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 **003**
to
Contract Number **071B4300058**

CONTRACTOR	
	HONEYWELL INTERNATIONAL INC
	49116 Wixom Tech Drive
	Wixom, MI 48393
	Bruce Rediske
	248-840-4060
	Bruce.Rediske@honeywell.com
	*******0650

STATE			
	Program Manager	Brandon Phillip	DTMB
		517-335-4110	
		phillipb@michigan.gov	
	Contract Administrator	Mike Breen	[redacted]
		(517) 284-7002	
		breenm@michigan.gov	

CONTRACT SUMMARY

DESCRIPTION: Automated Security Maintenance

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
March 25, 2014	March 25, 2017	2 - 1 Year	March 25, 2017

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☒ P-card	☒ Direct Voucher (DV)	☐ Other	☐ Yes	☒ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		Click here to enter a date.

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$1,372,279.00	$223,261.80	$1,595,540.08

DESCRIPTION: DTMB Office of Infrastructure Protection (CIP) requesting $223,261.80 for hardware and technical support for the Honeywell Security System. All other terms and conditions remain the same.

Honeywell International Inc.
49116 Wixom Tech Drive
Wixom, MI 48393
(248) 840-4060

Honeywell

ADDENDUM

Contract/Agreement No(s): SOM Contract No. 071B4300058
HW Contract No. 40142222

Customer:	**State of Michigan DTMB OIP**
Address:	**P.O. Box 30026** **Lansing MI 48909**
Attn:	**Brandon Philip**
Phone:	**(517) 335-4110**

This Addendum No. 3 is attached to and incorporated by reference into the **Contract/Agreement** by and between **State of Michigan DTMB** and **Honeywell International Inc., Honeywell Building Solutions.** Both parties have hereby agreed to modify the **Contract/Agreement** as follows:

Per the request of DTMB OIP, the following modifications are proposed to state Contract No. 071B4300058. Only Sections containing proposed modifications are shown on the Addendum.

Statement of Work (SOW) Modifications

1.101 IN SCOPE

The scope of work includes;

1. Hardware and Technical Support

Contractor will provide a full time site technician (40 hours per week, 50 weeks per year less State Holidays), with the skill levels required and all needed tools and instrumentation required for maintaining the system (this is firm fixed pricing). Maintenance and service tasks will be assigned to the Contractor through the State's work order system. The Contractor will follow the State work order process in managing and closing out assigned tasks. Work will be performed on two major categories of equipment:

1) Software, Database, PC workstations and servers covered by this agreement and

2) Access control subsystem equipment, as required.

   a. Subsystem defined as access control panel, power supply, terminal server, card readers, request-to-exit motion sensor, door contacts, and other devices connected to the access control panel. This is limited to subsystems connected to the Honeywell EBI HSM security management system.

As part of the repair service maintenance the Contractor will repair or replace serviceable components and parts found on the inventory of covered equipment (Article 1, Attachment A) and software that have been found to be defective or have failed within the warranty period. Replaced components will be new or reconditioned components of compatible design as required to maintain the Agency's system. At Contractor's sole discretion, marginal components may also be

repaired or replaced. These replacements will be based upon commercial availability of parts and/or components. All exchanged parts must become the property of the Contractor. While repair labor would be covered by this contract, and parts required would be a billable extra charge.

3. Special Provisions

Agreement Schedule of Services included in this agreement are:

A. Contractor must be available seven (7) days a week, 24 hours a day including holidays as necessary.

B. Agency must have priority response status with telephone response within one (1) hour and on-site response with in two (2) hours.

C. Emergency off-hours repair labor is not covered under this plan. Any labor required for repairs, other than scheduled predictive maintenance, will be billed at the agreed hourly rate quoted on **Attachment A**. CCI or designee must approve emergency hour request.

D. Furnish and install HSM software updates including release upgrades and service packs.

E. Provide Honeywell User Group (HUG) / Training Service coverage for two seats (attendees) annually at the Honeywell Users Group event (includes registration fee, training materials, etc.) and hotel and tax for up to 5 nights per person at the designated conference hotel (or alternate if less expensive). Hotel incidentals, additional meals, companion events, etc. are the customer's responsibility.

This event is typically held in Phoenix, Arizona in June. Airfare and / or other transportation to and from event are not included.

4. Working Hours

A. All non-emergency services under this agreement, other than software and database modifications, will be performed during the hours of 8:00 a.m. to 5:00 p.m. local time Monday through Friday, excluding state holidays. Alternate scheduling of non-emergency services may be arranged if mutually agreed upon by the Contract Compliance Inspector and the Contractor. If for any reason other than software or database modification, Contract Compliance Inspector requests the contractor to furnish any such labor or services outside of the hours of 8:00 a.m. to 5:00 p.m. local time Monday through Friday (or on state holidays), any overtime or other additional expense occasioned thereby, such as repairs or material costs not included in this agreement, must be billed to and paid by Cyber Security and Infrastructure Protection. Prior approval of overtime or other additional expenses must be received by the Contractor from the Contract Compliance Inspector or his designated representative before repair/replacement is commenced or completed.

B. The Cyber Security and Infrastructure Protection will promptly notify contractor of any malfunction in the system(s) or equipment covered under this agreement that comes to the Cyber Security and Infrastructure Protection's attention.

C. All software and database modifications will be done during normal business hours, where possible, and the Contract Compliance Inspector will be notified. Major system modifications, like large scale controller downloads, shall be completed after hours.

5. Coverage

A. The Cyber Security and Infrastructure Protection agree to provide access to all equipment covered by this agreement. The contractor will be free to start and stop all primary equipment incidentals to the operation of the mechanical, control, automation, and life safety system(s) as arranged with the Contract Compliance Inspector or his designated representative.

7. Automated Security Technician

1. Technician must be trained in Honeywell HSM Functions
   a. Honeywell HSM application and hardware programming
   b. System modification/cleanup
   c. Knowledge and experience in the use of SQL databases
   d. Knowledge and experience in the use of LinkNet and Honeywell IQ controllers
2. Technician will take direction from the Contract Compliance Inspector via utilization of the State's work order system. As part of this requirement, the State will provide Honeywell technicians working under this contract, direction from the State's work order system. The Honeywell technicians shall follow State work order processes and procedures in receiving, performing, and closing out work orders.
3. Work Hours: 40 hours per week 50 weeks per year excluding State Holidays

Technical Environment:

The Office of Infrastructure Protection uses Linknet PCSC Software for communication to the Honeywell IQ panels. The Contractor should be trained and certified in the use of this software. The platform for the server uses HSM/EBI (Honeywell Security Manager/Enterprise Building Integrator) Software. The Contractor should be trained and certified in the use of this software.

1.104 WORK AND DELIVERABLE

Deliverables:

HSM Servers/Clients

1. Provide Operating System, EBI application and peripheral application and maintenance support on HSM servers, as directed through the State work order system.
2. Provide Operating System, EBI application and peripheral application and maintenance support on HSM client workstations, as directed through the State work order system.
3. Work with State personnel to develop and implement solutions for improving work methods and operations relating to the EBI HSM system. All solutions must be approved by the CCI prior to implementation.

Controller Panels

1. Provide support as directed through the State work order system to maintain, program, troubleshoot, and configure card access, intrusion controllers, and peripheral devices.

1.106 HID Proprietary 37 Bit Format with DTMB OIP Facility Code:

General: The 37-bit format with facility code differs from the 37-bit format only in that it also contains a facility code. Just like the 37 bit without facility code, this format provides the customer with an open format in which card numbers will not be duplicated, because HID tracks the manufacture of cards to prevent duplication.

Description: This 37-bit format has 65,535 facility codes available and over 500,000 card numbers within each facility code. Just like the 37-bit format without facility code, many systems are not capable of handling a format as large as 37 bits. In addition, many systems are not capable of handling a facility code as large as 65,535.

Special Note: Access cards must be numbered sequentially based on previous card orders so that card numbers that are currently in use are not duplicated.

*volumes are for estimation purposes only **[pricing entered attachment B]**

Anticipated annual purchase volume: 12,000 cards

Anticipated frequency and volume per order: 1,000/month

As part of this contract the state reserves the right to add additional Locations or agencies as requirements for service change.

1.107 ACCESS CONTROLLER PANEL

Honeywell IQ1000 controllers are essentially the brain of a group of access system points. The controllers are programmed with a list of authorized users and each user's access rights. When an access card is presented at a reader, the reader consults the controller which either authorizes or denies entry. The controllers also contain/send information regarding when automated doors are to open/close or unlock/lock. Controllers are linked to the HSM software and can received programming and other commands remotely from authorized users.

1.108 ACCESS CONTROLLER PANEL SPECIFICATIONS:

Honeywell IQ1000 Controller

General

CPU: Intel 16Bit Processor
Power: 12VDC or 24VDC, as required by DTMB OIP.
Draw: Min .5 amp @ 12VDC to Max 3 amp
Temperature: 32°F to 115°F (0°C to 46°C)
Clock Calendar: battery protected
Flash Memory: 128K/256K
RAM: 128K/512K
Cardholder Capacity: 8K - Expansion - 20K plus

History Transactions: 500 Expansion - 4K
Authorization Groups: 999
Time Periods: 64
Holiday List Duration: 365 days
LED Status Indicators: power, alarm
Two 7 segment LEDs: Error codes
Status Indicators: communication data, on-line diagnostics
Dimensions: 21.8"H x 16.1"W x 5.7"D (55.4cm x 40.9cm x 14.5cm)
Weight: 38lbs. (17.2kg)
Lock Output: 10 removable Form C (2.5 amps @ 24V)
Voltage Output: 10 (or 10 ext.shunts)
Reader Port: 10,Wiegand or PCSC type, supervised
Door Position: 10, supervised (DSP)
Request To Exit: 2, supervised (DSP) 8, dry contact
Auxiliary Input: 5, supervised (DSP)
Tamper Input: 1, supervised (DSP)
Auxiliary Output: 2 voltage outputs

Communications
RS485: standard optically isolated
Dial-Up: standard

Wire Requirements
Power: 2 conductor18AWG (TW/STR/SH) (up to 500 feet/ 152 meters)
Reader Ports: 5 conductor wiegand = 500' 22AWG (TW/STR/SH)
4 conductor PCSC = 2,000'22AWG (TW/STR/SH)
Inputs: 2 conductor22AWG (TW/STR/SH) (2,000 ft/609 meters)
Outputs: 2 conductor18AWG (TW/STR/SH) (2,000 ft/609 meters)
RS485: 4 conductor22AWG (TW/STR/SH) (maximum 4,000 ft/1,219 meter
RS232: 4 conductor22AWG (TW/

*volumes are for estimation purposes only **[pricing entered attachment B]**:

Anticipated annual purchase volume: thirty *(30) controllers

Anticipated volume per order: three *(3) controllers

As part of this contract the state reserves the right to add additional buildings or agencies as requirements for service change.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

DTMB Cyber Security and Infrastructure Protection will oversee this contract. Rick Rokely, will be the Contract Compliance Inspector (CCI). His role will be to act as the overall contract manager, overseeing the Contractor's performance during the term of the contract.

