrand@ricoh-usa.com">Carol.bertrand@ricoh-usa.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	248-909-2059	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	John Walker	313 456-3814	Walkerj5@michigan.gov
BUYER:	DTMB	Mark Lawrence	(517) 241-1640	<a href="mailto:Lawrencem1@michigan.gov">Lawrencem1@michigan.gov</a>

CONTRACT SUMMARY:			
DESCRIPTION: <b>Maintenance for LARA/UIA Printers</b>			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
Three years	6/21/2012	6/20/2015	Two, one-year options
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 type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
<b>The terms and conditions of this Contract are those of solicitation # 071I2200118 and this Contract Agreement. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.</b>			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$499,545.71

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation # 071I2200118. Orders for delivery will be issued directly by the Department of Technology, Management & Budget through the issuance of a Purchase Order Form.

All terms and conditions of the solicitation are made a part hereof.



**STATE OF MICHIGAN**  
**Department of Technology, Management and Budget**  
**Procurement**

**Contract Number: 071B2200241**  
**Maintenance for LARA/UIA Printers**

Buyer Name: Mark Lawrence  
Telephone Number: 517 241-1640  
E-Mail Address: lawrencem1@michigan.gov



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

### **1.000 Project Identification**

#### **1.001 PROJECT REQUEST**

The Michigan Licensing and Regulation Agency (LARA) and the Michigan Department of Technology, Management and Budget (MDTMB) have issued contract for the following services:

1. Maintenance for LARA's Unemployment Insurance Agency's (UIA's) inventory of IBM InfoPrint printers used to print all UIA forms and reports.
2. Maintenance for LARA/UIA's LaserMax Pre and post processing equipment.
3. Preventive and remedial maintenance for printing systems.
4. Usage charges for printing system configurations (also known as "click charges")

#### **1.002 BACKGROUND**

The State of Michigan (State), Department of Licensing and Regulatory Affairs (LARA), Unemployment Insurance Agency (UIA), is responsible for disbursing Unemployment Insurance benefits to those workers who are eligible and collecting taxes from employers as defined in the Michigan Employment Security Act.

A majority of the core UIA systems reside in a mainframe environment that is hosted by IBM. UIA's current mainframe printing system runs on InfoPrint hardware, configured with InfoPrint software, which integrates seamlessly with the mainframe environment.

UIA uses InfoPrint printers to:

1. print forms to collect taxes,
2. collect claimant information,
3. mail employer's information about clients filing claims, and wage-reporting information.

UIA currently has over 200 forms associated with its "Benefits" and "Tax" operations that run on this InfoPrint platform. (There are over 50 of these forms for which the volume is in the millions annually.)

### **1.100 Scope of Work and Deliverables**

#### **1.101 IN SCOPE**

The Contractor will provide the following components and services.

- **Maintenance**  
The Contractor will provide remote and on-site preventive and remedial maintenance, as required, for UIA's inventory of Ricoh InfoPrint printers & Roll Systems pre and post-processing equipment identified in Article 1, Attachment A.
- **PREVENTIVE maintenance** will be performed, at no additional cost, according to the manufacturer's guidelines outside of normal business hours, during non-peak hours, or at a time agreeable to DTMB and the Agency. A State of Michigan representative will be onsite while preventive maintenance is performed.
- **REMEDIAL maintenance** will be performed on a 5 x 9 basis (Monday-Friday / 7:00am-4:00pm) excluding holidays. A State of Michigan representative will be onsite while remedial maintenance is performed.

The Contractor will provide software maintenance for UIA's InfoPrint Manager software identified in Article 1, Attachment A.

A more detailed description of the software, services (work) and deliverables sought for this project is provided in Article 1, Section 1.104, Work and Deliverables.



**The State reserves the right to add through contract amendment:**

- **Software maintenance (the software related to printer operation)**
- **Hourly services (in support of the printers)**

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

Services outside the scope of this Agreement include the following:

1. Services for electrical or mechanical work external to the equipment and/or system.
2. Services on equipment or associated peripheral devices not specifically listed on this Agreement.
3. Services required for the installation or relocation of equipment or the furnishing of materials necessary for the installation or relocation of said equipment.
4. Services for repair of damage to listed equipment resulting from accident, fire, strikes, floods, storms, acts of public enemies, acts of God, or other cause beyond the vendor's control, transporting, neglect, misuse, negligence of employees, or other causes beyond the range of normal usage.
5. Services required as a result of alterations, modifications or maintenance being performed on the equipment by parties other than vendor, designated UIA or MDTMB staff, or other assignees.
6. Services for additions or modifications to the equipment.
7. Service resulting from the use of supplies not meeting the manufacturer's specifications.

#### **1.103 ENVIRONMENT**

The links below provide information on the State's Enterprise information technology (IT) policies, standards and procedures which includes security policy and procedures, IT strategic plan, eMichigan web development and the State Unified Information Technology Environment (SUITE).

Contractors are advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided must comply with all applicable State IT policies and standards. Contractor is required to review all applicable links provided below and state compliance in their response.

**Enterprise IT Policies, Standards and Procedures:**

<http://www.michigan.gov/dmb/0,1607,7-150-56355-107739--,00.html>

All software and hardware items provided by the Contractor must run on and be compatible with the MDTMB Standard Information Technology Environment. Additionally, the State must be able to maintain software and other items produced as the result of the Contract. Therefore, non-standard development tools may not be used unless approved by MDTMB. The Contractor must request, in writing, approval to use non-standard software development tools, providing justification for the requested change and all costs associated with any change. The MDTMB Project Manager must approve any tools, in writing, before use on any information technology project.

It is recognized that technology changes rapidly. The Contractor may request, in writing, a change in the standard environment, providing justification for the requested change and all costs associated with any change. The State's Project Manager must approve any changes, in writing, and MDTMB, before work may proceed based on the changed environment.

**Enterprise IT Security Policy and Procedures:**

[http://www.michigan.gov/documents/dmb/1310\\_183772\\_7.pdf](http://www.michigan.gov/documents/dmb/1310_183772_7.pdf)  
[http://www.michigan.gov/documents/dmb/1310.02\\_183775\\_7.pdf](http://www.michigan.gov/documents/dmb/1310.02_183775_7.pdf)  
[http://www.michigan.gov/documents/dmb/1325\\_193160\\_7.pdf](http://www.michigan.gov/documents/dmb/1325_193160_7.pdf)  
[http://www.michigan.gov/documents/dmb/1335\\_193161\\_7.pdf](http://www.michigan.gov/documents/dmb/1335_193161_7.pdf)  
[http://www.michigan.gov/documents/dmb/1340\\_193162\\_7.pdf](http://www.michigan.gov/documents/dmb/1340_193162_7.pdf)  
[http://www.michigan.gov/documents/dmb/1350.10\\_184594\\_7.pdf](http://www.michigan.gov/documents/dmb/1350.10_184594_7.pdf)

**The State's security environment includes:**

- MDTMB Single Login.
- MDTMB provided SQL security database.
- Secured Socket Layers.
- SecureID (State Security Standard for external network access and high risk Web systems)

MDTMB requires that its single - login security environment be used for all new client-server software development. Where software is being converted from an existing package, or a client-server application is being purchased, the security mechanism must be approved in writing by the State's Project Manager and MDTMB Office of Enterprise Security.

