Form No. DTMB-3521 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF CORRECTIONS
PROCUREMENT
P.O. BOX 30003, LANSING, MI 48909
OR
206 E. MICHIGAN AVE., LANSING, MI 48933

CHANGE NOTICE NO. 4

to

CONTRACT NO. 472B1300038

between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Grand Strategy, LLC 15038 73rd Street South Haven, MI 49090	Greg Fones	gregf@grandstrategyllc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(877) 282-2391	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	Corrections	Lanny Akers	(517) 780-5169	Akersl@michigan.gov
BUYER	Corrections	Lisa Lehnert	(517) 335-4904	LehnertL@michigan.gov

CONTRACT SUMMARY:

DESCRIPTION:
Sheeting Fabric

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 20, 2010	October 19, 2013	two - one year	October 19, 2014
PAYMENT TERMS	**F.O.B**	**SHIPPED**	**SHIPPED FROM**
1% 10, net 30	Destination	30 Days ARO	Various Points

ALTERNATE PAYMENT OPTIONS:	AVAILABLE TO MIDEAL PARTICIPANTS
☐ P-card ☐ Direct Voucher (DV) ☐ Other	☐ Yes ☒ No

MINIMUM DELIVERY REQUIREMENTS:
20,000 yards of combined product per shipment with each size or color being a minimum of 10,000 yards

DESCRIPTION OF CHANGE NOTICE:

EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
☐ No ☐ Yes	☐	☐		October 19 2014

VALUE/COST OF CHANGE NOTICE:	ESTIMATED REVISED AGGREGATE CONTRACT VALUE:
$100,000.00	$1,086,400.00

Effective immediately, the Contract value is increased by $100,000.00.

All other terms, conditions and specifications remain unchanged.

Change Notice Number 4

Contract Number 472B1300038

FOR THE CONTRACTOR:	FOR THE STATE:
Grand Strategy, LLC Firm Name	Signature
Greg Jones Authorized Agent Signature	Jeri Ann Sherry, Deputy Director Name/Title
GREG JONES Authorized Agent (Print or Type)	Department of Corrections Enter Name of Agency
8/15/14 Date	8/13/14 Date

Form No. DTMB-3521 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF CORRECTIONS
PROCUREMENT
P.O. BOX 30003, LANSING, MI 48909
OR
206 E. MICHIGAN AVE., LANSING, MI 48933

CHANGE NOTICE NO. 3

to

CONTRACT NO. 472B1300038

between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Grand Strategy, LLC 15038 73rd Street South Haven, MI 49090	Greg Fones	gregf@grandstrategyllc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(877) 282-2391	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	Corrections	Lanny Akers	(517) 780-5169	Akersl@michigan.gov
BUYER	Corrections	Lisa Lehnert	(517) 335-4904	LehnertL@michigan.gov

CONTRACT SUMMARY:

DESCRIPTION:
Sheeting Fabric

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 20, 2010	October 19, 2013	two - one year	October 19, 2013
PAYMENT TERMS	**F.O.B**	**SHIPPED**	**SHIPPED FROM**
1% 10, net 30	Destination	30 Days ARO	Various Points

ALTERNATE PAYMENT OPTIONS:
☐ P-card ☐ Direct Voucher (DV) ☐ Other

AVAILABLE TO MiDEAL PARTICIPANTS
☐ Yes ☒ No

MINIMUM DELIVERY REQUIREMENTS:
20,000 yards of combined product per shipment with each size or color being a minimum of 10,000 yards

DESCRIPTION OF CHANGE NOTICE:

EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
☐ No ☐ Yes	☒	☐	one year	October 19, 2014

VALUE/COST OF CHANGE NOTICE:	ESTIMATED REVISED AGGREGATE CONTRACT VALUE:
$0.00	$986,400.00

Effective October 20, 2013, the first option year available on this Contract is exercisded. Effective July 1, 2013, the unit prices on the Contract are decreased to the following:

Line Item	Unit of Measure	Description	Previous Price	New Price
001	Yard	Sheeting: 54" width, T-180, bleached white	$1.14	$1.10

002	Yard	Sheeting: 66" width, T-180, bleached white	$1.33	$1.29
003	Yard	Sheeting: 54" width, T-180, pastel blue	$1.33	$1.24
004	Yard	Sheeting: 66" width, T-180, pastel blue	$1.54	$1.43

All other terms, conditions and specifications remain unchanged.