Rick Rokely, is the administrator to the HSM system. His role will be to act as the day-to-day technical advisor.

1.301 PROJECT PLAN MANAGEMENT

1. The Contractor will carry out this project under the direction and control of the Contract Compliance Inspector.

2. Although there will be continuous liaison with the Contractor team, the Contractor will meet if requested by the Contract Compliance Inspector, for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

3. Within five (5) working days of the award of the Contract, the Contractor will submit to the Contract Compliance Inspector for final approval a work plan. This final implementation plan must be in agreement as proposed by the Contractor and accepted by the State for Contract, and must include the following:

   a. The Contractor's project organizational structure.

   b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

   c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.

2.022 Contract Compliance Inspector

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

Rick Rokely
Office of Infrastructure Protection
Joint Operations Center, 2nd floor
615 West Allegan
Lansing, Michigan 48933
rokelyr1@michigan.gov
517-335-3068

Computer hardware replacement will occur every 18 months over the term of the contract. Contractor will hold an initial planning meeting with the Contract Compliance Inspector to coordinate these replacements.

Attachment A Pricing Summary

Based upon the list identified on the **3 tabs of components/devices/quantity and the requirements identified for quarterly, semi-annual, and annual instructions please indicate the cost for each time period's activity

Quarterly	$ 91,317.75 each
Semi-Annual	$ 182,635.50 each
Annual	$ 365,271.00 each

Hourly rate for technician for *after business hours service requests: $262.50 per HR
***Hours other than 8:00AM to 5:00PM Mon-Fri**

The state reserves the right to add additional equipment, buildings or agencies as requirements for service change.

**** The 3 (three) tabs consists of capitol complex, secondary complex, outstates [BELOW]**
Each tab provides the logistic location, equipment type, and quantity within that specified location.

Attachment B

ACCESS CONTROLLER PANEL

Cost per controller ordered: $3,425.00

Controllers will be delivered within 30 days of order

Volumes are for estimation purposes only:

Anticipated annual purchase volume: thirty *(30) controllers

Anticipated volume per order: three *(3) controllers

As part of this contract the state reserves the right to add additional buildings or agencies as requirements for service change.

*Contractor reserves the right to negotiate pricing every six (6) months if validated supplier cost increases occur during the life of the Contract. Price increases will occur after review and approval by the State of Michigan. A review will transpire only if an increase is requested.

NO FURTHER MODIFICATIONS.
Except as expressly amended and supplemented hereby, the Contract/Agreement remains in full force and effect. In the event of any conflict between the terms of the Addendum and the terms of the Contract/Agreement, the terms of the Addendum shall prevail.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum No. 3 to be signed as of this 13th day of May, 2016.

STATE OF MICHIGAN DTMB	**HONEYWELL INTERNATIONAL INC.** **Honeywell Building Solutions**
By: _____	By: Bruce Redeske
Title: _____	Title: Sr. Account Manager

Form No. DTMB-3521 (Rev. 7/2015)
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 AND BUDGET
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
OR
525 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 2

to

CONTRACT NO. 071B4300058

between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Honeywell International, Inc.	Bruce Rediske	Bruce.Rediske@honeywell.com
49116 Wixom Tech Drive	**PHONE**	**CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)**
Wixom, MI 48393	(248) 840-4060	**0650**

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Jeff Pratt	(517) 241-4391	prattj@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Mike Breen	(517) 284-7002	breenm@michigan.gov

CONTRACT SUMMARY

DESCRIPTION: Automated Security Maintenance & Products

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
March 25, 2014	March 25, 2017	2, one year	March 25, 2017

PAYMENT TERMS	DELIVERY TIMEFRAME
N/A	N/A

ALTERNATE PAYMENT OPTIONS	EXTENDED PURCHASING
☐ P-card ☐ Direct Voucher (DV) ☐ Other	☐ Yes ☒ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$1,173,345.00	$198,934.00	$1,372,279.00

DESCRIPTION: Effective with mutual authorization and State Administrative Board approval (December 15, 2015) this contract is amended to add funding for a vendor technician for EBI HSM system support (State of Michigan badging system) at the request of DTMB Office of Infrastructure Protection and approval of DTMB Procurement. All other terms, conditions, pricing and specifications remain the same. Per agency and contractor agreement and DTMB Procurement approval. Duration for this activity is 33 months.

Honeywell

Honeywell International Inc.
Honeywell Building Solutions(HBS)
49116 Wixom Tech Drive
Wixom, MI 48393
Phone: 248-840-4060 CELL
Fax: 248-926-5031

October 19, 2015

State of Michigan DTMB
P.O. Box 30026
Lansing, MI 48909

Attention: Michael Breen

Ref: Contract No. 071B4300058 – Change Request

Dear Mr. Breen:

Please consider this letter as a firm proposal for a change to Contract No. 071B4300058. DTMB OIP has requested that a change be made to the Contract:

1. **Add three (3) hours per day of Honeywell technician time for EBI HSM system support.**

Honeywell proposes to provide three (3) additional hours per business day (M – F) of Security Automation Technician time from 10/25/15 through 3/25/17 (**17 months**) for additional support of the Honeywell EBI HSM integrated security system. Costs are calculated as follows:

353 working (non-State Holiday or weekend) days x 3 hours = 1,059 total hours
1059 hours x $187.84/hour = $198,922.56 total cost (over the remainder of the contract)
$198,922.56 / 17 months = $11,701.33 which is rounded to $11,702.00 per month

Total Contract Add Price: $198,934.00 - billed as an extra $11,702.00 per month

I have provided per month pricing so you can allocate cost to annual Purchase Orders, even though a multi-year contract. All terms & conditions remain the same as the original contract.

Note that the servicing Honeywell office for this contract is located at 49116 Wixom Tech Drive, Wixom, MI 48393. This is the contractor address for all correspondence, including Change Orders.

Thank you for your consideration of this proposal. Please let me know if you have any remaining questions, by calling me at 248-840-4060 or by e-mail.

Sincerely,

Bruce Rediske

Bruce W. Rediske
Sr. Account Manager
Honeywell International Inc.

Cc: File

Form No. DTMB-3521 (Rev. 7/2015)
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 AND BUDGET
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
OR
525 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 1

to

CONTRACT NO. 071B4300058

between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Honeywell International, Inc.	Bruce Rediske	Bruce.Rediske@honeywell.com
49116 Wixom Tech Drive	**PHONE**	**CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)**
Wixom, MI 48393	(248) 840-4060	**0650**

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Jeff Pratt	(517) 241-4391	prattj@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Mike Breen	(517) 284-7002	breenm@michigan.gov

CONTRACT SUMMARY

DESCRIPTION: Automated Security Maintenance & Products

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
March 25, 2014	March 25, 2017	2, one year	March 25, 2017

PAYMENT TERMS	DELIVERY TIMEFRAME
N/A	N/A

ALTERNATE PAYMENT OPTIONS	EXTENDED PURCHASING
☐ P-card ☐ Direct Voucher (DV) ☐ Other	☐ Yes ☒ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$1,146,313.00	$27,032.00	$1,173,345.00

DESCRIPTION: Effective September 9, 2015, this contract is increased by $27,032.00 for card access system end of life providing software and hardware upgrades. The address for the vendor is also being updated:

Honeywell International Inc.
49116 Wixom Tech Drive
Wixom, MI 48393

All other terms, conditions, pricing and specifications remain the same. Per agency and contractor agreement and

DTMB Procurement approval.

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

NOTICE
OF
CONTRACT NO. 071B4300058
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Honeywell International, Inc.	Bruce Rediske	Bruce.Rediske@honeywell.com
12490 Collections Center Drive	TELEPHONE	CONTRACTOR #, MAIL CODE
Chicago, IL 60693	(248) 840-4060	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Jeff Pratt	517-241-4391	prattj@michigan.gov
BUYER:	DTMB	Mike Breen	517-284-7002	breenm@michgian.gov

CONTRACT SUMMARY:

DESCRIPTION: Descriptive Contract Title (Not always the same language as provided in MAIN)

Automated Security Maintenance & Products

INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
3 Years	March 25, 2014	March 25, 2017	2, one year
PAYMENT TERMS	**F.O.B**	**SHIPPED**	**SHIPPED FROM**
N/A	N/A	N/A	N/A

ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS	
☒ P-card	☒ Direct Voucher (DV)	☐ Other	☐ YES	☒ NO

MINIMUM DELIVERY REQUIREMENTS:

N/A

MISCELLANEOUS INFORMATION:

N/A

ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:	$1,146,313.00

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. 071B4300058
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Honeywell International, Inc.	Bruce Rediske	Bruce.Rediske@honeywell.com
12490 Collections Center Drive	TELEPHONE	CONTRACTOR #, MAIL CODE
Chicago, IL 60693	(248) 840-4060	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Jeff Pratt	517-241-4391	prattj@michigan.gov
BUYER:	DTMB	Mike Breen	517-284-7002	breenm@michgian.gov

CONTRACT SUMMARY:

DESCRIPTION: Descriptive Contract Title (Not always the same language as provided in MAIN)

Automated Security Maintenance & Products

INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
3 Years	March 25, 2014	March 25, 2017	2, one year
PAYMENT TERMS	**F.O.B**	**SHIPPED**	**SHIPPED FROM**
N/A	N/A	N/A	N/A

ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS	
☒ P-card	☒ Direct Voucher (DV)	☐ Other	☐ YES	☒ NO

MINIMUM DELIVERY REQUIREMENTS:

N/A

MISCELLANEOUS INFORMATION:

N/A

ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION: $1,146,313.00

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation #084R3200014**. Orders for delivery will be issued directly by the Department of Technology, Management & Budget through the issuance of a Purchase Order Form.**

Notice of Contract #: 071B4300058

FOR THE CONTRACTOR:	**FOR THE STATE:**
Honeywell International, Inc.	
Firm Name	Signature
	Jeff Brownlee, Chief Procurement Officer
Authorized Agent Signature	Name/Title
	DTMB Procurement
Authorized Agent (Print or Type)	Enter Name of Agency
Date	Date

STATE OF MICHIGAN
Department of Technology Management and Budget
DTMB-Procurement

Request For Proposal No. 084R3200014
(Automated Security Maintenance and Products)

Buyer Name: Mike Breen
Telephone Number: 517-241-7720
E-Mail Address: breenm@michigan.gov

Estimated Timeline:

Key Milestone:	**Date:**
Issue Date	2/22/2013
Questions Due	2/27/2013
Bid Due Date	3/8/2013
Anticipated Contract Start Date	5/14/2013

RFP Checklist for Bidder Proposal Contents and Responsiveness

This checklist is provided for your convenience to help remind Bidders of the important requirements of the RFP. The list may not be all inclusive. The Bidder is responsible to read the RFP and submit all the required responses. If Bidders have any questions concerning these requirements please contact the Buyer listed on the front page of this RFP document.