Any additional Agency specific security requirements above and beyond the enterprise requirements and standard terms and conditions stated in Article 2 must be provided as part of the Agency Specific Technical Environment.

**IT Strategic Plan:**

<http://www.michigan.gov/itstrategicplan>

**IT eMichigan Web Development Standard Tools:**

[http://www.michigan.gov/documents/som/Look\\_and\\_Feel\\_Standards\\_302051\\_7.pdf](http://www.michigan.gov/documents/som/Look_and_Feel_Standards_302051_7.pdf)

**The State Unified Information Technology Environment (SUITE):**

Includes standards for project management, systems engineering, and associated forms and templates – must be followed: <http://www.michigan.gov/suite>

**Agency Specific Technical Environment**

The InfoPrint Printers are all-points-addressable devices that use a laser, electro photographic print technology and Advanced Function Presentation programs to create high-quality text and graphic printer output. Using a duplex printing system, these devices print on both sides of a form, as well as simplex. The printers use continuous-forms with an automatic assist for loading most forms. Also included with the production configuration is pre/post processing equipment. Output control is managed by InfoPrint Manager Software running on Microsoft Windows 2003 Servers. The printers and windows servers are Ethernet-connected (with an O50MB OPT-E-MAN line between the Local Area Networks (LAN). The mainframe in Boulder, CO connects with the servers in Lansing and the servers in Lansing connect with the printers in Detroit via dual T1's

**1.104 Work And Deliverable**

**I. Services and Deliverables To Be Provided** - Contractor will provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, in accordance with the requirements as set forth below:

**A. Maintenance**

The Contractor will be responsible for providing preventive and remedial maintenance and usage charges for the configured hardware below in accordance with the requirements as set forth below. The estimated amount of printing linear feet consumed by UIA per month is 1,500,000 feet

1. The InfoPrint 4100 HD ¾ Duplex Printer System will be configured with Lasermax Roll Systems unwinder and cutter pre/post processing equipment. The configuration of the Lasermax equipment is:
  - a. TwoUp System Model 4D (pinless/pinfed)
  - b. Refurbished U5 Unwinder (p/n 800191)
  - c. C8 Cutter (p/n 503176-01)
  - d. M2 Merge Module (p/n 5034102)
  - e. D1 Descending Stacker (p/n 504057)
  - f. Universal Web Handler (p/n 503866)
  - g. Loop Stabilizer (p/n 504882A)



2. The InfoPrint 4000 ID ½ Duplex Printer System SN 13254 and 14254 will be configured with Lasermax Roll Systems unwinder and cutter pre/post processing equipment. The configuration of the Lasermax equipment is:
  - a. U4 Unwinder s/n 17438
  - b. Cutter s/n 17389
  - c. Stacker s/n 17400
  - d. Merger s/n 11782
3. Usage charges for each system configuration. Usage of the printer is measured by the number of feet of forms (paper) that are passed through the printer. Counters in the printers record this usage and each linear foot is referred to a “click”. The terms usage charges and click charges are the same. These charges are made only when forms are printed through the printers. As an estimate, about 15,000,000 feet of printing is done annually. For example, at a cost of \$0.0028/foot that is an estimate of \$42,000,00 annually.
4. Usage is measured for each print engine and not as a system. Each print engine has separate usage meters that must be reported to RPPS monthly.

**B. State Standard Requirements**

1. The Contractor will comply with applicable State-developed standard requirements for information technology projects. The State standard requirements are attached as Article 1, Attachment C.

**C. Agency-Specific Technical and Business Requirements**

1. Maintenance
  - a. Contractor will be responsible for providing preventive and remedial hardware maintenance on a 5 x 9 basis (Monday-Friday / 7:00am-4:00pm, except for holidays that fall on week days) for the printers identified in Attachment A.
    - i. Preventive maintenance shall be performed on a monthly basis, at a minimum and will be determined on the manufacturer’s time schedule.
    - ii. Contractor will be responsible for providing preventive maintenance to ensure optimum printer performance.
    - iii. Preventive maintenance must be performed at no additional cost, outside of normal business hours, during non-peak hours, or at a time agreeable to DTMB-DIT/DLEG-UIA.
    - iv. Preventative maintenance must be performed on the manufacturer’s recommended time schedule.
  - b. Maintenance shall meet the requirements defined in the specifications of Attachment C.
  - c. All maintenance will be performed by qualified personnel.
  - d. The Contractor will provide backup maintenance resources.

RPPS shall use commercially reasonable efforts to respond back to the customer within 60 minutes, with a 4 hour onsite objective.

**D. Services**

1. Project Plan for Transition
  - a. Contractor will provide a project plan for transition to Contractor’s services within 10 days from the execution of the Contract.

Approximate timeline for complete task:

4/16/2012 – Maintenance services awarded

4/17/2012 – finalize maintenance terms and conditions with the UIA. Provide the UIA with an itemized Schedule of Services. The Schedule will indicate line item machine type/ serial, location and pricing. Schedule should be included as an attachment to the final agreement.

5/01/2012 to 5/120/12 - UIA approval process.

06/05/2012 – State Administrative Board Approval.



06/06/2012 – Signature of final agreements. State must provide a Purchase Order along with signed agreements. RPPS will provide the state with countersigned documents.  
 06/07/2012 – RPPS to register all documents and implement the service contract in our system.  
 06/10/2012 – Anticipated start date of contract.

**1.200 Roles and Responsibilities**

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

**A. Contractor Staff**

The Contractor will identify a Single Point of Contact (SPOC). The duties of the SPOC shall include, but not be limited to:

1. Supporting the management of the Contract,
2. Facilitating dispute resolution, and
3. Advising the State of performance under the terms and conditions of the Contract.

The Single Point of Contact (SPOC) for contract management purposes:

Tim Lockard  
 Maintenance Sales Specialist  
 484-275-0425 - office phone  
[Tim.Lockard@inforpint.com](mailto:Tim.Lockard@inforpint.com) - email

The State reserves the right to require a change in the current SPOC if the assigned SPOC is not, in the opinion of the State, adequately serving the needs of the State.

The Contractor will provide the State a single, local point of contact (and a backup) as a customer representative to handle questions or problems that may arise.

1. At least one Customer Service Representative will be available during the State’s operating hours.
2. All service representatives will have on-line access to information to provide immediate response to inquiries concerning the status of orders and requests for maintenance services.
3. Representatives will be available by phone, fax, or email (local and 800 number preferred).

