

NOTICE OF CONTRACT NO. 271B6600002
Between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Wolverine Solutions Group 1601 Clay Street Detroit, MI 48211-1913	Darryl English	denglish@wolverinemail.com
	TELEPHONE	VENDOR MAIL CODE #
	313-873-6800	01

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER:	Treasury	Heather Case	517-636-4802	caseh@michigan.gov
CONTRACT ADMINISTRATOR:	Treasury	Greg Pawlak	517-636-6819	PawlakG@michigan.gov

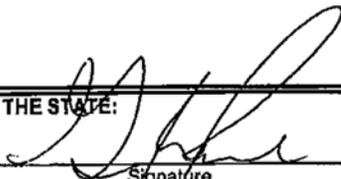
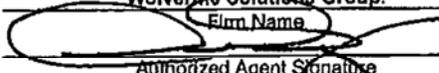
CONTRACT SUMMARY:			
DESCRIPTION: Direct Mail and Bulk Distribution Services.			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
3 Year	10/1/2015	9/30/2018	2, one year
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			EXTENDED PURCHASING:
<input 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			
MISCELLANEOUS INFORMATION:			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:		\$172,000.00	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation #027115B0005637. Orders for delivery will be issued directly by the Department of Treasury through the issuance of a Purchase Order Form.

Notice of Contract #: 271B660002

FOR THE CONTRACTOR:	FOR THE STATE:
Wolverine Solutions Group. Firm Name	Signature Greg Pawlak
Authorized Agent Signature Darryl English	Name/Title
Authorized Agent (Print or Type)	Michigan Department of Treasury Enter Name of Agency
Date	Date

Notice of Contract #: 271B660002

FOR THE CONTRACTOR:	FOR THE STATE:
Wolverine Solutions Group. Firm Name	 Signature
 Authorized Agent Signature	Greg Pawlak Name/Title
Darryl English Authorized Agent (Print or Type)	Michigan Department of Treasury Enter Name of Agency
9/29/15 Date	9/30/15 Date



STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and Wolverine Solutions Group (“**Contractor**”), a Michigan corporation. This Contract is effective on October 1, 2015 (“**Effective Date**”), and unless terminated, expires on September 30, 2018.

This Contract may be renewed for up to (2) two, one year Option period(s). Renewal must be by written agreement of the parties.

The parties agree as follows:

1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Exhibit A – Statement of Work** (the “**Contract Activities**”). An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in Exhibit A.

Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State’s operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State’s quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (j) comply with all State physical and IT security policies and standards which will be made available upon request; and (k) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

2. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
Gregory Pawlak 7285 Parsons Drive Dimondale, MI, 38821 pawlakg@michigan.gov 517-636-6619	Belinda Schultz 1601 Clay Street Detroit, MI, 48211 bschultz@wolverinemail.com 313-873-6800

3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “**Contract Administrator**”):

State:	Contractor:
Gregory Pawlak 7285 Parsons Drive Dimondale, MI, 38821 pawlakg@michigan.gov 517-636-6619	Darryl English 1601 Clay Street Detroit, MI, 48211 denglish@wolverinemail.com 313-873-6800

4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “**Program Manager**”):

State:	Contractor:
Gregory Pawlak 7285 Parsons Drive Dimondale, MI, 38821 pawlakg@michigan.gov	Belinda Schultz 1601 Clay Street Detroit, MI, 48211 bschultz@wolverinemail.com

517-636-6619	313-873-6800
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5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Exhibit A) if, in the opinion of the State, it will ensure performance of the Contract.
6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations <u>Deductible Maximum:</u> \$50,000 Each Occurrence	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0.
Umbrella or Excess Liability Insurance	
<u>Minimal Limits:</u> \$5,000,000 General Aggregate	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds.
Automobile Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Per Occurrence	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
Workers' Compensation Insurance	

<p><u>Minimal Limits:</u></p> <p>Coverage according to applicable laws governing work activities.</p>	<p>Waiver of subrogation, except where waiver is prohibited by law.</p>
<p>Employers Liability Insurance</p>	
<p><u>Minimal Limits:</u></p> <p>\$500,000 Each Accident</p> <p>\$500,000 Each Employee by Disease</p> <p>\$500,000 Aggregate Disease.</p>	

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is canceled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

7. Reserved

- 8. Extended Purchasing Program.** Upon written agreement between the State and Contractor, this Contract may be extended to: (a) MiDEAL members, (b) other states (including governmental subdivisions and authorized entities), or (c) State of Michigan employees. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal.