Article 1 and Attachment A:

_____ Responses have been provided for all items requested in Article 1, Statement of Work, as requested. Technical Proposal Requirements have been met and responses are included within the format designated by the State in Article 3.

_____ Price Proposal, Article 1, Section 1.061, for the proposal has been included in Bidder's proposal, according to the instructions laid out in Article 3 and using the format in Attachment A (if required in 1.061). If the RFP requires that pricing be sealed separately, these directions must be followed, or the proposal may be viewed as noncompliant.

Article 2:

_____ Statement that a Certificate of Insurance will be provided as a condition of award has been included.

_____ Acknowledgment and concurrence with each term and condition listed in Article 2 of the RFP document has been provided within Bidder's proposal, with any comments or issues clearly identified.

Article 3:

_____ Attended any mandatory pre-bid meetings or site visit listed in Article 3.

_____ The complete proposal was submitted to the appropriate location and on time, with one (1) signed original, the appropriate number of additional copies, and the instructed number of copies of the electronic version, on 3.5-inch disks or CD. Hard copy and electronic versions of pricing were sealed separately, if instructed to do so in Article 3.

_____ Bond requirements were met and submitted with the proposal (if applicable) per Article 3.

Article 4:

_____ Responses have been provided for all items requested in Article 4 and includes signature by an individual authorized to legally bind Bidder's company.

Other:

_____ The Certifications and Representations have been completed and stored in the Bidder's Bid4Michigan.com account.

Table of Contents

DEFINITIONS ***15***

Article 1 – Statement of Work (SOW) ***17***

1.000 Project Identification 17
1.001 PROJECT REQUEST 17
1.002 BACKGROUND 17
1.100 Scope of Work and Deliverables 17
1.101 IN SCOPE 17
1.102 OUT OF SCOPE 20
1.103 ENVIRONMENT 20
1.104 WORK AND DELIVERABLE 23
1.105 ACCESS CARDS 24
1.200 Roles and Responsibilities 25
1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES 25
1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES 26
1.203 OTHER ROLES AND RESPONSIBILITIES 26
1.300 Project Plan 26
1.301 PROJECT PLAN MANAGEMENT 26
1.302 ISSUE MANAGEMENT 26
1.303 RISK MANAGEMENT 26
1.304 CHANGE MANAGEMENT 26
1.400 RESERVED 27
1.500 Acceptance 27
1.501 CRITERIA: RESERVED 27
1.502 FINAL ACCEPTANCE RESERVED 27
1.600 Proposal Pricing 27
1.601 Proposal Pricing 27
1.602 Price Term 27
1.603 Tax Excluded from Price 27
1.604 Holdback RESERVED 28
1.700 Compensation and Payment 28
1.701 COMPENSATION AND PAYMENT 28
1.800 Additional Requirements 28
1.801 Additional Terms and Conditions specific to this RFP-RESERVED 28

Article 2, Terms and Conditions ***29***

2.000 Contract Structure and Term 29
2.001 Contract Term 29
2.002 Options to Renew 29
2.003 Legal Effect 29
2.004 Attachments & Exhibits 29
2.005 Ordering 29
2.006 Order of Precedence 29
2.007 Headings 30
2.008 Form, Function & Utility 30
2.009 Reformation and Severability 30
2.010 Consents and Approvals 30
2.011 No Waiver of Default 30
2.012 Survival 30
2.020 Contract Administration 30
2.021 Issuing Office 30
2.022 Contract Compliance Inspector 30
2.023 Project Manager RESERVED 31
2.024 Change Requests 31

2.025 Notices ... 31
2.026 Binding Commitments ... 32
2.027 Relationship of the Parties ... 32
2.028 Covenant of Good Faith ... 32
2.029 Assignments ... 32
2.030 General Provisions ... 32
2.031 Media Releases ... 32
2.032 Contract Distribution ... 32
2.033 Permits ... 32
2.034 Website Incorporation ... 33
2.035 Future Bidding Preclusion ... 33
2.036 Freedom of Information ... 33
2.037 Disaster Recovery ... 33
2.040 Financial Provisions ... 33
2.041 Fixed Prices for Services/Deliverables ... 33
2.042 Adjustments for Reductions in Scope of Services/Deliverables ... 33
2.043 Services/Deliverables Covered ... 33
2.044 Invoicing and Payment – In General ... 33
2.045 Pro-ration ... 34
2.046 Antitrust Assignment ... 34
2.047 Final Payment ... 34
2.048 Electronic Payment Requirement ... 34
2.050 Taxes ... 35
2.051 Employment Taxes ... 35
2.052 Sales and Use Taxes ... 35
2.060 Contract Management ... 35
2.061 Contractor Personnel Qualifications ... 35
2.062 Contractor Key Personnel ... 35
2.063 Re-assignment of Personnel at the State's Request ... 36
2.064 Contractor Personnel Location ... 36
2.065 Contractor Identification ... 36
2.066 Cooperation with Third Parties ... 36
2.067 Contractor Return of State Equipment/Resources ... 36
2.068 Contract Management Responsibilities ... 36
2.070 Subcontracting by Contractor ... 37
2.071 Contractor Full Responsibility ... 37
2.072 State Consent to Delegation ... 37
2.073 Subcontractor Bound to Contract ... 37
2.074 Flow Down ... 37
2.075 Competitive Selection ... 37
2.080 State Responsibilities ... 38
2.081 Equipment ... 38
2.082 Facilities ... 38
2.090 Security ... 38
2.091 Background Checks ... 38
2.092 Security Breach Notification ... 38
2.093 PCI Data Security Standard ... 38
2.100 Confidentiality ... 39
2.101 Confidentiality ... 39
2.102 Protection and Destruction of Confidential Information ... 39
2.103 Exclusions ... 39
2.104 No Implied Rights ... 40
2.105 Respective Obligations ... 40
2.110 Records and Inspections ... 40

2.111 Inspection of Work Performed ... 40
2.112 Retention of Records ... 40
2.113 Examination of Records ... 40
2.114 Audit Resolution ... 40
2.115 Errors ... 40
2.120 Warranties ... 41
2.121 Warranties and Representations ... 41
2.122 Warranty of Merchantability ... 41
2.123 Warranty of Fitness for a Particular Purpose ... 42
2.124 Warranty of Title ... 42
2.125 Equipment Warranty ... 42
2.126 Equipment to be New ... 42
2.127 Prohibited Products ... 42
2.128 Consequences For Breach ... 43
2.130 Insurance ... 43
2.131 Liability Insurance ... 43
2.132 Subcontractor Insurance Coverage ... 44
2.133 Certificates of Insurance and Other Requirements ... 44
2.140 Indemnification ... 45
2.141 General Indemnification ... 45
2.142 Code Indemnification ... 45
2.143 Employee Indemnification ... 45
2.144 Patent/Copyright Infringement Indemnification ... 45
2.145 Continuation of Indemnification Obligations ... 46
2.146 Indemnification Procedures ... 46
2.150 Termination/Cancellation ... 47
2.151 Notice and Right to Cure ... 47
2.152 Termination for Cause ... 47
2.153 Termination for Convenience ... 47
2.154 Termination for Non-Appropriation ... 48
2.155 Termination for Criminal Conviction ... 48
2.156 Termination for Approvals Rescinded ... 48
2.157 Rights and Obligations upon Termination ... 48
2.158 Reservation of Rights ... 49
2.160 Termination by Contractor ... 49
2.161 Termination by Contractor ... 49
2.170 Transition Responsibilities ... 49
2.171 Contractor Transition Responsibilities ... 49
2.172 Contractor Personnel Transition ... 49
2.173 Contractor Information Transition ... 50
2.174 Contractor Software Transition ... 50
2.175 Transition Payments ... 50
2.176 State Transition Responsibilities ... 50
2.180 Stop Work ... 50
2.181 Stop Work Orders ... 50
2.182 Cancellation or Expiration of Stop Work Order ... 50
2.183 Allowance of Contractor Costs ... 51
2.190 Dispute Resolution ... 51
2.191 In General ... 51
2.192 Informal Dispute Resolution ... 51
2.193 Injunctive Relief ... 52
2.194 Continued Performance ... 52
2.200 Federal and State Contract Requirements ... 52
2.201 Nondiscrimination ... 52

2.202 Unfair Labor Practices ... 52
2.203 Workplace Safety and Discriminatory Harassment ... 52
2.204 Prevailing Wage ... 52
2.210 Governing Law ... 53
2.211 Governing Law ... 53
2.212 Compliance with Laws ... 53
2.213 Jurisdiction ... 53
2.220 Limitation of Liability ... 53
2.221 Limitation of Liability ... 53
2.230 Disclosure Responsibilities ... 54
2.231 Disclosure of Litigation ... 54
2.232 Call Center Disclosure Reserved ... 55
2.233 Bankruptcy ... 55
2.240 Performance ... 55
2.241 Time of Performance ... 55
2.242 Service Level Agreements (SLAs) reserved ... 55
2.243 Liquidated Damages ... 55
2.244 Excusable Failure ... 55
2.250 Approval of Deliverables ... 56
2.251 Delivery Responsibilities ... 56
2.252 Delivery of Deliverables ... 57
2.253 Testing ... 57
2.254 Approval of Deliverables, In General ... 57
2.255 Process For Approval of Written Deliverables ... 58
2.256 Process for Approval of Services ... 58
2.257 Process for Approval of Physical Deliverables ... 58
2.258 Final Acceptance ... 59
2.260 Ownership ... 59
2.261 Ownership of Work Product by State ... 59
2.262 Vesting of Rights ... 59
2.263 Rights in Data ... 59
2.264 Ownership of Materials ... 60
2.270 State Standards ... 60
2.271 Existing Technology Standards ... 60
2.272 Acceptable Use Policy ... 60
2.273 Systems Changes ... 60
2.280 Extended Purchasing ... 60
2.281 MIDEAL RESERVED ... 60
2.282 State Employee Purchases RESERVED ... 60
2.290 Environmental Provision ... 60
2.291 Environmental Provision ... 60
2.300 Other Provisions ... 61
2.300 Deliverables ... 61
2.301 Software ... 61
2.302 Hardware ... 61
2.310 Software Warranties ... 62
2.311 Performance Warranty ... 62
2.312 No Surreptitious Code Warranty ... 62
2.313 Calendar Warranty ... 62
2.314 Third-party Software Warranty ... 62
2.315 Physical Media Warranty ... 63
2.320 Software Licensing ... 63
2.321 Cross-License, Deliverables Only, License to Contractor ... 63
2.322 Cross-License, Deliverables and Derivative Work, License to Contractor 63

2.323 License Back to the State 63
2.324 License Retained by Contractor 63
2.325 Pre-existing Materials for Custom Software Deliverables 63
2.330 Source Code Escrow 63
2.331 Definition 63
2.332 Delivery of Source Code into Escrow 64
2.333 Delivery of New Source Code into Escrow 64
2.334 Verification 64
2.335 Escrow Fees 64
2.336 Release Events 64
2.337 Release Event Procedures 64
2.338 License 64
2.339 Derivative Works 65

Glossary 64

DEFINITIONS

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 within the scope of the Contract, but not specifically provided under any Statement of Work.