Local Point of Contact for service related support:

Ron Holt  
 Customer Support Manager  
 708-259-5361 – office phone  
[Ron.Holt@inforprint.com](mailto:Ron.Holt@inforprint.com) – email

**B. On Site Work Requirements**

**1. Location of Work**

The work is to be performed, completed, and managed at the following locations: .all printer systems are at 14333 Woodrow Wilson St., Detroit, MI 48328.

**2. Hours of Operation:**

- a. Normal State working hours are 8:00 a.m. to 5:00 p.m. EST, Monday through Friday, with work performed as necessary after those hours to meet project deadlines. No overtime will be authorized or paid.
- b. The State is not obligated to provide State management of assigned work outside of normal State working hours. The State reserves the right to modify the work hours in the best interest of the project.
- c. Contractor shall observe the same standard holidays as State employees. The State does not compensate for holiday pay.



**3. Travel:**

- a. No travel or expenses will be reimbursed. This includes travel costs related to training provided to the State by Contractor.
- b. Travel time will not be reimbursed.

**4. Additional Security and Background Check Requirements:**

Contractor must present certifications evidencing satisfactory Michigan State Police Background checks ICHAT and drug tests for all staff identified for assignment to this project.

In addition, proposed Contractor personnel will be required to complete and submit an RI-8 Fingerprint Card for the National Crime Information Center (NCIC) Finger Prints, if required by project.

**Commented [A1]:** This language is in the State's IT RFP template

For section 1.201, item B4 please see RPPS reply below.

As requested by the State, InfoPrint shall present a letter of certification for all RPPS's personnel identified for assignment to this project evidencing that the personnel have successfully completed the following background check and drug test criteria:

- Social Security Number trace to confirm name, date of birth and address history
- 7 year (or to age 18) Federal, State and County criminal records verification of all states and counties in which the employee has resided or worked as identified by a combination of employee affidavit and through the SSN trace
- National database criminal records check and Sex Offenders check
- 7 year (or to age 18) Employment History verification
- Terrorist Watch List search through the U.S. Office of Foreign Asset Control (OFAC) including a check of whether the employee is a Designated National or Blocked Person, as defined by the U.S. Office of Foreign Asset Control
- Compliance with the legal requirements of the Immigration Reform and Control Act of 1986, including the completion and verification of an I-9 form for each employee
- Drug Test including a urinalysis based HHS 5-panel test for marijuana, cocaine, amphetamine/methamphetamine, opiates, and phencyclidine (PCP) with an adulterant screen. All testing to be performed using the Department of Transportation's (DOT) drug cut-off level criteria and confirmation processes.

For purposes of the background check you agree that RPPS's pre-employment background check process complies with the requirement of this paragraph

RPPS will not assign any RPPS personnel to perform Services at your location who's background check indicates that they have a criminal conviction within the prior seven years that includes violence or breach of integrity, which, upon RPPS applying the same standard of care and discretion InfoPrint uses when hiring people to perform similar services for RPPS, raises concerns about building, system or personal security or which is otherwise job-related (collectively a "Record"). RPPS will promptly remove any RPPS person from the performance of Services at your location if RPPS discovers that such a person has a Record.

**Commented [A2]:** Ricoh's proposal replaces item #4 above with this.

**1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES**

The State will be responsible for the following:

1. MDTMB/UIA or their designated staff will provide a central point of contact for all maintenance-related issues.
2. MDTMB/UIA or their designated staff will provide Contractor with security access to all buildings housing the equipment identified in this contract.
3. MDTMB/UIA or their designated staff will provide Contractor with access to all necessary systems to perform its responsibilities as defined in this contract.



4. MDTMB/UIA or their designated staff will provide ready access to agency and other internal subject matter experts in technical infrastructure, application requirements, business functions, and business case information.

**State Project Manager- (MDTMB and Agency)**

MDTMB will provide a Project Manager who will be responsible for the State's infrastructure and coordinate with the Contractor in determining the system configuration.

The MDTMB Project Manager will provide the following services:

1. Provide State facilities, as needed
2. Coordinate the State resources as necessary
3. Facilitate coordination between various external contractors if necessary
4. Resolution of issues
5. Escalation of outstanding/high priority issues
6. Utilize change control procedures
7. Conducting regular and ongoing review of the services to confirm requirements are met
8. Documentation and archiving of all Contract-related documents
9. Arrange, schedule and facilitate State staff attendance at all project meetings

Name	Agency/Division	Title
John Walker	MDTMB/Agency Services	DTMB Project Manager
Ivan Cuevas	LARA/UIA	UIA Warehouse Project Manager

MDTMB shall provide a Contract Administrator whose duties shall include, but not be limited to, supporting the management of the Contract.

Name	Agency/Division	Title
Mark Lawrence	MDTMB	Contract Administrator

**1.203 OTHER ROLES AND RESPONSIBILITIES**

**1.300 Project Plan**

**1.301 PROJECT PLAN MANAGEMENT**

**Orientation Meeting**

Upon (10) calendar days from execution of the Contract, the Contractor will be required to attend an orientation meeting to discuss the content and procedures of the Contract. The meeting will be held in Detroit, Michigan, at a date and time mutually acceptable to the State and the Contractor. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

**Performance Review Meetings**

The State will require the Contractor to attend periodic meetings to review the Contractor's performance under the Contract. The meeting will be held in Detroit, Michigan, at a date and time mutually acceptable to the State and the Contractor. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

**1.302 REPORTS**

RPPS keeps a service history log onsite at the UIA print center. The UIA may review this log at any time. If the UIA requires additional information, RPPS will provide such information upon request.



#### **1.400 Project Management**

##### **1.401 ISSUE MANAGEMENT**

An issue is an identified event that if not addressed may affect schedule, scope, quality, or budget.

An issue log will be used to track the provision of services under this Contract. The issue log must be updated and must contain the following minimum elements:

- Description of issue
- Issue identification date
- Responsibility for resolving issue.
- Priority for issue resolution (to be mutually agreed upon by the State and the Contractor)
- Resources assigned responsibility for resolution
- Resolution date
- Resolution description

RPPS shall support and assist with an issue management log controlled and maintained by the State's Project Manager.

##### **1.402 RISK MANAGEMENT**

A risk is an unknown circumstance or event that, if it occurs, may have a positive or negative impact on the Contract. Risk management generally involves (1) identification of the risk, (2) assigning a level of priority based on the probability of occurrence and impact to the project, (3) definition of mitigation strategies, and (4) monitoring of risk and mitigation strategy.

##### **1.403 CHANGE MANAGEMENT**

Change management is defined as the process to communicate, assess, monitor, and control all changes to system resources and processes. The State also employs change management in its administration of the Contract.