Per request of MDOC and approved by Vendor (email dated June 26, 2013).

Change Notice Number _____#3_____
Contract Number_____ 472B1300038_____

FOR THE CONTRACTOR:

Grand Strategy, LLC
Firm Name

Authorized Agent Signature

Gregory Fones
Authorized Agent (Print or Type)

7/14/13
Date

FOR THE STATE:

Signature

Jeri Ann Sherry, Deputy Director
Name/Title

Department of Corrections
Enter Name of Agency

8/7/13
Date

STATE OF MICHIGAN
DEPARTMENT OF CORRECTIONS
PROCUREMENT
P.O. BOX 30003
LANSING, MI 48909

August 9, 2011

CHANGE NOTICE NO. 2
to
CONTRACT NO. 472B1300038
between
THE DEPARTMENT OF CORRECTIONS
and

NAME & ADDRESS OF VENDOR	TELEPHONE: 877-282-2391 Contact: Greg Fones FAX: 269-906-9282
Grand Strategy, LLC **15038 73rd Street** **South Haven, MI 49090**	AGENT CONTACT: **Lisa Lehnert, (517) 335-4904**

Description:
Sheeting Fabric

CONTRACT PERIOD:	From:	To:
	October 20, 2010	**October 19, 2013**

TERMS	SHIPMENT
1%10, net 30	**Thirty (30) Days ARO**
F.O.B.	SHIPPED FROM
Destination	**Various Points**
MINIMUM DELIVERY REQUIREMENTS **20,000 yards of combined product per shipment with each size or color being a minimum of 10,000 yards**	

MISCELLANEOUS INFORMATION:
This contract change notice is to increase the unit prices on the contract.

Line Item	Unit of Measure	Description	Previous Price	New Price
001	Yard	Sheeting: 54" width, T-180, bleached white	$1.04	$1.14
002	Yard	Sheeting: 66" width, T-180, bleached white	$1.21	$1.33
003	Yard	Sheeting: 54" width, T-180, pastel blue	$1.15	$1.33
004	Yard	Sheeting: 66" width, T-180, pastel blue	$1.33	$1.54

All other specifications, terms and conditions of this Contract remain the same. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the Contractor, those of the State take precedence.

Current Authorized Spend Limit: $986,400.00

FOR THE VENDOR:

GRAND STRATEGY, LLC
Firm Name

Authorized Agent Signature

GREGORY FONES
Authorized Agent (Print or Type)

8/20/11
Date

FOR THE STATE:

Randall W. Treacher
Signature

Randall W. Treacher
Name

Deputy Director, Department of Corrections
Title

8/15/11
Date

STATE OF MICHIGAN
DEPARTMENT OF CORRECTIONS
PROCUREMENT
P.O. BOX 30003
LANSING, MI 48909

October 26, 2010

CHANGE NOTICE NO. 1
to
CONTRACT NO. 472B1300038
between
THE DEPARTMENT OF CORRECTIONS
and

NAME & ADDRESS OF VENDOR	TELEPHONE: 877-282-2391 Contact: Greg Fones FAX: 269-906-9282
Grand Strategy, LLC **15038 73rd Street** **South Haven, MI 49090**	
	AGENCY CONTACT: **Lisa Lehnert, (517) 335-4904**

Description:		
Sheeting Fabric		
CONTRACT PERIOD:	From: **October 20, 2010**	To: **October 19, 2013**
TERMS **1%10, net 30**	SHIPMENT **Thirty (30) Days ARO**	
F.O.B. **Destination**	SHIPPED FROM **Various Points**	
MINIMUM DELIVERY REQUIREMENTS **20,000 yards of combined product per shipment with each size or color being a minimum of 10,000 yards**		

MISCELLANEOUS INFORMATION:

This contract change notice is to change the payment term to 1%10, net 30 per an e-mail from Greg Fones dated October 13, 2010.

All other specifications, terms and conditions of this Contract remain the same. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the Contractor, those of the State take precedence.