Audit Period means the seven year period following Contractor's provision of any work under the Contract.

Bidder(s) are those companies that submit a proposal in response to this RFP.

Business Day means any day other than a Saturday, Sunday or State-recognized legal holiday from 8:00am EST through 5:00pm EST unless otherwise stated.

Blanket Purchase Order is an alternate term for Contract and is used in the Plan Sponsors' computer system.

CCI means Contract Compliance Inspector.

Days means calendar days unless otherwise specified.

Deleted – N/A means that section is not applicable or included in this RFP. This is used as a placeholder to maintain consistent numbering.

Deliverable means physical goods and/or services required or identified in a Statement of Work.

DTMB means the Michigan Department of Technology Management and Budget.

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

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

Incident means any interruption in any function performed for the benefit of a Plan Sponsor.

Key Personnel means any personnel identified in **Section 1.201** as Key Personnel.

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

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

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

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

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

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

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

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

SLA means Service Level Agreement.

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

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

Subcontractor means a company selected by the Contractor to perform a portion of the Services, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.

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

Waste Prevention means source reduction and reuse, but not recycling.

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

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

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

Article 1 – Statement of Work (SOW)

1.000 Project Identification

1.001 PROJECT REQUEST

The purpose of this contract is for a three year contract with two one year extension options for service and maintenance of the Honeywell Security Manager (HSM) Automated Access Control System managed by Cyber Security and Infrastructure Protection, Office of Infrastructure Protection.

This is a contract for Cyber Security and Infrastructure Protection.

1.002 BACKGROUND

The Michigan Department of Technology, Management and Budget, Cyber Security and Infrastructure Protection desires to obtain contractual services for the service and maintenance of the Honeywell Security Manager (HSM) Automated Access Control System in its managed facilities. The HSM Automated Access Control System is the database and server that controls the access cards and photo identification cards that allow entry and access to DTMB-managed facilities and secure areas, including DTMB-managed parking lots. These photo ID's are the recognized official State of Michigan ID for State employees and State contractors.

This contract is for maintenance and service of the category of equipment in the HSM system which consist of these categories are: the software, database, servers and PC workstations. The contract will also encompass purchasing provisions for access cards and controllers.

1.100 Scope of Work and Deliverables

1.101 IN SCOPE

The scope of work includes:

1. Hardware and Technical Support

Each predictive maintenance call will be scheduled by the Contractor's technical support detailing the tasks to be performed, the skill levels required and all needed tools and instrumentation required for maintaining the system. Predictive maintenance will be performed on: Software, Database, PC workstations and servers covered by this agreement.

Predictive maintenance includes the weekly backup of servers and database management to ensure the main servers and the redundant servers are functioning optimally.

Upon completion of each scheduled predictive maintenance visit, a summary of the tasks completed and test results must be provided to the Contract Compliance Inspector.

As part of the repair service maintenance the Contractor will repair or replace serviceable components and parts found on the inventory of covered equipment (Article 1, Attachment A) and software that have been found to be defective or have failed within the warranty period. Replaced components will be new or reconditioned components of compatible design as required to maintain the Agency's system. At Contractor's sole discretion, marginal components may also be repaired or replaced. These replacements will be based upon commercial availability of parts and/or components. All exchanged parts must become the property of the Contractor.

Bidder Response to Task [Agree or Disagree] and detail specific prior experience with such tasks:

2. Software Support

Contractor will maintain the present system within the functional limitations of presently installed hardware and/or software included in the list of covered equipment and software. This may include, but is not limited to, providing tested software patches, revisions and/or virus fixes to standard HSM software that may be periodically created by the Contractor to maintain present system operations to maintain system stability. The Contractor is not responsible for maintenance of the internal infrastructure including, but not limited to, operating system(s), web browsers, local area networks and computerized maintenance management systems.

Bidder Response to Task [Agree or Disagree] and provide detail specific prior experience with such tasks:

3. Special Provisions

Agreement Schedule of Services included in this agreement are:

A. Contractor must be available seven (7) days a week, 24 hours a day including holidays as necessary.

B. Agency must have priority response status with telephone response within one (1) hour and on-site response with in two (2) hours.

C. Scheduled predictive maintenance labor is covered under this plan. Emergency repair labor is not covered under this plan. Any labor required for repairs, other than scheduled predictive maintenance, will be billed at the agreed hourly rate quoted on **Attachment A**. CCI or designee must approve emergency hour request.

D. Instant loaner equipment for server or workstation must be available for disaster recovery.

E. Furnish and install HSM software updates including release upgrades and service packs. Contractor will test updates prior to and following installation and provide a detailed testing report to the Contract Compliance Inspector. Software version upgrades must be provided at least 90 days prior to installation so they can be vetted in a test environment. Excludes operating system upgrades.

F. Computer hardware replacement will occur every 18 months over the term of the contract. Contractor will hold an initial planning meeting with the Contract Compliance Inspector to coordinate these replacements.

Bidder Response to Task [Agree or Disagree]:

4. Working Hours

A. All non-emergency services under this agreement, other than software and database modifications, will be performed during the hours of 8:00 a.m. to 5:00 p.m. local time Monday through Friday, excluding state holidays. Alternate scheduling of non-emergency services may be arranged if mutually agreed upon by the Contract Compliance Inspector and the Contractor. If for any reason other than software or database modification, Contract Compliance Inspector requests the contractor to furnish any such labor or services outside of the hours of 8:00 a.m. to 5:00 p.m. local

time Monday through Friday (or on state holidays), any overtime or other additional expense occasioned thereby, such as repairs or material costs not included in this agreement, must be billed to and paid by Cyber Security and Infrastructure Protection. Prior approval of overtime or other additional expenses must be received by the Contractor from the Contract Compliance Inspector or his designated representative before repair/replacement is commenced or completed.

B. The Cyber Security and Infrastructure Protection will promptly notify contractor of any malfunction in the system(s) or equipment covered under this agreement that comes to the Cyber Security and Infrastructure Protection's attention.

C. All software and database modifications will be done after normal business hours and must be scheduled in advance with the Contract Compliance Inspector.

Bidder Response [Agree or Disagree]:

5. Coverage

A. The Cyber Security and Infrastructure Protection agree to provide access to all equipment covered by this agreement. The contractor will be free to start and stop all primary equipment incidentals to the operation of the mechanical, control, automation, and life safety system(s) as arranged with the Contract Compliance Inspector or his designated representative.

B. Repair, replacement and emergency service provisions apply only to the equipment included on the attached list of covered equipment and software.

Bidder Response [Agree or Disagree]:

6. Equipment

A. Contractor may install diagnostic devices and/or software at Contractor's expense to enhance system operation and support. Upon termination of the agreement, Contractor may remove these devices and return the system to its original operation. The Cyber Security and Infrastructure Protection agree to provide, at its sole expense, connection to the switched telephone network for the diagnostic devices and/or software.

B. This agreement assumes that the systems and/or equipment included on the attached inventory, Article 1, Attachment A, of covered equipment and software are in maintainable condition. If repairs are necessary upon initial inspection or initial seasonal start-up, repair charges will be submitted for approval to the Contract Compliance Inspector or his designated representative. Should these charges be declined, those non-maintainable items will be eliminated from coverage under this agreement and the price adjusted accordingly by mutual agreement between the Contractor and State of Michigan.

C. Maintenance, repairs and replacement of equipment parts and components are limited to restoring to proper working condition. Contractor must not be obligated to provide replacement software, equipment, components and/or parts that represent a significant betterment or capital improvement to the Cyber Security and Infrastructure Protection system(s).

D. Contractor will replace or repair any product they provide or the Cyber Security and Infrastructure Protection purchases under this agreement that fails within the warranty period of one (1) year because of defective workmanship or materials. The failure must not result from Agency's

negligence or from fire, lightning, water damage or any other cause beyond the contractor's control. This warranty applies to both Contractor manufactured and non-Contractor purchased products. The warranty effective date is the date of Agency's acceptance of the product or the date Agency begins to receive beneficial use of the product, whichever comes first.

***PLEASE RESPOND ON ATTACHMENT B (*cards, panels and automated service technician)* WITH YOUR HOURLY RATE AND 52 WK *EXTENTION**

1.102 OUT OF SCOPE

Repair and replacement of non-maintainable parts of the system such as, but not limited to: duct work, piping, unit cabinets, insulating material, electrical wiring, hydronic and pneumatic piping, structural supports and other non-moving parts, are not included in this agreement. Repair or replacement such non-maintainable parts will be the sole responsibility of the Office of Infrastructure Protection.

Contractor will not reload software, nor make repairs or replacements necessitated by reason of negligence or misuse of the equipment by persons other than the Contractor or its employees, or caused by lightning, electrical storm, or other violent weather or by any other cause beyond contractor's control. Contractor will provide a quote for such services at the request of the Office of Infrastructure Protection..

Contractor must not be obligated to provide replacement software, equipment, components and/or parts that represent a significant betterment or capital improvement to the Office of Infrastructure Protection system(s).

Unless otherwise specified the Office of Infrastructure Protection retains all responsibility for maintaining networks, leased lines and/or other communication mediums incidental or essential to the operation of the system(s).

Third party applications and/or software including, but not limited to, operating system(s), web browsers, local area networks and computerized maintenance management systems and any labor, software and/or hardware required to maintain the present applications and/or implement functional enhancements, will be the Office of Infrastructure Protection's sole responsibility.

Emergency repair labor is not covered under this plan.

1.103 ENVIRONMENT

The links below will provide information on the State's Enterprise IT policies, standards and procedures which includes security policy and procedures, IT strategic plan,
eMichigan web development and the State Unified Technology, Management and Budget 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 as a result of this RFP 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.

With the exception of 2 current HSM System limitations

1. Server Naming Convention

   State Of Michigan Standard Server Naming Convention

AAANNNBBBBXYSSS – (e.g HC1551CHRWPD001**,** DET084ADDCPI001)
AAA (Physical Location Identifier) must be a 3 character code. These names should contain unique site, building, geographic area, or user community.
NNN (Agency ID Number) must be the 3 character code. It is based on the FACS Agency listing created by DMB to assist in administration of multiple agencies.
BBBB (Project Identifier) must be a 4 character code. These names describe the specific use of the server (e.g. ADDC = Active Directory Domain Controller, CEPI = indicates CEPI application). These characters are assigned by the server team responsible for the server**.**
X (Type Identifier) must be the 1 character code. It was created by DIT to identify a server's type.
Y (Function Identifier) must be the 1 character code. It was created by DIT to identify a server's function.
SSS (Sequence Number) differentiate multiple servers at the same location, and version control. 001 through 999 as needed

HSM Server Naming Convention:
The name must be 14 characters or less and cannot contain spaces or the following characters: > : ; " * + = \ | ? ,~ @ # $ % ^ & ( ) ' _
The names of the server computers must have a common base name, plus a single-letter suffix. In the case of the primary server, the suffix is "A", and in the case of the backup server, the suffix is "B".