If a proposed contract change is approved by the Agency, the Contract Administrator will submit a request for change to the Department of Technology, Management and Budget, Purchasing Operations Buyer, who will make recommendations to the Director of Purchasing Operations regarding ultimate approval/disapproval of change request. If the MDTMB Purchasing Operations Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Purchasing Operations Buyer will issue an addendum to the Contract, via a Contract Change Notice. **Contractors who provide products or services prior to the issuance of a Contract Change Notice by the MDTMB Purchasing Operations, risk non-payment for the out-of-scope/pricing products and/or services.**

The Contractor must employ change management procedures to handle such things as "out-of-scope" requests or changing business needs of the State while the migration is underway.

The Contractor will employ the change control methodologies to justify changes in the processing environment, and to ensure those changes will not adversely affect performance or availability.

RPPS shall follow the State of Michigan UIA's change management process on any and all changes to the production environment.

#### **1.500 Acceptance**

##### **1.501 CRITERIA**

Acceptance is tied to meeting the defined requirements and performance service levels.



## 1.502 FINAL ACCEPTANCE

Acceptance is tied to adequate performance of required Services and delivery of identified commodities during the term of the Contract.

### 1.600 Compensation and Payment

#### 1.601 COMPENSATION AND PAYMENT

Contractor must identify all information related, directly or indirectly, to the Contractor's proposed charges for services and deliverables including, but not limited to, costs, fees, prices, rates, bonuses, discounts, rebates, or the identification of free services, labor or materials. Complete the tables attached as **Attachments A**.

Maintenance will be paid on a quarterly basis, unless contractor provides a discount for up-front payment.

Usage charges will be paid on a monthly basis.

#### **Method of Payment**

The project will be paid by fixed price. The Costs Table(s) attached must be used as the format for submitting pricing information.

#### **Travel**

The State will not pay for any travel expenses, including hotel, mileage, meals, parking, etc. Travel time will not be reimbursed.

#### **Out-of-Pocket Expenses**

*Contractor out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State's current travel reimbursement rates.*

*In the event travel is required, all travel reimbursement will be paid according to the State of Michigan's Standardized Travel Rates and Regulations. This information may be found at:*

[http://www.michigan.gov/dmb/0,1607,7-150-9141\\_13132---,00.html](http://www.michigan.gov/dmb/0,1607,7-150-9141_13132---,00.html)

*All air, car and hotel reservations must be made through the State Contract with Passageways Travel at (517) 333-5880 or (800) 915-8729. All original receipts must be included with your travel voucher and invoices, which must include the purchase order number. Failure to follow this policy will result in reduced reimbursement.*

If Contractor reduces its prices for any of the software or services during the term of this Contract, the State shall have the immediate benefit of such lower prices for new purchases. Contractor shall send notice to the State's MDTMB Contract Administrator with the reduced prices within fifteen (15) Business Days of the reduction taking effect.

#### **Invoicing**

Contractor will submit properly itemized invoices to "Bill To" Address on Purchase Order. Invoices must provide and itemize, as applicable:

- Contract number;
- Purchase Order number
- Contractor name, address, phone number, and Federal Tax Identification Number;
- Description of any commodities/hardware, including quantity ordered;
- Date(s) of delivery and/or date(s) of installation and set up;
- Price for each item, or Contractor's list price for each item and applicable discounts;
- Maintenance charges;
- Net invoice price for each item;



- Shipping costs;
- Other applicable charges;
- Total invoice price; and
- Payment terms, including any available prompt payment discount.

The State may pay maintenance and support charges on a monthly basis, in arrears. Payment of maintenance service/support of less than one (1) month's duration shall be prorated at 1/30th of the basic monthly maintenance charges for each calendar day.

Incorrect or incomplete invoices will be returned to Contractor for correction and reissue.

**1.602 HOLDBACK**

Reserved.



## **Article 2, Terms and Conditions**

### **2.000 Contract Structure and Term**

#### **2.001 CONTRACT TERM**

This **Contract is for a period of 3 years** beginning 6/21/2012 through 6/20/2015. All outstanding Purchase Orders must also expire upon the termination 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, shall remain in effect for the balance of the fiscal year for which they were issued.

#### **2.002 OPTIONS TO RENEW**

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 2 additional 1-year periods**.

#### **2.003 LEGAL EFFECT**

Contractor accepts this Contract by signing two copies of the Contract and returning them to the DTMB-Procurement. 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 shall not be liable 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), 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 must issue an approved written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order 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 specifically contained in that Purchase Order 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**

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**.

In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work shall 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. The Contract 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 Technology, Management and Budget, Procurement and Licensing and Regulation (LARA), (collectively, including all other relevant State of Michigan departments and agencies, the "State"). DTMB-Procurement is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. The DTMB-Procurement Contract Administrator for this Contract is:

Mark Lawrence  
Buyer  
Procurement  
Department of Technology, Management and Budget  
Mason Bldg, 2nd Floor  
PO Box 30026  
Lansing, MI 48909  
Email lawrencem1@michigan.gov  
Phone 517 241-1640

**2.022 CONTRACT COMPLIANCE INSPECTOR**

The Director of DTMB-Procurement directs the person named below, or his or her designee, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. **Monitoring Contract activities does not imply the authority to change, modify, clarify, amend, or otherwise alter the prices, terms,**



**conditions and specifications of the Contract. DTMB-Procurement is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contract Compliance Inspector for this Contract is:

John Walker, Client Service Director  
DTMB  
Email walkerj1@michigan.gov  
Phone 313 456-3814

### **2.023 PROJECT MANAGER**

The following individual will oversee the project:

John Walker, Client Service Director  
DTMB  
Email walkerj1@michigan.gov  
Phone 313 456-3814

### **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, Contractor shall provide a detailed outline of all work to be done, including tasks necessary to accomplish the Additional Services/Deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

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

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

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

#### **(1) Change Request at State Request**

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

#### **(2) Contractor Recommendation for Change Requests:**

Contractor shall be entitled to propose a Change to the State, on its own initiative, should Contractor believe the proposed Change would benefit the Contract.



- (3) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal shall include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.
- (4) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice 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").
- (5) No proposed Change shall be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Technology, Management and Budget, Procurement.
- (6) 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  
 Procurement  
 Attention: Mark Lawrence  
 PO Box 30026  
 530 West Allegan  
 Lansing, Michigan 48909

Contractor:  
**Name: Carol Bertrand**  
**Address: 2321 Club Meridian**  
**Okemos, Mi. 48864**  
**248 909-2059**

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 the Contract. Contractor may change the representatives from time to time upon giving 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 shall be deemed to be an employee, agent or servant of the State for any reason. Contractor shall 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 shall act reasonably and in good faith. Unless stated otherwise in the Contract, the parties shall 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**

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.

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.