Current Authorized Spend Limit: $986,400.00

FOR THE VENDOR:	FOR THE STATE:
Grand Strategy, LLC	
Firm Name	Signature
Greg Fones	Patricia L. Caruso
Authorized Agent Signature	Name
Greg Fones	Director, Department of Corrections
Authorized Agent (Print or Type)	Title
11/	10/
Date	Date

STATE OF MICHIGAN
DEPARTMENT OF CORRECTIONS
PROCUREMENT
P.O. BOX 30003,
LANSING, MI 48909

CONTRACT NO. 472B1300038
between
THE DEPARTMENT OF CORRECTIONS
and

NAME & ADDRESS OF VENDOR	TELEPHONE: 877-282-2391 Contact: Greg Fones FAX: 269-906-9282
Grand Strategy, LLC **15038 73rd Street** **South Haven, MI 49090**	AGENCY CONTACT: **Lisa Lehnert** **(517) 335-4904**

Description:	
Sheeting Fabric	
CONTRACT PERIOD: From: **October 20, 2010**	To: **October 19, 2013**
TERMS **Net 30 Days**	SHIPMENT **Thirty (30) Days ARO**
F.O.B. **Destination**	SHIPPED FROM **Various Points**
MINIMUM DELIVERY REQUIREMENTS **20,000 yards of combined product per shipment with each size or color being a minimum of 10,000 yards**	

MISCELLANEOUS INFORMATION:

The terms and conditions of this Contract, including any applicable information from the vendor's proposal dated July 8, 2010, are attached. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the Contractor, those of the State take precedence.

Current Authorized Spend Limit: $986,400.00

FOR THE VENDOR:

Grand Strategy LLC
Firm Name

Authorized Agent Signature

Gregory Fones
Authorized Agent (Print or Type)

10/22/10
Date

FOR THE STATE:

Signature

Patricia L. Caruso
Name

Director, Department of Corrections
Title

9/21/10
Date

STATE OF MICHIGAN
Department of Corrections
Michigan State Industries

Contract 472B1300038
Sheeting Fabric for Michigan State Industries

Buyer Name: Lisa Lehnert
Telephone Number: (517) 335-4904
E-Mail Address: lehnerla@michigan.gov

Table of Contents

DEFINITIONS 7

Article 1 – Statement of Work (SOW) 10

1.010 Project Identification 10
1.011 Project Request 10
1.012 Background 10

1.020 Scope of Work and Deliverables 10
1.021 In Scope 10
1.022 Work and Deliverable 10

1.030 Roles and Responsibilities 10
1.031 Contractor Staff, Roles, and Responsibilities 11

1.040 Project Plan 11
1.041 Project Plan Management 11
1.042 Reports 11

1.050 Acceptance 11
1.051 Criteria 11
1.052 Final Acceptance - Reserved 12

1.060 Proposal Pricing 12
1.061 Proposal Pricing 12
1.062 Price Term 12
1.063 Tax Excluded from Price 12
1.064 Holdback – Reserved 12

1.070 Commodity Requirements and Terms 12

Product Quality 12
1.0701 Specifications 13
1.0702 Alternate Bids - Reserved 13
1.0703 Research and Development 13
1.0704 Quality Assurance Program 13
1.0705 Warranty for Products or Services 13
1.0706 Training - Reserved 13
1.0707 Special Programs 13
1.0708 Security 13

Delivery Capabilities 13
1.0709 Time Frames 14
1.0710 Minimum Order 14
1.0711 Packaging 14
1.0712 Palletizing 14
1.0713 Delivery Term 14
1.0714 Contract Performance 15
1.0715 Place of Performance 15
1.0716 Environmental Requirements 18
1.0717 Subcontractors 18
1.0718 Reports and Meetings - Reserved 18
1.0719 Samples/Models - Reserved 18

1.080 Additional Requirements 18
1.081 Additional Terms and Conditions specific to this CONTRACT 19

All cellular devices are prohibited from all correctional facilities 19

Article 2, Terms and Conditions 19

2.000 Contract Structure and Term .....

2.001 Contract Term 19
2.002 Options to Renew 19
2.003 Legal Effect 19
2.004 Attachments & Exhibits 19
2.005 Ordering 19
2.006 Order of Precedence 20
2.007 Headings 20
2.008 Form, Function & Utility 20
2.009 Reformation and Severability 20
2.010 Consents and Approvals 20
2.011 No Waiver of Default 20
2.012 Survival 20

2.020 Contract Administration **20**
2.021 Issuing Office 20
2.022 Contract Compliance Inspector (CCI) 21
2.023 Project Manager 21
2.024 Change Requests 21
2.025 Notices 22
2.026 Binding Commitments 22
2.027 Relationship of the Parties 22
2.028 Covenant of Good Faith 23
2.029 Assignments 23