If extended, Contractor must supply all Contract Activities at the established Contract prices and terms, and the State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

- 9. Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.
- 10. Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation, and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.
- 11. Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.
- 12. Background Checks.** Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.
- 13. Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
- 14. Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

15. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Exhibit A.

16. **Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Exhibit A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted, but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 23, Termination for Cause.

Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

17. **Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Exhibit A. All containers and packaging becomes the State's exclusive property upon acceptance.

18. **Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.

19. **Reserved**

20. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Exhibit A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all prices are inclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes 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 disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/cpexpress> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment.

Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

21. **Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in Exhibit A.
22. **Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or purchase order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.
23. **Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

24. **Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.
25. **Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable

Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.

- 26. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

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. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

- 27. Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against 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.
- 28. Limitation of Liability.** The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

29. **Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.
30. **State Data.** All data and information provided to Contractor by or on behalf of the State, and all data and information derived therefrom, is the exclusive property of the State ("**State Data**"); this definition is to be construed as broadly as possible. Upon request, Contractor must provide to the State, or a third party designated by the State, all State Data within 10 calendar days of the request and in the format requested by the State. Contractor will assume all costs incurred in compiling and supplying State Data. No State Data may be used for any marketing purposes.
31. **Reserved**
32. **Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.
- a. **Meaning of Confidential Information.** For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.
 - b. **Obligation of Confidentiality.** The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to 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 responsibilities; 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 or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
 - c. **Cooperation to Prevent Disclosure of Confidential Information.** Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other

party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party.

33. Reserved

34. Reserved

35. Reserved

36. Warranties and Representations. Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; and (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.

37. Conflicts and Ethics. Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

38. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
39. **Prevailing Wage.** This Contract and any subcontract is subject to the Prevailing Wage Act, 1965 PA 166. Contractor must comply with the state prevailing wage law and its requirements.
40. **Nondiscrimination.** Under the Elliott-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.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.
41. **Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
42. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.
43. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
44. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
45. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.
- Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely, or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.
46. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
47. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.

48. **Order of Precedence.** In the event of a conflict between the terms and conditions of the Contract, the exhibits, a purchase order, or an amendment, the order of precedence is: (a) the purchase order; (b) the amendment; (c) Exhibit A; (d) any other exhibits; and (e) the Contract.
49. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
50. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
51. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
52. **Entire Contract and Modification.** This Contract is the entire agreement and replaces all previous agreements between the parties for the Contract Activities. This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**").

EXHIBIT A



Direct Mail and Bulk Distribution of Tax Forms Contract Number 271B660002

1.1 RFP PURPOSE AND BACKGROUND

This Contract is for direct mail and bulk distribution services necessary to complete the mailing and distribution of State of Michigan (State) income tax and city instruction booklets. The Department of Treasury is responsible for administration of the Individual Income Tax which includes address updating and cleansing, direct mailing of forms and bulk distribution of forms for tax years 2015, 2016 and 2017.

Contract requirements are:

- A. Address Updating/Cleansing and Direct Mailing of Forms - Processing approximately 4.9 million taxpayer addresses through an address cleansing process and formatting a file containing address updates for use by the Department of Treasury (Treasury). Direct mailing of tax materials to United States Postal Service (USPS) facilities.
- B. Bulk Distribution of Forms - Bulk distribution of tax materials and shipment to specified locations in Michigan.

Short-term warehousing of tax materials throughout the direct mail and bulk distribution processes is a requirement of this contract. After the tax season is completed (mid-April), Treasury will elect to have the contractor recycle the unused materials or ship the materials to Treasury.

1.2 REQUIREMENTS

- A. **General specifications (applicable to address updating/cleansing, direct mailing of forms and bulk distribution of forms)**
 - 1. The Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work identified in this section.
 - 2. The State reserves the right to inspect the plant in which the work will be produced, to examine the equipment and facilities, and to determine the ability of the contractors to perform the work in accordance with the requirements. Failure to pass plant inspection will disqualify bidder from further consideration for award.
 - 3. All deliveries are specified in calendar days. This includes Saturdays and Sundays but does not include the following holidays: New Year's Eve third shift, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Eve third shift and Christmas Day. Third shift is any shift beginning after 6 p.m.

4. The Program manager cannot authorize printing or mailing until legislation is complete. If pending legislation delays the Program manager's ability to authorize printing or mailing, the contractor is not relieved of the obligation to provide service in the number of days originally estimated for each item. Treasury is not liable for the cost of any downtime incurred if legislative delays make it impossible for the Program manager to authorize printing or mailing.
5. All data provided by Treasury and duplicates made by the contractor or the contractor's representatives and any resulting printed material must be kept secure to prevent release to unauthorized persons. Data may not be duplicated in whole or in part for any other purpose other than to create material to be used in the performance of this contract. All data supplied by Treasury must be deleted immediately upon completion of this contract. All duplicate files must be destroyed and procedures provided for destruction of confidential data.