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**

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

**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 shall 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 shall 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 shall 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**

The State shall not be obligated to pay any amounts in addition to the charges specified in this Contract for all Services/Deliverables to be provided by Contractor and its Subcontractors, if any, under 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 shall 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 shall 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 1.600**.



- (c) Correct invoices shall 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.
- (d1) All invoices should reflect actual work done. Specific details of invoices and payments shall be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Procurement, Department of Management & Budget. This activity shall occur only upon the specific written direction from DTMB-Procurement.

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) shall mutually agree upon. The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 15th day of the following month.

The Government 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.

#### **2.045 PRO-RATION**

To the extent there are 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 shall 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 shall be made by electronic fund transfer (EFT).

#### **2.050 Taxes**

##### **2.051 EMPLOYMENT TAXES**

Contractor shall collect and pay all applicable federal, state, and local employment taxes, including the taxes.

##### **2.052 SALES AND USE TAXES**

Contractor shall register and 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 shall 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 shall notify the State of the proposed assignment, shall introduce the individual to the appropriate State representatives, and shall 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 shall 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 on 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 shall 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 shall perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel shall, 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 shall 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 shall 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 CONTRACT MANAGEMENT RESPONSIBILITIES**

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services. Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties shall include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with the Project Plan is likely to delay the timely achievement of any Contract tasks.

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

#### **2.068 CONTRACTOR RETURN OF STATE EQUIPMENT/RESOURCES**

The Contractor shall 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.

#### **2.070 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 shall 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 Technology, Management and Budget, Procurement 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 shall 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 shall 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 shall 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 shall 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. A list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract is attached.

**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, and 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 shall provide only the equipment and resources identified in the Statement 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 shall 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 shall 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 shall be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations shall 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 shall be initiated by the State and shall be reasonably related to the type of work requested.

All Contractor personnel shall 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 shall be expected to agree to the State's security and acceptable use policies before the Contractor personnel shall be accepted as a resource to perform work for the State. It is expected the Contractor shall present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff shall 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 shall 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 STANDARD

(a) Contractors that process, transmit or store credit/debit cardholder data, must adhere to the Payment Card Industry (PCI) Data Security Standards. The Contractor is responsible for the security of cardholder data in its possession. The data may only be used to assist the State or for other uses specifically authorized by law.

(b) The Contractor must notify the CCI (within 72 hours of discovery) of any breaches in security where cardholder data has been compromised. In that event, the Contractor must provide full cooperation to the Visa, MasterCard, Discover and state Acquirer representative(s), and/or a PCI approved third party to conduct a thorough security review. The Contractor must make the forensic report available within two weeks of completion. The review must validate compliance with the current PCI Data Security Standards for protecting cardholder data.



(c) The Contractor must properly dispose of cardholder data, in compliance with DTMB policy, when it is no longer needed. The Contractor must continue to treat cardholder data as confidential upon contract termination.

(d) The Contractor must provide the CCI with an annual Attestation of Compliance (AOC) or a Report on Compliance (ROC) showing the contractor is in compliance with the PCI Data Security Standards. The Contractor must notify the CCI of all failures to comply with the PCI Data Security Standard.

### **2.100 Confidentiality**

#### **2.101 CONFIDENTIALITY**

Contractor and the State each acknowledge that the other possesses and shall 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 shall 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 shall (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 shall 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 in this Section shall 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 this Section shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract according to generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records shall 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 shall meet to review each audit report promptly after issuance. The Contractor shall 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 shall 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**

If the audit demonstrates any errors in the documents provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or



refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount shall 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.

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

### **2.120 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 Contractor'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 neither this Contract, nor their use by the State shall 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 changes 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 Technology, Management and Budget, Procurement.

#### **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 of infringement or the like.

#### **2.125 EQUIPMENT WARRANTY**

Reserved.

#### **2.126 EQUIPMENT TO BE NEW**

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

#### **2.127 PROHIBITED PRODUCTS**

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless DTMB-Procurement has approved a change order pursuant to **Section 2.024**.

#### **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 that 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 provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance 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 a self-insurer provides the applicable coverage, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.



Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision 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 DTMB-Procurement, 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 Number or the Purchase Order Number 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 coverage afforded under the policies SHALL 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 Procurement, Department of Technology, 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 insured 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 shall 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 shall 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 shall 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 convenience 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 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 shall 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 shall 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 shall 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 2.160** 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 shall 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 **90 days**. These efforts must include, but are not limited to, those listed in **Section 2.150**.

#### **2.172 CONTRACTOR PERSONNEL TRANSITION**

The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor 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 shall 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 shall 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, the termination provisions of this Contract must govern reimbursement. 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 reconcile all accounts between the State and the Contractor, complete any pending post-project reviews and perform any others obligations 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**. 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 2.182**.

#### **2.182 CANCELLATION OR EXPIRATION OF STOP WORK ORDER**

The Contractor shall resume work if the State cancels a Stop Work Order or if it expires. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if: (a) the Stop Work Order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.024**.

#### **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 shall be deemed to be a termination for convenience under **Section 2.153**, and the State shall pay reasonable costs resulting from the Stop Work Order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a Stop Work Order issued under this Section.

#### **2.190 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 shall be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any dispute after compliance with the processes, the parties must meet with the Director of Procurement, DTMB, or designee, to resolve the dispute without the need for formal legal proceedings, as follows:

(1) 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 at issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.

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

(3) The specific format for the discussions shall 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.

(4) Following the completion of this process within 60 calendar days, the Director of Procurement, DTMB, or designee, shall 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 shall 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 shall 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 shall 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 that the damages to the party resulting from the breach shall 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, and 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 shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled 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, shall 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 shall comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

## **2.204 PREVAILING WAGE**

Wages rates and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this Contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Licensing and Regulatory Affairs, Wage and Hour Division, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the Contract. Contractor shall also post, in a conspicuous place, the address and telephone number of the Michigan Department of Licensing and Regulatory Affairs, the agency responsible for enforcement of the wage rates and fringe benefits. Contractor shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

### **2.210 Governing Law**

## **2.211 GOVERNING LAW**

The Contract shall 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 shall be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to 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 shall be 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**

Contractor shall 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) shall 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 shall 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 that 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 shall be deemed to satisfy the requirements of this Section.

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:

- (a) the ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or
- (b) 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:
  - (1) 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
  - (2) 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 shall 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 DTMB-Procurement.
  - (2) Contractor shall also notify DTMB Procurement 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 shall also notify DTMB-Procurement 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 shall 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 shall 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 shall 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**, Contractor shall notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and 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.

**Commented [A3]:** Richoh suggests replacement with:

(a) The Contractor must immediately notify the State upon becoming aware of any circumstances that may reasonably be expected to jeopardize the completion of any Deliverable(s) by the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.

**2.242 SERVICE LEVEL AGREEMENT (SLA)**

- (a) SLAs will be completed with the following operational considerations:
  - (1) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.
  - (2) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.