2.030 General Provisions **23**
2.031 Media Releases 23
2.032 Contract Distribution 23
2.033 Permits 23
2.034 Website Incorporation 24
2.035 Future Bidding Preclusion 24
2.036 Freedom of Information 24
2.037 Disaster Recovery 24

2.040 Financial Provisions **24**
2.041 Fixed Prices for Services/Deliverables 24
2.042 Adjustments for Reductions in Scope of Services/Deliverables 24
2.043 Services/Deliverables Covered 24
2.044 Invoicing and Payment – In General 25
2.045 Pro-ration 25
2.046 Antitrust Assignment 25
2.047 Final Payment 25
2.048 Electronic Payment Requirement 25

2.050 Taxes **26**
2.051 Employment Taxes 26
2.052 Sales and Use Taxes 26

2.060 Contract Management **26**
2.061 Contractor Personnel Qualifications 26
2.062 Contractor Key Personnel 26
2.063 Re-assignment of Personnel at the MDOC/MSI's Request 27
2.064 Contractor Personnel Location 27
2.065 Contractor Identification 27
2.066 Cooperation with Third Parties 27
2.067 Contract Management Responsibilities 28
2.068 Contractor Return of MDOC/MSI Equipment/Resources 28

2.070 Subcontracting by Contractor **28**
2.071 Contractor full Responsibility 28
2.072 MDOC/MSI Consent to Delegation 28
2.073 Subcontractor Bound to Contract 28

2.074 Flow Down 29
2.075 Competitive Selection 29

2.080 MDOC/MSI Responsibilities **29**
2.081 Equipment - Reserved 29
2.082 Facilities 29

2.090 Security **29**
2.091 Background Checks 29
2.092 Security Breach Notification 30
2.093 PCI Data Security Requirements - Reserved 30

2.100 Confidentiality **30**
2.101 Confidentiality 30
2.102 Protection and Destruction of Confidential Information 30
2.103 Exclusions 31
2.104 No Implied Rights 31
2.105 Respective Obligations 31

2.110 Records and Inspections **31**
2.111 Inspection of Work Performed 31
2.112 Examination of Records 31
2.113 Retention of Records 32
2.114 Audit Resolution 32
2.115 Errors 32

2.120 Warranties **32**
2.121 Warranties and Representations 32
2.122 Warranty of Merchantability 34
2.123 Warranty of Fitness for a Particular Purpose 34
2.124 Warranty of Title 34
2.125 Equipment Warranty - Reserved 34
2.126 Equipment to be New – Reserved 34
2.127 Prohibited Products 34
2.128 Consequences For Breach 34

2.130 Insurance **34**
2.131 Liability Insurance 35
2.132 Subcontractor Insurance Coverage 36
2.133 Certificates of Insurance and Other Requirements 36

2.140 Indemnification **37**
2.141 General Indemnification 37
2.142 Code Indemnification 37
2.143 Employee Indemnification 37
2.144 Patent/Copyright Infringement Indemnification 37
2.145 Continuation of Indemnification Obligations 38
2.146 Indemnification Procedures 38

2.150 Termination/Cancellation **39**
2.151 Notice and Right to Cure 39
2.152 Termination for Cause 39
2.153 Termination for Convenience 40
2.154 Termination for Non-Appropriation 40
2.155 Termination for Criminal Conviction 40
2.156 Termination for Approvals Rescinded 41
2.157 Rights and Obligations upon Termination 41
2.158 Reservation of Rights 41

2.160 Termination by Contractor **41**
2.161 Termination by Contractor 42

2.170 Transition Responsibilities **42**

2.171 Contractor Transition Responsibilities - Reserved 42
2.172 Contractor Personnel Transition - Reserved 42
2.173 Contractor Information Transition 42
2.174 Contractor Software Transition - Reserved 42
2.175 Transition Payments 42
2.176 MDOC/MSI Transition Responsibilities 42

2.180 Stop Work **42**
2.181 Stop Work Orders 42
2.182 Cancellation or Expiration of Stop Work Order 43
2.183 Allowance of Contractor Costs 43

2.190 Dispute Resolution **43**
2.191 In General 43
2.192 Informal Dispute Resolution 43
2.193 Injunctive Relief 44
2.194 Continued Performance 44

2.200 Federal and State Contract Requirements **44**
2.201 Nondiscrimination 44
2.202 Unfair Labor Practices 44
2.203 Workplace Safety and Discriminatory Harassment 45
2.204 Prevailing Wage 45