2. Backup Software

State of Michigan Backup Software Standard
Where technically possible and where defined data protection for a server is necessary, servers that are located at one of the three enterprise hosting centers will use the Enterprise Backup Service(Veritas) for backup and recovery needs.

HSM Backup Software Standard
Honeywell lists Acronis as the only product approved for use in backing up Honeywell Enterprise Building Integrator (EBI) applications.

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/1310.02_183775_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/1340_193162_7.pdf
http://www.michigan.gov/documents/dmb/1350.10_184594_7.pdf

The State's security environment includes:

- *DTMB Single Login.*
- DTMB 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.

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

The State Unified Technology, Management and Budget Environment (SUITE):
Includes standards for project management, systems engineering, and associated forms and templates – must be followed: http://www.michigan.gov/suite

Contractors must complete the State of Michigan (SOM) Enterprise Architecture (EA) Solution Assessment Vendor Worksheet in Attachment 6 and submit it as a required element of the bid. This will allow the DTMB Office of Enterprise Architecture to evaluate the proposed solution for standards compliance, Total Cost of Ownership (TCO), and suitability for integration with the SOM's IT environment. Questions regarding the SOM EA Solution Assessment Vendor Worksheet will be forwarded to the SOM Office of Enterprise Architecture, as needed.

Physical Environment:

This work is to be done in an office environment as well as IT closets, electrical closets, and warehouse and penthouse mechanical rooms. Some card readers are located outside buildings, including, but not limited to, those placed at parking lot entrances.

Technical Environment:

The Office of Infrastructure Protection uses Linknet PCSC Software for communication to the PCSC panels. The Contractor should be trained and certified in the use of this software. The platform for the server uses HSM/EBI (Honeywell Security Manager/Enterprise Building Integrator) Software. The Contractor should be trained and certified in the use of this software.

Unsafe Working Conditions:

The Office of Infrastructure Protection must notify contractor of any hazardous materials in the areas where contractor will undertake work to provide services immediately upon becoming aware of such hazardous materials. This must include:

A. Materials or substances classified as toxic or hazardous either on or within the walls, floors, ceiling or other structural components or otherwise located in the work area, including asbestos or presumed asbestos containing materials, formaldehyde, containers or pipelines containing petroleum products or hazardous substances, etc.

B. Situations subject to special precautions or equipment required by federal, state or local health or safety regulations.

C. If any such materials, situations or conditions, whether disclosed or not, are in fact discovered by the Contractor or others and provide an unsafe condition for the performance of the work or services, the discovery of the materials, situations or conditions must constitute a cause beyond the Contractor's reasonable control and the Contractor must have the right to cease or not commence the work or services until the area has been made safe by the Office of Infrastructure Protection or their representative. Contractor must advise the Contract Compliance Inspector of such occurrences within four (4) hours of becoming aware of such materials, situations or conditions.

1.104 WORK AND DELIVERABLE

Predictive Maintenance Deliverables:

Server/Database

1. Perform incremental data backup of daily data to hard disk & complied weekly to tape.
2. Verify daily the primary and redundant servers are running optimally and error free.
3. Verify weekly building displays are current and provide a report to the Contract Compliance Inspector. (panel locations, reader locations, labeled clearly, etc.)
4. Verify daily that the synchronization system is running optimally and error free.
5. Backup Event Archives to tape every 6 weeks.
6. Verify weekly all current Windows patches & updates to servers are performed and are working properly after installed.
7. Defrag hard drives on all servers weekly.
8. Verify antivirus software is working properly and that scanning for viruses is performed weekly.
9. Check and remove any dust build up inside computer cases monthly.

HSM Work Stations

1. Verify clients are working optimally and error free, by network connection to DMBACSHOPA & DMBACSHOPB servers, hardware and software adjustments weekly.
2. Defrag PC hard drives, check for dust build-up inside of computer case monthly.
3. Verify all current Windows patches & updates to PC's are performed and are working properly after installed weekly.
4. Verify antivirus software is working properly and that scanning for viruses is performed weekly.

Software

1. Verify weekly all commands are working properly in Security Manager.
2. Verify weekly all scripts are working properly.
3. Verify weekly all Security Manager patches & updates to PC's and servers are performed and are working properly after installed.

Controller Panels

1. Lithium batteries need to be checked and/or replaced every year in December. (Batteries must be dated when replaced.)
2. Panel power supply batteries to be checked and charged every 6 month. (Replace as needed. Batteries must be dated when replaced.)

1.105 ACCESS CARDS

These access cards serve a dual purpose, they are used as employee picture identification as well as facility access key cards. The cards must be created, prior to deliver, with the appropriate facility code and must follow specific sequential numbering order that follows previous card orders.

Access Card Specifications:

1.106 HID Proprietary 37 Bit Format with Facility Code

General: The 37-bit format with facility code differs from the 37-bit format only in that it also contains a facility code. Just like the 37 bit without facility code, this format provides the customer with an open format in which card numbers will not be duplicated, because HID tracks the manufacture of cards to prevent duplication.

Description: This 37-bit format has 65,535 facility codes available and over 500,000 card numbers within each facility code. Just like the 37-bit format without facility code, many systems are not capable of handling a format as large as 37 bits. In addition, many systems are not capable of handling a facility code as large as 65,535.

Special Note: Access cards must be numbered sequentially based on previous card orders so that card numbers that are currently in use are not duplicated.

*volumes are for estimation purposes only[**pricing entered attachment B]**

Anticipated annual purchase volume: 12,000 cards

Anticipated frequency and volume per order: 1,000/month

As part of this contract the state reserves the right to add additional Locations or agencies as requirements for service change.

1.107 ACCESS CONTROLLER PANEL

PCSC IQ1000 controllers are essentially the brain of a group of access system points. The controllers are programmed with a list of authorized users and each user's access rights. When an access card is presented at a reader, the reader consults the controller which either authorizes or denies entry. The controllers also contain/send information regarding when automated doors are to open/close or unlock/lock. Controllers are linked to the HSM software and can received programming and other commands remotely from authorized users.

1.108 Access Controller Panel Specifications:

PCSC IQ1000 Controller

General

CPU: Intel 16Bit Processor
Power: 12VDC
Draw: Min .5 amp @ 12VDC to Max 3 amp
Temperature: 32°F to 115°F (0°C to 46°C)
Clock Calendar: battery protected
Flash Memory: 128K/256K
RAM: 128K/512K
Cardholder Capacity: 8K - Expansion - 20K plus

History Transactions: 500 Expansion - 4K
Authorization Groups: 999
Time Periods: 64
Holiday List Duration: 365 days
LED Status Indicators: power, alarm
Two 7 segment LEDs: Error codes
Status Indicators: communication data, on-line diagnostics
Dimensions: 21.8”H x 16.1”W x 5.7”D (55.4cm x 40.9cm x 14.5cm)
Weight: 38lbs. (17.2kg)
Lock Output: 10 removable Form C (2.5 amps @ 24V)
Voltage Output: 10 (or 10 ext.shunts)
Reader Port: 10,Wiegand or PCSC type, supervised
Door Position: 10, supervised (DSP)
Request To Exit: 2, supervised (DSP) 8, dry contact
Auxiliary Input: 5, supervised (DSP)
Tamper Input: 1, supervised (DSP)
Auxiliary Output: 2 voltage outputs

Communications

RS485: standard optically isolated
Dial-Up: standard

Wire Requirements

Power: 2 conductor18AWG (TW/STR/SH) (up to 500 feet/ 152 meters)
Reader Ports: 5 conductor wiegand = 500’ 22AWG (TW/STR/SH)
4 conductor PCSC = 2,000’22AWG (TW/STR/SH)
Inputs: 2 conductor22AWG (TW/STR/SH) (2,000 ft/609 meters)
Outputs: 2 conductor18AWG (TW/STR/SH) (2,000 ft/609 meters)
RS485: 4 conductor22AWG (TW/STR/SH) (maximum 4,000 ft/1,219 meter
RS232: 4 conductor22AWG (TW/

*volumes are for estimation purposes only **[pricing entered attachment B]**:

Anticipated annual purchase volume: thirty *(30) controllers

Anticipated volume per order: three *(3) controllers

As part of this contract the state reserves the right to add additional buildings or agencies as requirements for service change.

1.200 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

Identify the name(s) of the individual to be designated as the Key Personnel including contact information and the detailed roles and responsibilities of this person(s)

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

DTMB Cyber Security and Infrastructure Protection will oversee this contract. Jeff Pratt, Manager, will be the Contract Compliance Inspector (CCI). His role will be to act as the overall contract manager, overseeing the Contractor's performance during the term of the contract.

Rick Houseman, SOM Locksmith 10, is the administrator to the HSM system. His role will be to act as the day-to-day technical advisor.

1.203 OTHER ROLES AND RESPONSIBILITIES

1.300 Project Plan

1.301 PROJECT PLAN MANAGEMENT

1. The Contractor will carry out this project under the direction and control of the Contract Compliance Inspector.

2. Although there will be continuous liaison with the Contractor team, the Contract Compliance Inspector will meet monthly at minimum, or as requested by the Contract Compliance Inspector, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

3. Within five (5) working days of the award of the Contract, the Contractor will submit to the Contract Compliance Inspector for final approval a work plan. This final implementation plan must be in agreement as proposed by the Contractor and accepted by the State for Contract, and must include the following:

   a. The Contractor's project organizational structure.

   b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

   c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.

1.302 ISSUE MANAGEMENT

Describe how issues will be addressed when they arise and how appropriate parties will be apprised of progress.

1.303 RISK MANAGEMENT

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. Risk assessment review should be conducted on a regular basis. Please describe Contractor's risk management process.

1.304 CHANGE MANAGEMENT

If a proposed contract change is approved by the Contract Compliance Inspector, the Contract Compliance Inspector will submit a request for change to the Department of 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 DTMB Purchasing Operations Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Purchasing Operations Buyer will issue an addendum to the Contract, via a Contract Change Notice. **Vendors who provide products or services prior to the issuance of a Contract Change Notice by the DTMB Office of Purchasing Operations, risk non-payment for the out-of-scope/pricing products and/or services.**

1.400 RESERVED

1.500 Acceptance

1.501 CRITERIA: RESERVED

1.502 FINAL ACCEPTANCE RESERVED

1.600 Proposal Pricing

1.601 Proposal Pricing

For authorized Services and Price List, see Attachment A.