**Commented [A4]:** Richoh suggests replacement with:

(b) 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 immediately notify the State and, **to the extent practicable, continue to perform its obligations according to the Contract time periods**. The Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.



- (3) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.
- (4) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:
  - (i) Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
  - (ii) Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.
- (b) Chronic Failure for any Service(s) will be defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service will not affect any tiered pricing levels.
- (c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.
- (d) All decimals must be rounded to two decimal places with five and greater rounding up and four and less rounding down unless otherwise specified.

#### 2.243 LIQUIDATED DAMAGES

The following measures shall be used to determine liquidated damages for this Contract:

1. Up-time based on CPC hours of operations (M-F 2 shifts)
2. 90% up-time on print engines only
3. Pre-and post processing equipment excluded from up-time calculation
4. PM, Operator error, paper issues, acts of God excluded from up-time calculation
5. First 60 days excluded from up-time calculation
6. Up-time calculation based on average of both machines over a month.to be calculated monthly.
7. Liquidated damages paid for any given month with less than 90% up-time – monthly cap of \$1,000.00
8. InfoPrint and SOM committed to monthly service meetings to discuss proactive methods of reducing down-time.

#### 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 OF DELIVERABLES**

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

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

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

##### **2.252 CONTRACTOR SYSTEM TESTING**

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

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



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

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

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

### **2.253 APPROVAL OF DELIVERABLES, IN GENERAL**

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

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

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

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

If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing State approval of a Deliverable, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure at the sole expense of Contractor; or (ii) keep this Contract in force and do, either itself or through other parties, whatever Contractor has failed to do, in which event Contractor shall bear any excess expenditure incurred by the State in so doing beyond the contract price



for such Deliverable and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses without the need to furnish proof in substantiation of such general expenses; or (iii) terminate this Contract for default, either in whole or in part by notice to Contractor (and without the need to afford Contractor any further opportunity to cure). Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

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

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

**2.254 PROCESS FOR APPROVAL OF WRITTEN DELIVERABLES**

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

**2.255 PROCESS FOR APPROVAL OF CUSTOM SOFTWARE DELIVERABLES**

**2.256 FINAL ACCEPTANCE**

"Final Acceptance" shall be considered to occur when the Custom Software Deliverable to be delivered has been approved by the State and has been operating in production without any material deficiency for fourteen (14) consecutive days. If the State elects to defer putting a Custom Software Deliverable into live production for its own reasons, not based on concerns about outstanding material deficiencies in the Deliverable, the State shall nevertheless grant Final Acceptance of the Project.

Commented [A5]: Does not apply

**2.260 Ownership**

**2.261 OWNERSHIP OF WORK PRODUCT BY STATE**

Reserved

**2.262 VESTING OF RIGHTS**

Reserved



### **2.263 RIGHTS IN DATA**

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.

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 (MICHIGAN DELIVERY EXTENDED AGREEMENTS LOCALLY**

#### **A. MiDEAL Requirements**

1. The Contractor must ensure that all purchasers are MiDEAL Members before extending the Contract pricing. A current listing of approved MiDEAL Members is available at: [www.michigan.gov/mideal](http://www.michigan.gov/mideal).
2. The Contractor must submit quarterly reports of MiDEAL purchasing activities to DTMB-Purchasing Operations.



3. The Contractor must submit invoices to and receive payment from MiDEAL Members on a direct and individual basis.
4. Estimated requirements for MiDEAL members are not included in the quantities shown in this contract, unless otherwise noted.
5. The State of Michigan reserves the right to negotiate additional discounts based on any increased volumes by MiDEAL members.

**B. MiDEAL Administrative Fee**

1. The Contractor must remit a MiDEAL administrative fee on all sales transacted under this Contract, and remit the fee within 30 days after the end of each quarter. The administrative fee equals one percent of the total quarterly sales reported.
2. The Contractor must pay the administrative fee by check payable to the State of Michigan. The Contractor must identify the check as an "Administrative Fee" and include the following information with the payment: the applicable Contract Number, the total quarterly sales by volume and dollar amount, and the quarter covered.
3. The Contractor must send the check to the following address:  
 Department of Technology, Management and Budget  
 Financial Services – Cashier Unit  
 Lewis Cass Building  
 320 South Walnut St.  
 P.O. Box 30681  
 Lansing, MI 48909

**2.282 STATE EMPLOYEE PURCHASES**

Reserved.

**2.283 COOPERATIVE PURCHASING**

- (a) This Contract may be extended to additional States or governmental jurisdictions upon mutual written agreement between the State of Michigan and the Contractor. Political subdivisions and other authorized entities within each participating State or governmental jurisdiction may also participate in this Contract if such State allows participation by such entities.
- (b) All MiDEAL processes, invoicing relationships, reporting and MiDEAL Service Fee also apply to cooperative purchasing participants.
- (c) The State of Michigan reserves the right to negotiate additional discounts based on any increased volume generated by such extensions.

**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 recyclables; 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 shall 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 shall provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State shall 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 shall 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 shall order a suspension of Work in writing. The State shall proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State shall terminate the affected Work for the State's convenience.
- (c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor shall 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 a time as mutually agreed by the parties.
- (d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

**Labeling:** 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.).

**2.300 Deliverables****2.301 SOFTWARE**

Reserved.

**2.302 HARDWARE**

A list of the items of hardware the State is required to purchase for executing the Contract is attached. The list includes all hardware required to complete the Contract and make the Deliverables operable; if any additional hardware is required in order for the Deliverables to meet the requirements of this Contract, such hardware shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Contract Change Notice). The attachment also identifies certain items of hardware to be provided by the State.

**2.310 Software Warranties****2.311 PERFORMANCE WARRANTY****~~2.312 NO SURREPTITIOUS CODE WARRANTY~~**

Reserved.

Commented [A6]: Deleted because there is no software on this contract.

**2.313 CALENDAR WARRANTY**

Reserved.

**2.314 THIRD-PARTY SOFTWARE WARRANTY**

Reserved.

**2.315 PHYSICAL MEDIA WARRANTY**

Reserved.

**2.320 Software Licensing****2.321 CROSS-LICENSE, DELIVERABLES ONLY, LICENSE TO CONTRACTOR**

Reserved.

**2.322 CROSS-LICENSE, DELIVERABLES AND DERIVATIVE WORK, LICENSE TO CONTRACTOR**

Reserved.

**2.323 LICENSE BACK TO THE STATE**

Reserved.

**2.324 LICENSE RETAINED BY CONTRACTOR**

Reserved.

**2.325 PRE-EXISTING MATERIALS FOR CUSTOM SOFTWARE DELIVERABLES**

Reserved.

**2.330 Source Code Escrow****2.331 DEFINITION**

Reserved.

**2.332 DELIVERY OF SOURCE CODE INTO ESCROW**

Reserved.