The Contractor and all subcontractors handling data must annually sign Form 3337, *Vendor, Contractor and Subcontractor Confidentiality Agreement* provided by Treasury in which they agree to abide by confidentiality provisions.

6. The Contractor understands any requests for overtime payment for any item on this contract will not be paid unless the Program manager specifically requests and authorizes overtime in writing **before** mailing and/or fulfillment services begin.
7. At any time, Treasury may determine that an item is no longer needed. Treasury is not obligated to pay for any services which it does not authorize.
8. The Contractor must include an emergency disaster plan to continue providing service without interruption to Treasury. The plan should include the name of contractor to be used in case of an emergency, contractor location, and a letter of understanding from the emergency contractor confirming its ability to provide assistance.
9. The Contractor must maintain and demonstrate a thorough quality assurance program. Any damaged, mutilated, illegibly addressed or incorrectly addressed mailings due to contractor error **MUST** be corrected and new mailings processed at contractor's expense (including printing costs). Provide a copy of procedures used to ensure quality standards with the bid response.

B. Address Updating/Cleansing and Direct Mailing of Forms

1. Treasury will provide one file of taxpayer addressing data for all direct mailed income tax booklets.
 - a. The Contractor must process the entire file (approximately 4.9 million records) through the National Change of Address (NCOA) application to create the "NCOA Update File" (subcontractor must be specified in the bid if one is utilized).
 - b. The NCOA application must update addresses when address changes have occurred after May 1st of the mailing tax year.
 - c. The NCOA application must use the "individual" (vs. "family" or "business") move type match logic.
 - d. The NCOA Update File must contain updated address information including all addresses standardized, ZIP codes corrected, and NCOA moves. NCOA updates must be appended to each taxpayer record using NCOA record/file standards and

returned to Treasury for uploading to Treasury's master file. This file must be formatted to ANSI69DEFAULT, which is an ANSI69 format and a standard file name.

- e. The Contractor must have an SFTP or SSL Connection to transmit the NCOA Update File to Treasury. File must be transmitted no later than December 15.
 - f. If the contractor chooses to zip the file, Treasury must be notified by December 10.
 - g. The Contractor is responsible for educating the Program manager on the NCOA application functions utilized for the records provided by Treasury. Written approval from the Program manager is required prior to use of the NCOA application.
2. The NCOA application is to occur using the file provided by Treasury. A single address may be used for multiple documents/mailings. Treasury will only pay to update an address one time.
 3. Following the NCOA process, the Contractor must provide a file of undeliverable addresses to the Program manager on a CD-ROM. The contractor shall not mail materials to these addresses unless otherwise instructed by the Program manager.
 4. The Contractor must provide standard NCOA move reports to the Program manager as requested by the Program manager.
 5. The estimated annual volumes and document size are as follows. All books are 8.5" x 11" with a self-cover. All books are either bound by glue or stitched.

Item	Annual Quantity (est.)	Size
a. MI-1040 Book ➤ Income Tax Instruction	130,000	64 pages
b. MI-1040CR-7 Book ➤ Home Heating Credit Claim	320,000	20 pages
c. MI-1040 CR-5 Book Farmland Preservation Tax Credit	200	16 pages
d. MI-1040CR-2 Book Homestead Property Tax Credit Claim for Veterans and Blind People	200	20 pages
e. Flow-Through Withholding	33,000	32 pages
f. City Tax Instruction Book	200,000	32 pages

*The Contractor recognizes these quantities are estimates and are subject to change.

6. The tentative address cleansing/updating and direct mailing schedule is as follows:

Treasury sends test data file to contractorOctober 15
 Contractor provides sample from test data file..... November 1
 Contractor provides test NCOA Update File * November 7
 Treasury approves Update File; releases production file to contractor..... November 18
 Contractor provides sample from production file..... December 10
 Contractor provides NCOA Update File * December 15
 Contractor provides a list of undeliverable addresses to Program manager .. December 15

Contractor completes sorts and processes files for mailing	December 15
Contractor completes first notification of mailing for initial mailing.....	December 18
Printers begin delivering tax materials to contractor	December 12
Addressing of tax materials begin	December 22
First tax materials delivered to post offices	December 27
Contractor provides final inventory report of materials.....	January 4
Contractor recycles and/or returns residual materials.....	January 10

* A test NCOA Update File must be submitted to the Program manager for approval before the final production file is released to contractor.