Bidders are encouraged to offer quick payment terms (i.e. 2% discount off invoice if paid within 15 days). This information can be noted on the Bidders price proposal (**Attachment A**). This may be a factor considered in our award decision.

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

1.602 Price Term

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

DTMB-Procurement reserves the right to consider various pertinent information sources to evaluate price increase requests (such as the CPI and PPI, US City Average, as published by the US Department of Labor, Bureau of Labor Statistics). DTMB-Procurement also reserves the right to consider other information related to special economic and/or industry circumstances, when evaluating a price change request. Requests for price changes must be RECEIVED IN WRITING AT LEAST TEN DAYS PRIOR TO THEIR EFFECTIVE DATE, and are subject to written acceptance before becoming effective. In the event new prices are not acceptable, the Contract may be cancelled. **The Contractor remains responsible for performing according to the Contract terms at the Contract price for all orders received before price revisions are approved or before the Contract is cancelled.**

1.603 Tax Excluded from Price

(a)Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices must not include the taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

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

1.604 Holdback RESERVED

1.700 Compensation and Payment

1.701 COMPENSATION AND PAYMENT

DTMB Cyber Security and Infrastructure Protection must reimburse the Contractor for costs incurred based on the contract price structure only for services authorized by the DTMB Cyber Security and Infrastructure Protection.

An invoice must be submitted **monthly** and must reflect charges for services rendered to date and include the contract number and purchase order number.

1.702 CONTRACT ADMINISTRATIVE FEE

The Contractor must remit a contract 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 [1] percent of the total quarterly sales reported.

1. 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.

2. 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

1.800 Additional Requirements

1.801 Additional Terms and Conditions specific to this RFP-RESERVED

1.802 Please clarify In-Scope with regards to the following statement in the last paragraph:

As part of the repair service maintenance the Contractor will repair or replace serviceable components and parts found on the inventory of covered equipment and software that have been found to be defective of have failed.

Who supplies these components and/or parts?

Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term
The Contract is for a period of 3 [three] years beginning 3/25/14 through 3/25/17 All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002 Options to Renew
The 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 [two] additional 1 [one] year periods.

2.003 Legal Effect
Contractor must show acceptance of the Contract by signing two (2) copies of the Contract and returning them to the Contract Administrator. The Contractor must not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a Contract release/purchase order that authorizes and defines specific performance requirements.

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

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

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

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

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

2.007 Headings
Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of the Contract.

2.008 Form, Function & Utility
If the Contract is for use of more than one (1) State agency and if the Deliverable/Service does not the 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 (1) 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
The Contract is issued by the Department of Technology Management and Budget, DTMB-Procurement and Cyber Security and Infrastructure Protection (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. DTMB-Procurement **is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of the Contract.** The Contractor Administrator within DTMB-Procurement for the Contract is:

Michael Breen
Procurement
Department of Technology Management and Budget
Mason Bldg., 2nd Floor
PO Box 30026
Lansing, MI 48909
breenm@michigan.gov
517-241-7720

2.022 Contract Compliance Inspector
After DTMB-Procurement receives the properly executed Contract, it is anticipated that the Director of DTMB-Procurement, in consultation with Cyber Security and Infrastructure Protection, will direct the person named

below, or any other person so designated, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of the Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract as that authority is retained by DTMB Procurement**. The CCI for the Contract is:

Jeff Pratt
Office of Infrastructure Protection
Joint Operations Center, 2nd floor
615 West Allegan
Lansing, Michigan 48933
prattj@michigan.gov
517-241-4391

2.023 Project Manager RESERVED

2.024 Change Requests

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

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

Change Requests:

(a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under the Contract, describing the Change and its effects on the Services and any affected components of the Contract (a “Contract Change Notice”).

(b) No proposed Change may be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the DTMB-Procurement.

(c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of the 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 State contact as noted in Section 2.021 and the Contractor’s contact as noted on the cover page of the contract, 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.

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 written notice.

2.027 Relationship of the Parties
The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors must be deemed to be an employee, agent or servant of the State for any reason. Contractor is solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

2.028 Covenant of Good Faith
Each party must act reasonably and in good faith. Unless stated otherwise in the Contract, the parties must not unreasonably delay, condition, or withhold the giving of any consent, decision, or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

2.029 Assignments
(a) Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the requirements of the Contract. The State may withhold consent from proposed assignments, subcontracts, or novation when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties, and the requirement under the Contract that all payments must be made to one (1) entity continues.

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

2.030 General Provisions

2.031 Media Releases
News releases (including promotional literature and commercial advertisements) pertaining to the RFP and Contract or project to which it relates must 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 must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.034 Website Incorporation
The State is not bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

2.035 Future Bidding Preclusion
Contractor acknowledges that, to the extent the 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 the Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 PA 442, 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 the Contract must 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 the Contract must specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

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

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

2.044 Invoicing and Payment – In General
(a) Each Statement of Work issued under the Contract must 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 must 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 must show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.

(c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 PA 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.

(d) Contract Payment Schedule

1. Contractor request for performance-based payment.
   The Contractor may submit requests for payment of performance-based payments not more frequently than monthly, in a form and manner acceptable to the CCI. Unless otherwise authorized by the CCI, all performance-based payments in any period for which payment is being requested must be included in a single request, appropriately itemized and totaled.

2. Approval and payment of requests.
   a) The Contractor is not entitled to payment of a request for performance-based payment prior to successful accomplishment of the event or performance criterion for which payment is requested. The CCI must determine whether the event or performance criterion for which payment is requested has been successfully accomplished in accordance with the terms of the Contract. The CCI may, at any time, require the Contractor to substantiate the successful performance of any event or performance criterion, which has been or is represented as being payable.

   b) A payment under this performance-based payment clause is a contract financing payment under the Quick Payment Terms in **Section 1.061** of the Contract.

   c) The approval by the CCI of a request for performance-based payment does not constitute an acceptance by the State and does not excuse the Contractor from performance of obligations under the Contract.

2.045 Pro-ration

To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services must 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 the Contract.

2.047 Final Payment

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one (1) party against the other arising from unsettled claims or failure by a party to comply with the 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 the Contract must constitute a waiver of all claims by Contractor against the State for payment under the 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. The Contractor must register with the State electronically at http://www.cpexpress.state.mi.us. As stated in 1984 PA 431, all contracts that the State enters into for the purchase of goods and services must provide that payment will be made by Electronic Fund Transfer (EFT).

2.050 Taxes

2.051 Employment Taxes

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

2.052 Sales and Use Taxes

Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two (2) 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 the 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 the 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 the 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 CCI 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 reserves 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 must notify the State of the proposed assignment, must introduce the individual to the appropriate State representatives, and must 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 must 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 must be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.

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

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

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted for a time as agreed to by the parties.

2.064 Contractor Personnel Location

All staff assigned by Contractor to work on the Contract must perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel must, 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 must 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 must 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 the Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and must not unnecessarily or unreasonably interfere with, delay, or otherwise impede Contractor's performance under the Contract with the requests for access.

2.067 Contractor Return of State Equipment/Resources

The Contractor must return to the State any State-furnished equipment, facilities, and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

2.068 Contract Management Responsibilities

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

2.070 Subcontracting by Contractor

2.071 Contractor Full Responsibility

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

2.072 State Consent to Delegation

Contractor must not delegate any duties under the Contract to a Subcontractor unless the DTMB-Procurement has given written consent to such delegation. The State reserves 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 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 Subcontractor(s) for the removed Subcontractor must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work will not be counted for a time agreed upon by the parties.

2.073 Subcontractor Bound to Contract

In any subcontracts entered into by Contractor for the performance of the Services, Contractor must require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of the Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by the 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 is the responsibility of Contractor, and Contractor must remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor must make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under the Contract will not relieve Contractor of any obligations or performance required under the Contract.

2.074 Flow Down

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

2.075 Competitive Selection

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

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

2.090 Security

2.091 Background Checks
On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel must 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 must agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. The Contractor must present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff must comply with all Physical Security procedures in place within the facilities where they are working.

2.092 Security Breach Notification
If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State, in writing, any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

2.093 PCI Data Security 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 will continue to possess, confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) which is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State must mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under the Contract, is marked as confidential, proprietary, or with a similar designation by the State. "Confidential Information" excludes any information (including the Contract) that is publicly available under the Michigan FOIA.

2.102 Protection and Destruction of Confidential Information

The State and Contractor must each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication, or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by the 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 must limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of the Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under the Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

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

2.103 Exclusions

Notwithstanding the foregoing, the provisions of **Section 2.100** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to

disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.100** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 No Implied Rights
Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

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

2.110 Records and Inspections

2.111 Inspection of Work Performed
The State's authorized representatives, at reasonable times and with 10 days prior notice, have the right to enter the Contractor's premises or any other places where work is being performed in relation to this Contract. The representatives may inspect, monitor, or evaluate the work being performed, to the extent the access will not reasonably interfere with or jeopardize the safety or operation of Contractor's systems or facilities. The Contractor must provide reasonable assistance for the State's representatives during inspections.

2.112 Retention of Records
(a) The Contractor must retain all financial and accounting records related to this Contract for a period of 7 years after the Contractor performs any work under this Contract (Audit Period).

(b) If an audit, litigation, or other action involving the Contractor's records is initiated before the end of the Audit Period, the Contractor must retain the records 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.

2.113 Examination of Records
(a) The State, upon 10 days prior notice to the Contractor, may examine and copy any of the Contractor's records that relate to this Contract any time during the Audit Period. The State does not have the right to review any information deemed confidential by the Contractor if access would require the information to become publicly available. This requirement also applies to the records of any parent, affiliate, or subsidiary organization of the Contractor, or any Subcontractor that performs services in connection with this Contract.

(b) In addition to the rights conferred upon the State in paragraph (a) of this section and in accordance with MCL 18.1470, DTMB or its designee may audit the Contractor to verify compliance with the Contract. The financial and accounting records associated with the Contract shall be made available to DTMB or its designee and the auditor general, upon request, during the term of the Contract and any extension of the Contract and for 3 years after the later of the expiration date or final payment under the Contract.

2.114 Audit Resolution
If necessary, the Contractor and the State will meet to review any audit report promptly after its issuance. The Contractor must respond to each report in writing within 30 days after receiving the report, unless the report specifies a shorter response time. The Contractor and the State must develop, agree upon, and monitor an action plan to promptly address and resolve any deficiencies, concerns, or recommendations in the report.

2.115 Errors

(a) If an audit reveals any financial errors in the records provided to the State, the amount in error must be reflected as a credit or debit on the next invoice and subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried forward for more than four invoices or beyond the termination of the Contract. If a balance remains after four invoices, the remaining amount will be due as a payment or refund within 45 days of the last invoice on which the balance appeared or upon termination of the Contract, whichever is earlier.

(b) In addition to other available remedies, if the difference between the State's actual payment and the correct invoice amount, as determined by an audit, is greater than 10%, the Contractor must pay all reasonable audit costs.