2.210 Governing Law **45**
2.211 Governing Law 45
2.212 Compliance with Laws 45
2.213 Jurisdiction 46

2.220 Limitation of Liability **46**
2.221 Limitation of Liability 46

2.230 Disclosure Responsibilities **46**
2.231 Disclosure of Litigation 46
2.232 Call Center Disclosure Reserved 47
2.233 Bankruptcy 47

2.240 Performance **47**
2.241 Time of Performance 47
2.242 Service Level Agreements (SLAs) - Reserved 48
2.243 Liquidated Damages - Reserved 48
2.244 Excusable Failure - Reserved 48

2.250 Approval of Deliverables **48**
2.251 Delivery Responsibilities 48
2.252 Delivery of Deliverables 48
2.253 Testing 48
2.254 Approval of Deliverables, In General 49
2.255 Process For Approval of Written Deliverables - Reserved 50
2.256 Process for Approval of Services - Reserved 50
2.257 Process for Approval of Physical Deliverables 50
2.258 Final Acceptance - Reserved 50

2.260 Ownership - Reserved **50**
2.261 Ownership of Work Product by State - Reserved 50
2.262 Vesting of Rights - Reserved 50
2.263 Rights in Data - Reserved 50
2.264 Ownership of Materials - Reserved 50

2.270 State Standards **50**
2.271 Existing Technology Standards 50
2.272 Acceptable Use Policy 50
2.273 Systems Changes 51

2.280 ***Extended Purchasing - Reserved*** **51**
2.281 **MiDEAL - Reserved** 51
2.282 ***State Employee Purchases - Reserved*** **51**
2.290 ***Environmental Provision*** **51**
2.291 **Environmental Provision** 51
2.300 ***Other Provisions*** **52**
2.311 Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials 52
Attachment A, Pricing

DEFINITIONS

"Days" means calendar days unless otherwise specified.

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

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

"Audit Period" has the meaning given in **Section 2.093.**

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

"Business Day," whether capitalized or not, shall mean any day other than a Saturday, Sunday, Office of State **Employer mandated furlough day**, or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.

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

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

"Chronic Failure" is defined in any applicable Service Level Agreements.

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

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

"DMB" means the Michigan Department of Management and Budget

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

"Excusable Failure" has the meaning given in **Section 2.214.**

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

"Incident" means any interruption in Services.

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

"Key Personnel" means any Personnel designated in **Section 1.031** as Key Personnel.

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

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

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

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

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

"Reserved" means that section is not applicable or included in this Contract. This is used as a placeholder to maintain consistent numbering.

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

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

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

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

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

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

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

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

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

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

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

Article 1 – Statement of Work (SOW)

1.010 Project Identification

1.011 Project Request

This contract is for the Michigan Department of Corrections (MDOC), Michigan State Industries hereinafter known as MSI to purchase sheeting fabric.

1.012 Background

MSI manufactures goods and provides services for sale to state agencies, tax supported entities and local governmental units. Sheeting fabric is used in the production of sheets and pillow cases for prisoners.

1.020 Scope of Work and Deliverables

1.021 In Scope

The Contractor will provide sheeting fabric to MSI for the production of prisoner sheets and pillow cases according to the specifications included in this contract. The Contractor will be required to provide the material as ordered and in the time constraints set forth in the contract. The Contractor will be required to enter a correctional facility.

1.022 Work and Deliverable

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

The Contractor shall deliver sheeting fabric for the production of sheets and pillow cases in a timely manner (30 calendar days after receipt of order).

The product shall be delivered according to the specifications noted in this contract.

Each roll of fabric must be clearly marked with yardage amount, roll number and lot number.

An itemized packing slip must accompany every shipment indicating roll number, yardage, purchase order number and lot number.

All shipments and pricing must include palletized loads at a maximum weight of 3,500 pounds, a maximum height of 5' 6" and secured with plastic wrap and banding to allow for easy unloading with fork truck.