The print vendors are scheduled to begin delivering tax materials between December 12 and December 22. Legislative action could delay this delivery. Treasury's Program manager will keep the contractor apprised of when to expect material (See Exhibit C, Appendix C for tentative delivery dates.)

The Contractor will be granted a minimum of two weeks to sort and process files prior to providing the final NCOA Update File on December 15th, and to provide the Program manager with any necessary postal review before addressing begins. Once postal determinations are made, the contractor will have an additional week to address tax books.

7. File Sorting

After addressing data for all items and the items have been processed through the NCOA application, the NCOA Update File must be sorted by file type. Each record is coded with a file type to indicate the documents the addressee will receive. The contractor must use these codes to sort this file into different mailing lists, and then perform the postal sort specified for each list.

8. Postal Sorting

The contractor must match the mailing lists with the USPS Delivery Sequence File² (DSF²) and sort the file to maximize postal discounts. For these items, Treasury anticipates the file to sort as follows.

Item 1 (MI-1040):	Standard Enhanced Carrier Route High Density rate
Item 2 (MI-1040CR-7):.....	Standard Enhanced Carrier Route High Density rate
Item 3 (MI-1040CR-5):.....	Standard 3/5-Digit rate
Item 4 (MI-1040CR-2):.....	Standard 3/5-Digit rate
Item 5 (Flow-Through Withholding Book):	Standard 3/5-Digit rate
Item 6 (City Instruction Book):	Standard 3/5-Digit rate

The Contractor must perform postal sorting and analysis and provide the Program manager with information necessary to determine the cost-effectiveness of USPS Sectional Center Facilities (SCF) drop shipments. If the mail sort allows delivery to some SCFs, the Program manager may choose to redirect some shipments to the SCF. Contractor must communicate with the Program manager the viability and cost effectiveness to deliver to each SCF prior to making deliveries. Contractor is required to complete the necessary sorting and paperwork for all USPS Bulk Mail Center (BMC) and SCF deliveries.

For materials shipped to Post Offices, records must be processed through **CASS™ System** to determine postal discount eligibility. The **CASS™ System** improves the accuracy of carrier route, five-digit ZIP®, ZIP + 4®, and delivery point codes that appear on mail pieces.

Currently, Enhanced Carrier Route sorting provides the lowest postal rates for this type of mail. It is possible that during the contract the USPS will introduce a lower postal rate for pre-bar coded carrier-route mail. The contractor must have the ability to provide this service if requested and must notify the Program manager of current postal rates.

9. Postage Payment

Contractor must be able to accommodate USPS verification of mail in the contractor's plant. All mail must be verified at the plant before being trucked to the BMCs or SCFs. All postage will be paid from a single State of Michigan postal permit. Permits established by Treasury at USPS offices may be used for Treasury mail only. Any unauthorized use of these permits will be considered a breach of contract resulting in repayment of funds and contract cancellation.

10. Production Records

Contractor shall provide the Program manager with a copy of all U.S. Postal Service Forms 3602 and a *Statement of Mailing with Permit Imprints* as soon as delivery of each item is complete. Each **USPS** 3602 form is to contain no more than one item with each item **clearly identified** with the name of the book being mailed.

The Contractor must record daily product received from the print contractors. These daily records shall be submitted to the Program manager with the USPS 3602 forms for each job.

11. Addressing

The mail address must accommodate 6-lines (4 lines of address, 1 line of account number, 1 line of postal information. Information can be printed in a font no smaller than 10 point for the account number line, and 9 point for the remaining address lines; the account number line must be in bold.

The Program manager must be provided a test sample for approval before use.

12. Production

The target date for first mail drop to the post office is December 27. Treasury is not bound to this date, but it is highly unlikely mailing will begin before this date.

Contractor may receive several tax materials at the same time from Treasury's print contractors.

Items must be prepared for mailing at a rate of 100,000 books/day as they are received from the printer. Delivery must be complete within 7 days of receiving the first shipment of books (see section 1.022.B.6). It is possible that books could be delivered from the printer early; in this situation, the contractor may have more than the estimated time to complete addressing and may need to hold the addressed books a short while before mailing.

If approval to print tax materials is delayed past December 31, the contractor will work with Treasury to find a suitable solution such that mailing can be improved to a rate of 200,000/day. Indicate your ability to handle this accelerated mailing schedule.

13. Delivery

1. Treasury may elect to utilize contractor delivery services, State of Michigan delivery services or a combination of the two for direct mail. Complete the Delivery Costs Pricing Sheet (Exhibit C, Appendix A) to indicate the delivery costs to the postal facility location/destination.

a. Packaging

A. Packaging and containers, etc., shall be in accordance with the contractor's commercial practice and shall meet the requirements of Department of Transportation (D.O.T.) and rail and motor carrier freight classifications in effect at time of shipment, which will permit application of the lowest freight rate.