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 the Contract. The performance of all obligations under the Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under the Contract.

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

(c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under the 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 the Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

(d) If, under the 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 the 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 the 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 the 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 (2) days of learning about it.

(h) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after the Contract start date, the Contractor must report those changes immediately to DTMB-Procurement.

2.122 Warranty of Merchantability

Goods provided by Contractor under this agreement must be merchantable. All goods provided under the Contract must be of good quality within the description given by the State, must be fit for their ordinary purpose, must be adequately contained and packaged within the description given by the State, must conform to the agreed upon specifications, and must 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 must, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by Contractor must 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 the Contract, must be delivered free of any rightful claim of any third person by of infringement or the like.

2.125 Equipment Warranty
To the extent Contractor is responsible under the Contract for maintaining equipment/system(s), Contractor must maintain the equipment/system(s) in good operating condition and must undertake all repairs and preventive maintenance according to the applicable manufacturer's recommendations for the period specified in the Contract.

The Contractor represents and warrants that the equipment/system(s) are in good operating condition and operate and perform to the requirements and other standards of performance contained in the Contract, when installed, at the time of Final Acceptance by the State, and for a period of twelve (12) months commencing upon the first day following Final Acceptance.

Within three business days of notification from the State, the Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor must assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

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

The Contractor agrees that all warranty service it provides under the Contract must be performed by Original Equipment Manufacturer (OEM) trained, certified and authorized technicians.

The Contractor is the sole point of contact for warranty service. The Contractor warrants that it will pass through to the State any warranties obtained or available from the original equipment manufacturer, including any replacement, upgraded, or additional equipment warranties.
All warranty work must be performed on the State of Michigan worksite(s).

2.126 Equipment to be New
If applicable, all equipment provided under the Contract by Contractor must 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, is 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 must 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 the Contract.

2.130 Insurance

2.131 Liability Insurance
The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims which may arise out of or result from the Contractor's performance of Services under the terms of the 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 the Contract.

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

The insurance must be written for not less than any minimum coverage specified in the 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 the Contract must be issued by companies that have been approved to do business in the State. See www.michigan.gov/deleg.

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 the Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

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

☑ 3. Workers' compensation coverage must be provided according to applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

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

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision must not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

☑ 4. Employers liability insurance with the following minimum limits:

$100,000 each accident
$100,000 each employee by disease
$500,000 aggregate disease

☐ 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of $1,000,000.00 with a maximum deductible of $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: $3,000,000.00 each occurrence and $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 the 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 the 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 must fully comply with the insurance coverage required in this Section. Failure of Subcontractor 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 OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider The coverage afforded under the policies MUST 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, DTMB. The notice must include the Contract or Purchase Order number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

The Contractor must maintain all required insurance coverage throughout the term of the Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must secure tail coverage for at least three (3) years following the expiration or termination for any reason of the 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 the 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 the Contract, or if any insurer cancels or significantly reduces any required insurance as specified in the 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 the 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 must 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 the 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 the Contract.

(a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under the 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 must 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 the Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under the 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 the Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating the 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 the 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 the Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under the Contract.

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

(d) If the State terminates the 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 the Contract for a termination for convenience.

2.153 Termination for Convenience

The State may terminate the 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 the 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 the Contract in part, the charges payable under the Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of the Contract that are terminated for cause must cease on the effective date of the termination.

2.154 Termination for Non-Appropriation

(a) Contractor acknowledges that, if the Contract extends for several fiscal years, continuation of the Contract is subject to appropriation or availability of funds for the Contract. If funds to enable the State to effect continued payment under the Contract are not appropriated or otherwise made available, the State must terminate the Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).

(b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under the Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

(c) If the State terminates the Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.155 Termination for Criminal Conviction

The State may terminate the 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 the 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 must 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 the 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 the 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 the 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 the 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 the 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 the Contract, and may further pursue completion of the Services/Deliverables under the Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

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

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities
If the State terminates the Contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If the 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 **Sections 2.171, 2.172, 2.173, 2.174, and 2.175.**

2.172 Contractor Personnel Transition

The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the 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 must notify all of Contractor's subcontractors of procedures to be followed during transition.

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

2.174 Contractor Software Transition
The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under the Contract. This must include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

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

2.176 State Transition Responsibilities
In the event that the Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
(a) Reconciling all accounts between the State and the Contractor;
(b) Completing any pending post-project reviews.

2.180 Stop Work

2.181 Stop Work Orders
The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.180**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.150**.

2.182 Cancellation or Expiration of Stop Work Order

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

2.183 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.150**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.180.**

2.190 Dispute Resolution

2.191 In General

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

2.192 Informal Dispute Resolution

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

(i) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.

(ii) During the course of negotiations, all reasonable requests made by one (1) party to another for non-privileged information reasonably related to the Contract must be honored in order that each of the parties may be fully advised of the other's position.

(iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.

(iv) Following the completion of this process within 60 calendar days, the Director of Procurement, DTMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

(b) This Section must not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.193**.

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

2.193 Injunctive Relief
The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.194 Continued Performance
Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination
In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, or physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of the Contract or any purchase order resulting from the Contract must contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

2.202 Unfair Labor Practices
Under 1980 PA 278, MCL 423.321, et seq., the State must not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under Section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under Section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.203 Workplace Safety and Discriminatory Harassment
In performing Services for the State, the Contractor must comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor must comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html.

2.204 Prevailing Wage
The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of the Contract in privity of contract with the Contractor must 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 must 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 the Contract in privity of contract with the Contractor must keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Licensing and Regulatory Affairs, the office responsible for enforcement of the wage rates and fringe benefits. The Contractor must keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with the Contract. This record must 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 must 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 must in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.212 Compliance with Laws

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

2.213 Jurisdiction

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

2.220 Limitation of Liability

2.221 Limitation of Liability

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract or $200,000 whichever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition ot damages after litigation based on this Contract.

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

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of the 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 the Contract.

+

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor must disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.

(b) Assurances. If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of the Contract would cause a reasonable party to be concerned about:

(i) the ability of Contractor (or a Subcontractor) to continue to perform the Contract according to its terms and conditions, or

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

(a) Contractor and its Subcontractors must be able to continue to perform the Contract and any Statements of Work according to its terms and conditions, and

(b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

(c) Contractor must make the following notifications in writing:

(1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DTMB-Procurement.
(2) Contractor must 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 must also notify DTMB Procurement within 30 days whenever changes to company affiliations occur.

2.232 Call Center Disclosure Reserved

2.233 Bankruptcy
The State may, without prejudice to any other right or remedy, terminate the 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 the Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process must be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

2.240 Performance

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

(b) Without limiting the generality of **Section 2.241(a),** Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.

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

2.242 Service Level Agreements (SLAs) reserved

2.243 Liquidated Damages
RESERVED

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, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

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

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b) the State may terminate any portion of the Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

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

2.250 Approval of Deliverables

2.251 Delivery Responsibilities

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

(a) Shipment responsibilities - Services performed/Deliverables provided under the Contract must be delivered "F.O.B. Destination, within Government Premises." The Contractor must have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates must be specified on the individual purchase order.

(b) Delivery locations - Services must be performed/Deliverables must be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.

(c) Damage Disputes - At the time of delivery to State Locations, the State must examine all packages. The quantity of packages delivered must be recorded and any obvious visible or suspected damage must be

noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record the damage.
Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within 14 days of receipt. Any damage must be reported to the Contractor within five days of inspection

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

2.253 Testing
(a) Before delivering any of the above-mentioned Statement of Work Physical Deliverables or Services to the State, Contractor must first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and conforms with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor must certify to the State that (1) it has performed the quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during the quality assurance activities and testing, (4) the Deliverable or Service is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.

(b) If a Deliverable includes installation at a State Location, then Contractor must (1) perform any applicable testing, (2) correct all material deficiencies discovered during the quality assurance activities and testing, and (3) inform the State that the Deliverable is in a suitable state of readiness for the State's review and approval. To the extent that testing occurs at State Locations, the State is entitled to observe or otherwise participate in testing.

2.254 Approval of Deliverables, In General
(a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, according to the following procedures. Formal approval by the State requires the State to confirm in writing that the Deliverable meets its specifications. Formal approval may include the successful completion of Testing as applicable in **Section 2.253**, to be led by the State with the support and assistance of Contractor. The approval process will be facilitated by ongoing consultation between the parties, inspection of interim and intermediate Deliverables and collaboration on key decisions.

(b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.

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

(d) The State must approve in writing a Deliverable/Service after confirming that it conforms to and performs according to its specifications without material deficiency. The State may, but is not be required to, conditionally approve in writing a Deliverable/Service that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working

diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable/Service that remain outstanding at the time of State approval.

(e) If, after three (3) opportunities (the original and two (2) repeat efforts), the Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that the Contractor cure the failure and give the Contractor additional time to cure the failure at the sole expense of the Contractor; or (ii) keep the Contract in force and do, either itself or through other parties, whatever the Contractor has failed to do, and recover the difference between the cost to cure the deficiency and the contract price plus an additional sum equal to 10% of the cost to cure the deficiency to cover the State's general expenses provided the State can furnish proof of the general expenses; or (iii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure the breach. Notwithstanding the foregoing, the State cannot use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

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

2.255 Process For Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (and if the Statement of Work does not state the State Review Period, it is by default five (5) Business Days for Written Deliverables of 100 pages or less and 10 Business Days for Written Deliverables of more than 100 pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable before its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State notifies the Contractor about deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts must be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.256 Process for Approval of Services

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

2.257 Process for Approval of Physical Deliverables

The State Review Period for approval of Physical Deliverables is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 continuous Business Days for a Physical Deliverable). The State agrees to notify the Contractor in writing by the end of

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

2.258 Final Acceptance
Unless otherwise stated in the Article 1, Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable must occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.251-2.257**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

2.260 Ownership

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

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

2.263 Rights in Data
(a) The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor must 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 must not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

(b) The State is the owner of all State-specific data under the Contract. The State may use the data provided by the Contractor for any purpose. The State must 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 must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://www.michigan.gov/dmb/0,4568,7-150-56355-108233--,00.html;.

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://michigan.gov/cybersecurity/0,1607,7-217-34395_34476---,00.html 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 RESERVED

2.282 State Employee Purchases RESERVED

2.290 Environmental Provision

2.291 Environmental Provision
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 such as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act.

(a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State, and local laws. The State must provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor must immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.

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

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor must resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.242** for a time as mutually agreed by the parties.

(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

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

Refrigeration and Air Conditioning:
The Contractor must 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 the Contract.

Environmental Performance:
Waste Reduction Program: Contractor must establish a program to promote cost-effective waste reduction in all operations and facilities covered by the Contract. The Contractor's programs must 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 Other Provisions

2.300 Deliverables

2.301 Software

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

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

The Contractor represents and warrants that Deliverables, after Final Acceptance, will perform and operate in compliance with the requirements and other standards of performance contained in this Contract (including all descriptions, specifications and drawings made a part of the Contract) for a period of (90) ninety days. In the event of a breach of this warranty, Contractor will promptly correct the affected Deliverable(s) at no charge to the State.