**2.333 DELIVERY OF NEW SOURCE CODE INTO ESCROW**

Reserved.

**2.334 VERIFICATION**

Reserved.

**2.335 ESCROW FEES**

Reserved.

**2.336 RELEASE EVENTS**

Reserved.

**2.337 RELEASE EVENT PROCEDURES**

Reserved.

**2.338 LICENSE**

Reserved.

**2.339 DERIVATIVE WORKS**

Reserved.



**Glossary**

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	See Section 2.110
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	An alternate term for Contract as used in the States computer system.
Business Critical	Any function identified in any Statement of Work as Business Critical.
Chronic Failure	Defined in any applicable Service Level Agreements.
Deliverable	Physical goods and/or commodities as required or identified by a Statement of Work
DTMB	Michigan Department of Technology, Management and Budget
Environmentally preferable products	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 that contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.
Excusable Failure	See Section 2.244.
Hazardous material	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	Any interruption in Services.
ITB	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	Any Personnel designated in Article 1 as Key Personnel.
New Work	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	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, hydro chlorofluorocarbons
Post-Consumer Waste	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	Industrial by-products that would otherwise go to disposal and wastes generated after completion of a manufacturing process, but do not include internally generated scrap commonly returned to industrial or manufacturing processes.
Recycling	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.



Deleted – Not Applicable	Section is not applicable or included in this RFP. This is used as a placeholder to maintain consistent numbering.
Reuse	Using a product or component of municipal solid waste in its original form more than once.
RFP	Request for Proposal designed to solicit proposals for services
Services	Any function performed for the benefit of the State.
Source reduction	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	Any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
Subcontractor	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	Contractor's removal of Key Personnel without the prior written consent of the State.
Waste prevention	Source reduction and reuse, but not recycling.
Waste reduction and Pollution prevention	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	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. Attachment A - LARA/UIA's Inventory of Printing Equipment**

This listing contains the machines which are identified in the services as described in the RFP for Maintenance and usage charges (per-click):

**Equipment Location:**

STATE OF MICHIGAN  
 LARA/UIA - OAKMAN MULTI-SERVICE  
 CENTER  
 14333 WOODROW WILSON  
 DETROIT MI 48238

**Hardware:**

Item	Description	Quantity
1	The <b>InfoPrint 4100 HD</b> ¾ Duplex Printer System (includes the following LaserMax Pre-Post components):	
	Print Engine 1 (4100-TD3) Serial # - 01-5020T	1
	Print Engine 2 (4100-TD4) Serial # - 01-6020T	1
	Unwinder (p/n 80019101) Serial # - 101180019101F028216	1
	Loop Control (Part of Unwinder) (p/n 50306405) Serial # - 101150306405C028224	1
	Cutter (p/n 50317601) Serial # - 081150317601W028046	1
	Merger (p/n 50341004) Serial # - 081150341004K028077	1
	Decending Stacker (p/n 504057) Serial # - 0711504057H028036	1
	Web Handler (p/n 50386605) Serial # - 081150386605N028089	1
	Web Stabilizer Fan (p/n 50488202) Serial # - 101150488202D028197	1
2	<b>InfoPrint 4000 ID</b> ½ Duplex Printer System (includes the following LaserMax Pre-Post components):	
	Print Engine 1 (4000-ID1) Serial # - 13254	1
	Print Engine 2 (4000-ID1) Serial # - 14254	1
	Unwinder (800174) Serial # - 1200800174P017438	1
	Web Stabilizer Fan (503799) Serial # - 1200503799C017498	1
	Cutter (503176) Serial # - 1100503176AQ017389	1
	Stacker (50077714) Serial # - 11772	1
	Merger (503410) Serial # - 1100503410C017400	1

**Software:** Output control is managed by InfoPrint Manager Software running on Microsoft Windows 2003 Servers.

Item	Description	Quantity
1	InfoPrint Manager Base License	3
2	Workgroup Print Engine (1 Group of 25)	1
3	Low Speed Print Engine	2
4	High Speed Print Engine	4



**Article 1. Attachment B - Cost Tables**

The Cost Tables template is to be used to assist in identifying all the costs applicable to the project.

The Cost Tables identify all information related, directly or indirectly, to the Contractor's proposed charges for services and deliverables including, but not limited to, costs, fees, prices, rates, bonuses, discounts, rebates, or the identification of free services, labor or materials.

***Table 1: Summary of the Project Cost, over the 3-year base term of the contract***

No.	Project Cost(s)	Cost (\$)	Comments
A.	<b>Maintenance Cost per Time Period</b> Breakdown provided in Table 2	\$390,345.71	Annual Pre-pay- 3 year total.
B.	<b>Maintenance Cost per Click Charges</b> Breakdown provided in Table 3	\$109,200.00	
	<b>Total Project Cost</b>	<b>\$499,545.71</b>	



**Table 2: Maintenance Cost per Time Period, for the 3-year base term of the contract**

Quarterly and Annual costs below do not include discounts for up-front payments. Click Charge rates are paid monthly and are not included with up-front discounts.

Description	Serial Number	Location	Quarterly Cost	Annual Cost	Discount for Up Front Payment
<b>IBM InfoPrint 4100 Production Printer – Pre/post Processing Equipment</b>					
<b>(On-site, 24 X 7 coverage)</b>					
Print Engine 1 – (4100-TD3)	01-5020T	*OMSC	4382.97	17531.89	17,005.93
Print Engine 2 – (4100-TD4)	01-6020T	*OMSC	4382.97	17531.89	17,005.93
Unwinder – (80019101)	101180019101F028216	*OMSC	1267.13	5068.50	4916.45
Loop Control (Part of Unwinder) – (50306405)	101150306405C028224	*OMSC	N/C	N/C	N/C
Web Stabilizer Fan – (50488202)	101150488202D028197	*OMSC	N/C	N/C	N/C
Web Handler – (50386605)	081150386605N028089	*OMSC	332.94	1331.76	1291.81
Cutter – (50317601)	081150317601W028046	*OMSC	3936.54	15746.16	15273.78
Merger – (50341004)	081150341004K028077	*OMSC	1473.50	5894.00	5717.18
Decending Stacker – (504057)	0711504057H028036	*OMSC	1575.00	6300.00	6111.00
<b>IBM InfoPrint 4000 Production Printer – Pre/post Processing Equipment</b>					
<b>(On-site, 24 X 7 coverage)</b>					
Unwinder - (800174)	1200800174P017438	*OMSC	1267.13	5068.50	4916.45
Engine 1 - (4000-ID1)	13254	*OMSC	4627.92	18511.68	17,956.33
Engine 2 - (4000-ID2)	14254	*OMSC	4878.72	19514.88	18929.43
Web Stabilizer Fan - (503799)	1200503799C017498	*OMSC	N/C	N/C	N/C
Cutter - (503176)	1100503176AQ017389	*OMSC	3936.54	15746.16	15273.78
Merger - (503410)	1100503410C017400	*OMSC	1473.50	5894.00	5717.18
Vertical Stacker - (50077714)	11772	*OMSC	N/C	N/C	N/C
4100 Machine Microcode License Fee	\$20,000 per 4100 Duplex System		N/C	N/C	N/C
ANNUAL TOTAL			\$33,534.86	\$134,139.42	\$130,115.24
3-YEAR TOTAL			\$100,604.57	\$402,418.26	\$390,345.71

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**Table 3: Maintenance Cost per Click Charge, for the 3-year base term of the contract**

Quarterly and Annual costs below do not include discounts for up-front payments. Click Charge rates are paid monthly and are not included with up-front discounts.