Services performed/Deliverables provided under this contract must be delivered "F.O.B. Destination, within Government Premises." The Contractor must have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

The key personnel for this contract is:

Greg Fones, Account/Contract Manager

The Contractor staff will be physically located during contract performance at:

15038 73rd Street
South Haven, MI 49090

The Contractor has the capability to receive orders electronically, by phone, facsimile, and by written order. The Contractor will verify that all sheeting fabric furnished under this contract is ordered by the issuance of a purchase order. The Contractor will be responsible for receiving orders only from MDOC/MSI's authorized individuals specified by the MDOC/MSI. The Contract is responsible for ensuring timely completion of all orders. All orders will be processed immediately to ensure delivery by the dates specified on the purchase order(s). The Contractor will verify orders that have quantities that appear to be abnormal or excessive with the authorized purchases as applicable.

The account representative will be Greg Fones. The Contractor's sales representative will make timely personal visits to MSI accounts. The Contractor's customer service will respond to MSI's inquiries promptly. The Contractor's statewide toll-free number for customer service calls is (877) 282-2391.

All purchase orders are subject to the terms and conditions of the contract. In the event of a conflict between a purchase order and the contract, the contract shall control.

If mailed, a purchase order is considered "issued" when the MDOC/MSI deposits the order in the mail. Orders may be issued orally, by facsimile, or by electronic commerce methods.

The Contractor should indicate estimated time of delivery once the purchase order has been received.

1.040 Project Plan

1.041 Project Plan Management

The Contractor will carry out this project under the direction and control of the MDOC/MSI.

1.042 Reports

The Contractor shall provide various reports when requested by MDOC/MSI. Examples include itemized reports of total items purchased by MDOC/MSI, open invoice reports, delivery compliance reports, quality reports, etc.

1.050 Acceptance

1.051 Criteria

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

The Contractor shall provide sheeting fabric according to the product specifications for the MSI-Mattress Factory to produce sheets and pillow cases for prisoners within the time constraints of the contract.

Goods delivered shall meet the factory superintendent's approval.

1.052 Final Acceptance - Reserved

1.060 Proposal Pricing

1.061 Proposal Pricing

For authorized Services and Price List, see Attachment A.

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

1.062 Price Term

Fixed with prospective re-determination at an agreed upon time

Prices quoted are the maximum for a period of 365 days from the date the Contract becomes effective.

Prices are subject to change at the end of each 365-day period. Such changes shall be based on changes in actual costs incurred. Documentation of such changes must be provided with the request for price change in order to substantiate any requested change. MDOC/MSI 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). MDOC/MSI also reserves the right to consider other information related to special economic and/or industry circumstances, when evaluating a price change request. Changes may be either increases or decreases, and may be requested by either party. Approved changes shall be firm for the remainder of the contract period unless further revised at the end of the next 365-day period. Requests for price changes shall 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.**

1.063 Tax Excluded from Price

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

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

1.064 Holdback – Reserved

1.070 Commodity Requirements and Terms

Product Quality

1.0701 Specifications

Definite Specifications - All commodities and/or services to be furnished hereunder shall conform to the specifications as noted in the specifications attached.

1.0702 Alternate Bids - Reserved

1.0703 Research and Development

The Contractor's management staff and subcontractor's management staff will stay informed of current manufacturing trends and improvements. The Contractor will provide the latest and best products available as applicable.

1.0704 Quality Assurance Program

The Contractor will ensure that the subcontractor's Quality Assurance inspectors continually monitor production in process, as well as sampling for laboratory testing to confirm compliance to the specifications required by this contract.

1.0705 Warranty for Products or Services

Any product that has not been used or laundered may be returned to the Contractor for credit if it fails to meet specifications of the contract. However, a Return Goods Authorization must be requested from Greg Fones prior to any return. Failure to adhere to this return policy may result in charges for excessive freight charges.

1.0706 Training - Reserved

1.0707 Special Programs

Any product ordered in error may be returned provided it is in its original condition and a Return Goods Authorization is obtained. The return may be subject to restocking fees and freight charges.

1.0708 Security

The contract may require frequent deliveries to MDOC/MSI facilities. If security background checks are performed on staff, the Contractor shall indicate the name of the company that performs the check as well as provide a document stating that each employee has satisfactorily completed a security check and is suitable for assignment to State facilities. Upon request by the MDOC/MSI, the Contractor shall provide the results of all security background checks.

Upon review of the security measures provided by the Contractor, MDOC/MSI will decide whether to issue State ID badges to the Contractor's delivery personnel or accept the ID badge issued to delivery personnel by the Contractor.

The State may decide to also perform a security background check. If so, the Contractor will be required to provide to MDOC/MSI a list of all delivery people that will service MDOC/MSI facilities, including name and date of birth (social security number or driver license number would also be helpful).