2.312 No Surreptitious Code Warranty

The Contractor represents and warrants that no copy of licensed Software provided to the State contains or will contain any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in this Contract as the "No Surreptitious Code Warranty."

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

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

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the State.

2.313 Calendar Warranty

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

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

2.314 Third-party Software Warranty

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

2.315 Physical Media Warranty

Contractor represents and warrants that each licensed copy of the Software provided by the Contractor is free from physical defects in the media that tangibly embodies the copy. This warranty does not apply to defects discovered more than (30) thirty days after that date of Final Acceptance of the Software by the State. This warranty does not apply to defects arising from acts of Excusable Failure. If the Contractor breaches this warranty, then the State must be entitled to replacement of the non-compliant copy by Contractor, at Contractor's expense (including shipping and handling).

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

Unless otherwise specifically agreed to by the State, before initiating the preparation of any Deliverable that is a Derivative of a preexisting work, the Contractor must cause the State to have and obtain the irrevocable, nonexclusive, worldwide, royalty-free right and license to (1) use, execute, reproduce, display, perform, distribute internally or externally, sell copies of, and prepare Derivative Works based upon all preexisting works and Derivative Works thereof, and (2) authorize or sublicense others from time to time to do any or all of the foregoing.

2.324 License Retained by Contractor

Contractor grants to the State a non-exclusive, royalty-free, site-wide, irrevocable, transferable license to use the Software and related documentation according to the terms and conditions of this Contract. For the purposes of this license, "site-wide" includes any State of Michigan office regardless of its physical location.

The State may copy each item of Software to multiple hard drives or networks unless otherwise agreed by the parties.

The State will make and maintain no more than one archival copy of each item of Software, and each copy will contain all legends and notices and will be subject to the same conditions and restrictions as the original. The State may also make copies of the Software in the course of routine backups of hard drive(s) for the purpose of recovery of hard drive contents.

In the event that the Contractor must, for any reason, cease to conduct business, or cease to support the Software, the State must have the right to convert these licenses into perpetual licenses, with rights of quiet enjoyment, but subject to payment obligations not to exceed the then current rates.

2.325 Pre-existing Materials for Custom Software Deliverables

RESERVED.

2.330 Source Code Escrow

2.331 Definition

"Source Code Escrow Package" must mean:

(a) A complete copy in machine-readable form of the source code and executable code of the Licensed Software, including any updates or new releases of the product;

(b) A complete copy of any existing design documentation and user documentation, including any updates or revisions; and/or

(c) Complete instructions for compiling and linking every part of the source code into executable code for purposes of enabling verification of the completeness of the source code as provided below. Such instructions must include precise identification of all compilers, library packages, and linkers used to generate executable code.

2.332 Delivery of Source Code into Escrow

Contractor must deliver a Source Code Escrow Package to the Escrow Agent, pursuant to the Escrow Contract, which must be entered into on commercially reasonable terms subject to the provisions of this Contract within (30) thirty days of the execution of this Contract.

2.333 Delivery of New Source Code into Escrow

If at any time during the term of this Contract, the Contractor provides a maintenance release or upgrade version of the Licensed Software, Contractor must within ten (10) days deposit with the Escrow Agent, in accordance with the Escrow Contract, a Source Code Escrow Package for the maintenance release or upgrade version, and provide the State with notice of the delivery.

2.334 Verification

The State reserves the right at any time, but not more than once a year, either itself or through a third party contractor, upon thirty (30) days written notice, to seek verification of the Source Code Escrow Package.

2.335 Escrow Fees

The Contractor will pay all fees and expenses charged by the Escrow Agent.

2.336 Release Events

The Source Code Escrow Package may be released from escrow to the State, temporarily or permanently, upon the occurrence of one or more of the following:

(a) The Contractor becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under bankruptcy or insolvency law, whether domestic or foreign;

(b) The Contractor has wound up or liquidated its business voluntarily or otherwise and the State has reason to believe that such events will cause the Contractor to fail to meet its warranties and maintenance obligations in the foreseeable future;

(c) The Contractor voluntarily or otherwise discontinues support of the provided products or fails to support the products in accordance with its maintenance obligations and warranties.

2.337 Release Event Procedures

If the State desires to obtain the Source Code Escrow Package from the Escrow Agent upon the occurrence of an Event in this **Section**, then:

(a) The State must comply with all procedures in the Escrow Contract;

(b) The State must maintain all materials and information comprising the Source Code Escrow Package in confidence in accordance with this Contract;

(c) If the release is a temporary one, then the State must promptly return all released materials to Contractor when the circumstances leading to the release are no longer in effect.

2.338 License

Upon release from the Escrow Agent pursuant to an event described in this **Section**, the Contractor automatically grants the State a non-exclusive, irrevocable license to use, reproduce, modify, maintain,

support, update, have made, and create Derivative Works. Further, the State must have the right to use the Source Code Escrow Package in order to maintain and support the Licensed Software so that it can be used by the State as set forth in this Contract.

2.339 Derivative Works

Any Derivative Works to the source code released from escrow that are made by or on behalf of the State must be the sole property of the State. The State acknowledges that its ownership rights are limited solely to the Derivative Works and do not include any ownership rights in the underlying source code.

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.

Glossary

Reuse	Means calendar days unless otherwise specified.
RFP	Means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
Services	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.
Source reduction	See Section 2.110
State Location	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.
Subcontractor	An alternate term for Contract as used in the States computer system.
Unauthorized Removal	Any function identified in any Statement of Work as Business Critical.
Waste prevention	Defined in any applicable Service Level Agreements.
Waste reduction and Pollution prevention	Physical goods and/or commodities as required or identified by a Statement of Work
Work in Progress	Michigan Department of Technology, Management and Budget
Work Product	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.
Reuse	See Section 2.244.
RFP	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).
Services	Any interruption in Services.
Source reduction	A generic term used to describe an Invitation to Bid. The ITB serves as the document for transmitting the RFP to potential bidders
State Location	Any Personnel designated in Article 1 as Key Personnel.
Subcontractor	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.
Unauthorized Removal	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
Waste prevention	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.
Waste reduction and Pollution prevention	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.
Work in Progress	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.
Work Product	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.

Attachment A Pricing Summary

Based upon the list identified on the **3 tabs of components/devices/quantity and the requirements identified for quarterly, semi-annual, and annual instructions please indicate the cost for each time period's activity

	83,342.75	
Quarterly	**$** 166,685.50	**each**
Semi-Annual	**$** 333,371.00	**each**
Annual	**$** _____	**each**

Hourly rate for technician for *after business hours service requests: _____per HR $262.50
***Hours other than 8:00AM to 5:00PM Mon-Fri**

The state reserves the right to add additional equipment, buildings or agencies as requirements for service change.

**** The 3 (three) tabs consists of capitol complex, secondary complex, outstates [BELOW]**
Each tab provides the logistic location, equipment type, and quantity within that specified location.

ATTACHMENT A

CAPTIOL COMPLEX INVENTORY

BUILDING	ADDRESS	EQUIPMENT CLASS	DESCRIPTION	# of Units 2012
Austin	430 W Allegan, Lansing	PCs & Components	EBI Server "A"	1
Austin		Software	EBI Server Software	1
Austin		Software	Anti-Virus Software	1
Hannah	608 W Allegan, Lansing	PCs & Components	Card Printer	1
Hannah		PCs & Components	Monitor, 17 inch	1
Hannah		PCs & Components	Photo Kit	1
Hannah		PCs & Components	EBI Workstation	1
Hannah		PCs & Components	Terminal Server	1
Hannah		Software	EBI Client Software	1
Hannah		Software	Anti-Virus Software	1
Joint Operations Center	615 W Allegan, Lansing	PCs & Components	Card Printer	1
Joint Operations Center		PCs & Components	Monitor, 17 inch	1
Joint Operations Center		PCs & Components	Photo Kit	1
Joint Operations Center		PCs & Components	EBI Workstation	1
Joint Operations Center		Software	EBI Client Software	1
Joint Operations Center		Software	Anti-Virus Software	1
Romney	111 S Capitol, Lansing	PCs & Components	Card Printer	1
Romney		PCs & Components	Monitor, 17 inch	1
Romney		PCs & Components	Photo Kit	1
Romney		PCs & Components	EBI Workstation	1
Romney		Software	EBI Client Software	1
Romney		Software	Anti-Virus Software	1

ATTACHMENT A

SECONDARY COMPLEX INVENTORY

BUILDING	ADDRESS	EQUIPMENT CLASS	DESCRIPTION	# of Units 2012
General Office	7150 Harris, Dimondale	PCs & Components	Card Printer	11
General Office		PCs & Components	Monitor 17 inch	1
General Office		PCs & Components	Photo Kit	1
General Office		PCs & Components	EBI Workstation	1
General Office		Software	EBI Client Software	1
General Office		Software	Anti-Virus Software	1
SOS	7064 Crowner, Dimondale	PCs & Components	EBI Server "B"	1
SOS		Software	EBI Server Software	1
SOS		Software	Anti-Virus Software	1

ATTACHMENT A

OTHER STATE BUILDINGS INVENTORY

BUILDING	ADDRESS	EQUIPMENT CLASS	DESCRIPTION	# of Units 2012
Cadillac Place	3020-3068 W Grand, Detroit	PCs & Components	Card Printer	1
Cadillac Place		PCs & Components	Monitor, 17 inch	1
Cadillac Place		PCs & Components	Photo Kit	1
Cadillac Place		PCs & Components	EBI Workstation	1
Cadillac Place		Software	EBI Client Software	1
Cadillac Place		Software	Anti-Virus Software	1
Cadillac Place		PCs & Components	CP EBI Server "A"	1
Cadillac Place		PCs & Components	CP EBI Server "B"	1
Cadillac Place		Software	EBI Server Software	2
Cadillac Place		Software	Anti-Virus Software	2

ATTACHMENT B

ACCESS CARDS

Cost per 1000 card order: $_6600.00

Cards will be delivered within* 30 days of order

Volumes are for estimation purposes only:

Anticipated annual purchase volume: 12,000 cards

Anticipated frequency and volume per order: 1,000/month

****As part of this Contract the state reserves the right to add additional locations or agencies as requirements for service change.***

ACCESS CONTROLLER PANEL

Cost per controller ordered: $3350.00

Controllers will be delivered within* 30 days of order

Volumes are for estimation purposes only:

Anticipated annual purchase volume: thirty *(30) controllers

Anticipated volume per order: three *(3) controllers

****As part of this contract the state reserves the right to add additional buildings or agencies as requirements for service change.***

*Contractor reserves the right to negotiate pricing every six (6) months if validated supplier cost increases occur during the life of the Contract. Price increases will occur after review and approval by the State of Michigan. A review will transpire only if an increase is requested.