Description	Serial Number	Location	Individual Click Charge (col 4)	Estimated annual volume (col 5)	Estimated annual cost (col 4 * col 5)
<b>IBM InfoPrint 4100 Production Printer – Pre/post Processing Equipment (On-site, 24 X 7 coverage)</b>					
Print Engine 1 – (4100-TD3)	01-5020T (maint. term 4-14-12 to 1-13-13)	*OMSC	.0021	4,000,000	8400.00
Print Engine 2 – (4100-TD4)	01-6020T (maint. term 4-14-12 to 1-13-13)	*OMSC	.0021	4,000,000	8,400.00
<b>IBM InfoPrint 4000 Production Printer – Pre/post Processing Equipment (On-site, 24 X 7 coverage)</b>					
Engine 1 - (4000-ID1)	13254 (maint. term 3-18-12 to 1-13-13)	*OMSC	.0028	4,000,000	11,200.00
Engine 2 - (4000-ID2)	14254 (maint. term 3-18-12 to 1-13-13)	*OMSC	.0028	3,000,000	8,400.00
ANNUAL TOTAL				15,000,000	\$36,400.00
3-YEAR TOTAL				45,000,000	\$109,200.00

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**Table 4: Maintenance Cost per Time Period, for the 2 Option Years on the contract**

Quarterly and Annual costs below do not include discounts for up-front payments. Click Charge rates are paid monthly and are not included with up-front discounts.

Description	Serial Number	Location	Quarterly Cost	Annual Cost	Discount for Up Front Payment
<b>IBM InfoPrint 4100 Production Printer – Pre/post Processing Equipment (On-site, 24 X 7 coverage)</b>					
Print Engine 1 – (4100-TD3)	01-5020T	*OMSC	\$4,514.46	\$18,057.85	\$17,531.89
Print Engine 2 – (4100-TD4)	01-6020T	*OMSC	\$4,514.46	\$18,057.85	\$17,531.89
Unwinder – (80019101)	101180019101F028216	*OMSC	\$1,305.14	\$5,220.56	\$5,068.50
Loop Control (Part of Unwinder) – (50306405)	101150306405C028224	*OMSC	N/C	N/C	N/C
Web Stabilizer Fan – (50488202)	101150488202D028197	*OMSC	N/C	N/C	N/C
Web Handler – (50386605)	081150386605N028089	*OMSC	\$342.93	\$1,371.71	\$1,331.76
Cutter – (50317601)	081150317601W028046	*OMSC	\$4,054.64	\$16,218.54	\$15,746.16
Merger – (50341004)	081150341004K028077	*OMSC	\$1,517.71	\$6,070.82	\$5,894.00
Decending Stacker – (504057)	0711504057H028036	*OMSC	\$1,622.25	\$6,489.00	\$6,300.00
<b>IBM InfoPrint 4000 Production Printer – Pre/post Processing Equipment (On-site, 24 X 7 coverage)</b>					
Unwinder - (800174)	1200800174P017438	*OMSC	\$1,305.14	\$5,220.56	\$5,068.50
Engine 1 - (4000-ID1)	13254	*OMSC	\$4,766.76	\$19,067.03	\$18,511.68
Engine 2 - (4000-ID2)	14254	*OMSC	\$5,025.08	\$20,100.33	\$19,514.88
Web Stabilizer Fan - (503799)	1200503799C017498	*OMSC	N/C	N/C	N/C
Cutter - (503176)	1100503176AQ017389	*OMSC	\$4,054.64	\$16,218.54	\$15,746.16
Merger - (503410)	1100503410C017400	*OMSC	\$1,517.71	\$6,070.82	\$5,894.00
Vertical Stacker - (50077714)	11772	*OMSC	N/C	N/C	N/C
4100 Machine Microcode License Fee	\$20,000 per 4100 Duplex System		N/C	N/C	N/C
<b>ANNUAL TOTAL</b>			<b>\$34,540.90</b>	<b>\$138,163.60</b>	<b>\$134,139.42</b>
<b>2-YEAR TOTAL</b>			<b>\$69,081.80</b>	<b>\$276,327.21</b>	<b>\$268,278.84</b>

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**Table 5: Maintenance Cost per Click Charge, for the 2 Option Years on the Contract**

Quarterly and Annual costs below do not include discounts for up-front payments. Click Charge rates are paid monthly and are not included with up-front discounts.

Description	Serial Number	Location	Individual Click Charge (col 4)	Estimated annual volume (col 5)	Estimated annual cost (col 4 * col 5)
<b>IBM InfoPrint 4100 Production Printer – Pre/post Processing Equipment (On-site, 24 X 7 coverage)</b>					
Print Engine 1 – (4100-TD3)	01-5020T	*OMSC	.00216	4,000,000	8,640.00
Print Engine 2 – (4100-TD4)	01-6020T	*OMSC	.00216	4,000,000	8,640.00
<b>IBM InfoPrint 4000 Production Printer – Pre/post Processing Equipment (On-site, 24 X 7 coverage)</b>					
Engine 1 - (4000-ID1)	13254	*OMSC	.00288	4,000,000	11,520.00
Engine 2 - (4000-ID2)	14254	*OMSC	.00288	3,000,000	8,640.00
ANNUAL TOTAL				15,000,000	\$37,440.00
2-YEAR TOTAL				30,000,000	\$74,880.00

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**Article 1. Attachment C - State Standard Requirements**

**General System Requirements**

1. A minimum of two (2) copies of the following documentation in an electronic format, online and in hard copy will be provided:
  - 1a. User and Technical Manuals - On-line and Hard Copy
  - 1b. Operations Manual
2. All updates of documentation during the term of the Contract, software license, and maintenance agreement
3. Maintenance programs commence at the end of the warranty period.
4. All maintenance is performed by qualified personnel familiar with the equipment.
5. Maintenance is available on an annually renewable contract
6. Material Defects. The State will be notified of any material errors or defects in the deliverables known, or made known to Vendor from any source during the Contract term that could cause the production of inaccurate, or otherwise materially incorrect,