B. The cost of all pallets shall be included in the Contract price and become the property of the State.

b. Palletizing

Shipments must be palletized and must conform to the following:

- 2. Manufacturer's standard 4-way shipping pallets are acceptable.
- 3. Maximum height: 5'6" (including pallet).
- 4. Maximum weight: 3,500 pounds (including pallet).
- 5. Pallets are to be securely banded or shrink-wrapped.
- 6. The cost of palletizing shall be included in the unit price.

c. Storage

The contractor must store tax materials from the time materials are received until early January. In April, the Program manager will instruct the contractor to either destroy or ship excess tax materials to the State.

14. Reporting

The Contractor shall submit daily summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the Program manager; and notification of any significant deviation from previously agreed-upon work plans.

Summaries must include, but are not limited to, the following items:

- a. Inventory on hand
- b. Returned mail/bad addresses
- c. Itemized postage charges

C. Bulk Distribution of Forms

1. Tentative Distribution Schedule

In early December, Treasury will forward to the contractor a customer database, a list of the forms, and the printing contractors' tentative delivery dates (see Exhibit C, Appendix C). Forms will be delivered directly to the distribution contractor in mid-December and early January.

Treasury releases customer data to Contractor December 5
 Treasury releases draft mailing sample/packing slip to Contractor..... December 12
 Contractor submits test mailing sample/packing slips to Treasury December 19

Printers begin delivery of booklets to contractor	December 21
Contractor notifies Treasury of received tax materials	December – January
Mailing address/packing slip approved; production authorized.....	January 5
Contractor fulfills all initial orders.....	January 15-January 21
Contractor fulfills reorders as needed	February 1 – April 10
Contractor provides weekly reports of materials on hand	February 1 – April 10
Contractor provides report of undeliverable addresses	March 1 and April 15
Contractor provides final inventory report of materials.....	April 15
Contractor recycles and/or ships remaining materials to Treasury	April 22

See Exhibit C, Appendix B for details regarding estimated form orders by customer type.

An order shall be defined as one delivery to a specified location. One delivery may include several different tax materials.

2. Receipt and Storage of Inventory

Treasury currently has multiple print vendors responsible for printing tax-related forms and booklets. The print vendors will begin delivering printed tax materials to the distribution contractor's warehouse/distribution center on or about December 22 and continue through early January. Note: Printing vendors are instructed to label boxes with the form name, form number, tax year, Treasury contract release number, and quantity contained in the box (box weight is not to exceed 40# per box). See Exhibit C, Appendix C for additional details.

Describe your organization's ability to manage the volumes and your process for inventory control. Indicate whether or not multiple warehousing sites will be necessary. Provide address information for each site and the proposed documents to be warehoused at each site.

Contractor shall inventory forms as received and notify Treasury of form quantity and receipt date. Indicate the process used to maintain and manage the inventory of forms and booklets included in Exhibit C, Appendix C.

Contractor must monitor form quantities and inform Program manager when inventory levels meet minimum quantities as set by Treasury.

3. Order Fulfillment/Process

Bulk distribution must begin no earlier than January 15. All initial orders must be fulfilled no later than January 25. Treasury may elect to have the contractor begin order fulfillment earlier than stated and advanced notice will be provided.

Subsequent orders must be processed within one (1) business day of receiving the order from Treasury.

4. Initial Orders/Data Transmission

Initial orders will be communicated to the distribution contractor via an electronic file provided by Treasury. The Program manager will work with the contractor to define the contents and format of the data file. The Contractor must generate test orders to be approved by the Program manager prior to actual production.

5. Packing/Shipping

The contractor must assure boxes are fully packed for shipping. Form quantities may be commingled to create a full box to a single customer and the contractor may commingle with other customer mailing pieces to benefit from presort discounts (commingled boxes

must be labeled as such).

6. Packing Slip/Mailing Address

Contractor must provide, to the Program manager, a sample of addresses and packing slips that will accompany the shipments. The Program manager may request that a specific message be printed with an address and/or packing slip. For multiple boxes to a single customer, Contractor must identify on the outside of the shipment which box/envelope contains the packing list. It may be possible Treasury will request an additional flyer (8.5" x 11") be inserted in addition to the packing slip.

7. Subsequent Orders

Subsequent orders may be submitted to the distribution contractor by Treasury; however, the majority of the distribution volume is the result of the initial orders. Indicate the process/system used to manage and process subsequent orders.

8. Mailing/Shipping

Note: Shipments to U.S. Post Offices must be shipped parcel post.

The State of Michigan's United Parcel Service (UPS) account will be used to fund UPS shipments, eliminating the need for the contractor to fund UPS shipments.

It is possible that Treasury will request the contractor to deliver orders to area bulk sites as opposed to shipping through UPS or Parcel Post. Explain your capability to make area deliveries (within a radius of 15 miles of the fulfillment center) and include the cost per order to do so in Exhibit C, Appendix D.

9. Back Order Processing

It is anticipated that no backorder processing will be required. However, contractor should indicate the process/system used to manage and process backorders. Treasury may be interested in filling specific backorders as soon as the specific tax material is available to the distribution/warehousing contractor. For efficiency purposes, Treasury may require backorders to be filled when all items of the backorder are available. Indicate the ability/inability to allow for this.

10. Return Shipment Processing

Upon receipt of a returned shipment, the carton(s) must be opened, checked for accuracy according to the packing slip, and re-entered into the inventory system if undamaged. Contractor must maintain a list of bad/undeliverable addresses of customers for weekly reporting.

11. Reporting

The Contractor will submit brief written summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the Contract Compliance Inspector; and notification of any significant deviation from previously agreed-upon work plans.

Summaries must include, but are not limited to, the following items:

- Inventory on hand (weekly)
- Type and Number of customers completed and orders pending (daily)
- Returned mail/bad addresses (weekly)
- Itemized postage charges (weekly)

If Treasury requires a new report, describe the process and time required to fulfill the request. For this task, use the resources that you would use to develop an average report.

12. Management of Excess Forms

In mid-April, the Program manager will request a final inventory report from the contractor. The Program manager will recommend certain quantities be recycled by the contractor and the remainder shipped to another facility for warehouse storage (currently Department of Management and Budget warehouse in Dimondale). The Program manager may elect to pick up the forms rather than have the contractor ship the forms.

After shipments of excess tax material have been completed, the contractor will be responsible for destruction and recycling of the tax material. Destruction will not occur until the Program manager has provided written authorization to the contractor to do so. Bidder shall describe its ability to fulfill the shipping and recycling requirements and include shipping and recycling costs associated with this task in Exhibit C, Appendix D.

13. Quality Assurance and Control

Bidder shall describe its processes and ability to assure quality control of the fulfillment process. Contractor must provide the Program manager with written confirmation to confirm all orders are shipped to the distribution sites indicated in Exhibit C, Appendix B.

1.3 Reserved

1.4 ACCEPTANCE

1.4.1 Acceptance Criteria

The State will use the following criteria to determine acceptance of the Contract Activities:

The Program manager will conduct inspections for all specifications identified in the Contract and will provide performance evaluations to the Contractor noting any deficiencies. The Program manager (or his/her appointed representative) shall make the final determination as to whether any task has been satisfactorily performed.

The Program manager will also maintain a record comprised of complaints from agency or departmental staff and provide record of this to the Contractor; this record will identify the areas requiring special attention on that day, which must be completed by Contractor within eight hours of its receipt.

The Contractor will remain responsible to make any necessary changes if the Program manager determines that any task has not been performed adequately or satisfactorily. The Contractor must correct the deficiency within 24 hours from notice of the deficiency, or sooner depending on the severity of the task. Should the Contractor fail to correct specification deficiencies, a Complaint to Vendor (Vendor Performance form) will be filed by the Program manager. Repeated failure to correct specification deficiencies resulting in issuance of subsequent Complaint to Vendor (Vendor Performance form) may result in cancellation of the Contract.

1.4.2 Reserved

1.5 STAFFING

1.5.1 Reserved

1.5.2 Customer Service Toll-Free Number

The Contractors toll-free number is 1 (800) 666-9267 for the State to make contact with the Contractor Representative. The Contractor Representative must be available for calls during the hours of 8 am to 5 pm EST. If a toll-free number is not available please provide phone number where the contractor representative can be reached.

1.5.3 Technical Support, Repairs and Maintenance

The Contractor toll-free number for the State is 1 (800) 666-9267 for technical support, repairs and maintenance. The Contractor must be available for calls and service during the hours of 8 am to 5 pm EST. Please provide phone number if toll-free is not available.

1.5.4 Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday 8:00 a.m. to 5:00 p.m. EST, and possible night and weekend hours depending on the requirements of the project.

1.5.5 Key Personnel

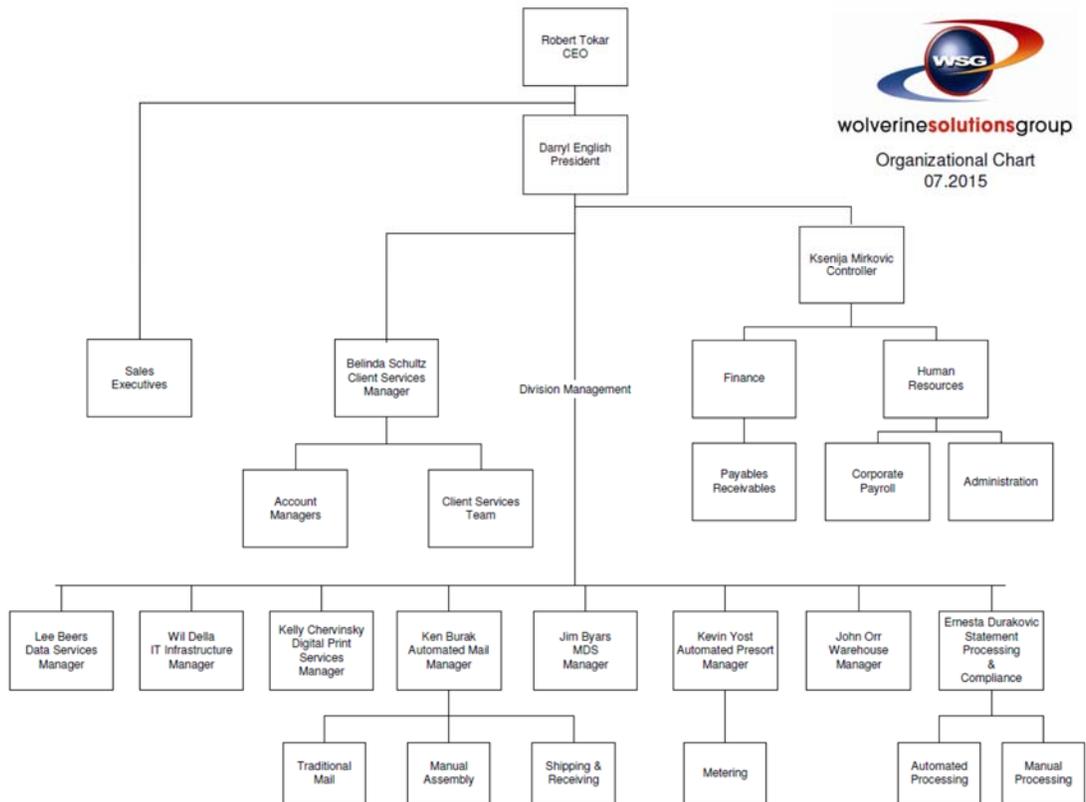
1. The Contractor must appoint an individuals who will be directly responsible for the day-to-day operations of the Contract (“Key Personnel”). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquires within 24 hours.

The key contact for this program will be:

Belinda Schultz
Client Services Manager
Wolverine Solutions Group
bschultz@wolverinemail.com
Direct Line: 313-871-6187
Cell: 586-381-6806
Fax: 313-873-8730

1.5.6 Organizational Chart

The organizational chart includes staff members, by name and title, and subcontractors.



1.5.7 Disclosure of Subcontractors

If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:

Required Information	Bidder Response
Legal business name and full address	Wolverine Mailing, Packaging, Warehousing, Inc.
State business was incorporated in	MI
Phone number	(313) 873-6800
Description of subcontractor's organization and the services it will provide	Direct Marketing
Description of the Contract Activities that will be performed or provided by the subcontractor.	Mailing Services and Fulfillment
Information concerning subcontractor's ability to provide the Contract Activities they are proposed for	(313) 873-6800
Website address	www.wolverinemail.com
The relationship of the subcontractor to the Contractor	N/A
If the Contractor has a previous working experience with the subcontractor, provide the details of that previous relationship	N/A
Of the total bid, the price of the subcontractor's work.	N/A

1.5.8 Reserved

1.6 PROJECT MANAGEMENT

1.6.1 Project Plan

A. For each tentative schedule identified above a generic project plan to meet these dates must be provided for managing implementation of the services. This plan shall be submitted to the Program manager for review and approval.

B. Project management plan shall identify methods, tools and processes proposed to oversee the project, address issues and changes as they arise, and keep the appropriate parties apprised of progress project breakdown showing sub-projects, tasks, and resources required.

1.6.2 Meetings

The State may request other meetings, as it deems appropriate.

1.6.3 Reserved

1.7 ORDERING

1.7.1 Authorizing Document

The appropriate authorizing document for the Contract will be a purchase order release off a state issued blanket purchase order.

1.8 INVOICE AND PAYMENT

1.8.1 Invoice Requirements

All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.

1.8.2 Reserved

1.8.3 Reserved

1.8.4 Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of \$5,000 and an additional \$100 per day for each day Contractor fails to remedy the late or improper completion of the Work.

EXHIBIT B



GENERAL PROPOSAL REQUIREMENTS - RESERVED

EXHIBIT C



PRICING

Appendix A

Income Tax Book Direct Mail Pricing

Item #	Description	Quantity	NCOA/CASS per/M	DSF per/M	Presort per/M	Address and Mail per/M	Deliver to USPS/BMC per/M	Total/M
1	MI-1040 Income Tax Instruction Booklet	130,000	\$1.00	\$0.75	\$4.50	\$19.00	See Below	\$25.25
2	MI-1040 CR7 Home Heating Credit Instruction Booklet	315,000	\$1.00	\$0.75	\$4.50	\$19.00	See Below	\$25.25
3	MI-1040 CR5 Farmland Preservation Tax Credit Booklet	150	\$1.00	\$0.75	\$4.50	\$500.00/Lot	See Below	\$500.00/Lot
4	MI-1040 CR2 Homestead Property Tax Credit Claim for Veterans and Blind People Book	150	\$1.00	\$0.75	\$4.50	\$500.00/Lot	See Below	\$500.00/Lot
5	NCOA/DSF state files not direct mailed	4,950,000	\$1.00	\$0.75				\$1.75
6	City Tax Instruction Book	175,000	\$1.00	\$0.75	\$4.50	\$19.00	See Below	\$25.25
	One-Year Total	25317.5						
						Three-Year Total	23852.5	71557.5

Delivery Cost Estimates

Location	Mileage	Cost Per Mile	Total
Detroit BMC			
Detroit SCF			
Flint			
Gaylord			
Grand Rapids			
Iron Mountain			
Jackson			
Kalamazoo			
Lansing			
Royal Oak			
Saginaw			
Traverse City			
GRAND TOTAL			\$6,500.00

Appendix B
Bulk Distribution Site Breakdown

Sites	# sites	1040 Book	CR7 Book	1040/Sch W form	1040 CR form	1040 CR7 Form	Schedule 1/Pension Form
Libraries	554	X	X	X	X		X
Post Offices	196	X		X	X		X
Dept of Health & Human Services Offices	82	X	X				
Treasury Field Offices	12	X	X	X	X	X	X
Volunteer Sites	288	X		X	X	X	X

Estimate of Total Forms Distributed 800,000

RFP 027115B0005637

Appendix C - Bulk Distribution Quantity Estimate

Form ID	Form Number	Form Title	Page Count	Distribution	Delivery Date *	Delivered From	# Forms/Box
0	MI-1040 BK	Income Tax Instruction Book	64	314,000	12/22 - 1/4	Adair	100
2	MI-1040CR-7 BK	Home Heating Credit Claim Instructions	20	149,000	12/20 - 12/27	Printwell	200
5	MI-1040CR FL	Homestead Property Tax Credit Claim	4	86,000	12/22	Printwell	1,250
7	MI-1040CR-7 FL	Home Heating Credit Claim	2	16,000	12/22	Printwell	2,500
51	MI-1040 FL/Sch. W	MI-1040 and Schedule W	4	130,000	12/22	Printwell	1,250
52	Schedule 1	Schedule 1/Form 4884	4	59,000	12/22	Printwell	1,250
Unknown	City Instruction Book	City Instruction Book	32	50,000	12/22	Unknown	200

TOTAL 804,000

* Delivery Dates listed are tentative and subject to change.

Appendix D			
Bulk Distribution Pricing Sheet			
Category	Price Per Order	Estimated qty	Est Total
Initial Order Fulfilment	\$10.50	1150	\$12,075.00
(Fulfillment, labels, packing/handling)			\$0.00
			\$0.00
Database Programming	\$500.00	1	\$500.00
Monthly storage per skid	\$15.00/per skid	12	
Shipping Charges for parcel post	\$20.00	400	\$8,000.00
Shipping Charge for area deliveries (per order)	\$75.00	1	\$75.00
Subsequent Order Fulfilment	\$9.00	35	\$315.00
Postage/Mailing (based on 40# box)			
UPS	\$24.00 Estimated		
FedEx	N/A		
USPS	\$28.95 estimated		
Other (identify)			\$0.00
Returned Shipments	\$7.00	50	\$350.00
Excess Form Management	\$25.00/per skid		\$5,500.00
		1 Year	\$26,815.00
		3 Year	\$80,445.00