The Contractor and its subcontractors shall comply with the security access requirements of individual State facilities; see section 2.051, Background Checks and Security.

Delivery Capabilities

1.0709 Time Frames

It is requested that all orders be delivered within thirty (30) calendar days after receipt of order. The initial delivery for the white fabric will be thirty (30) to sixty (60) days after receipt of order with subsequent deliveries thirty (30) days after receipt of order. The initial delivery for the blue fabric will be ninety (90) days or sooner with subsequent deliveries thirty (30) days after receipt of order.

Expedited delivery may also be available depending on current inventory. Any additional freight charges will be added to the invoice.

1.0710 Minimum Order

The minimum order is 20,000 yards of combined product per shipment with each size or color being a minimum of 10,000 yards.

1.0711 Packaging

The sheeting fabric will be on skids and shrink wrapped with each roll individually wrapped and labeled as specified.

Packaging and containers, etc., shall be in accordance with supplier's commercial practice and shall meet the requirements of the Michigan Department of Transportation (MDOT) and rail and motor carrier freight classifications in effect at time of shipment, which will permit application of the lowest freight rate.

1.0712 Palletizing

Shipments shall be palletized whenever possible and shall conform to the following:

- Manufacturer's standard 4-way shipping pallets are acceptable.

1.0713 Delivery Term

F.O.B. Destination
G. Robert Cotton Correctional Facility
Michigan State Industries
3500 N. Elm Road
Jackson, MI 49201

Prices shall be quoted "F.O.B. Destination" with transportation charges prepaid on all orders of 20,000 yards of combined product or more to the State.

Freight Charges - Should an agency order below the minimum order requirement of a Contract, or should a vendor quote F.O.B. Shipping Point on one-time purchases, the Contractor should choose the most economically advantageous carrier and must be approved by the using agency.

United Parcel Service (UPS) must be used in instances where the weight of the shipment is less than 150 lbs., or where shipments could be separated into smaller parcels such as three (3) 50 lb. packages

If the Contractor fails to follow these shipping instructions, the State shall pay the carrier used and deduct the difference from the Contractor's invoice for the amount that was charged and the amount that would have been charged if the requested carrier had been used.

1.0714 Contract Performance

The Contractor has not had any contracts terminated in the last three (3) years.

1.0715 Place of Performance

The contract will be performed in plants or facilities located at a different address from the address indicated in section 4.011. The following information for these plants or facilities is:

Place of Performance Full address	**Owner/Operator of facility to be used**	**Percent (%) of Contract value to be Performed at listed Location**
511 Pleasant Drive Opelika, AL 36801	Tabb Textiles Co., Inc.	95%

1.0716 Environmental Requirements

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

Environmental Purchasing Policy – The State of Michigan has committed to encourage the use of products and services that impact the environment less than competing products. This can be best accomplished by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution. Environmental components that may be considered in Best Value Purchasing evaluation include: recycled content and recyclability; energy efficiency; and the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bio-accumulative. Bidders able to supply products containing recycled and environmentally preferable materials that meet performance requirements are encouraged to offer them in bids and proposals. Information on any relevant third party certification (such as Green Seal, Energy Star, etc.) should also be provided.

I. Recycled Content and Recyclability

A. Recycled Packaging. Contractor may offer some or all of the following items listed below or provide alternative proposal as to how packaging materials can be reduced, eliminated or otherwise made more environmentally preferable. It is desirable that the Contractor offer packaging which:

a. is made from recycled content which meets or exceeds all federal and state recycled content guidelines (currently 35% post-consumer for all corrugated cardboard)
b. minimizes or eliminates the use of polystyrene or other difficult to recycle materials
c. minimizes or eliminates the use packaging and containers and, in the alternative, minimizes or eliminates the use of non-recyclable packaging and containers
d. provides for a return program where packaging can be returned to a specific location for recycling
e. contains materials which are easily recyclable in Michigan.

The Contractor is requested to indicate below an estimate of the percentage of recycled materials, if any, contained in each item bid. Higher percentages of recycled materials are preferred. Product performance is paramount, whether containing recycled material or not; however, preference will be given to products that perform up to specification and are environmentally preferable without compromising quality.

0% (Total estimated percentage of recovered material)

0% (Estimated percentage of post-consumer material)

0% (Estimated percentage of post-industrial waste)

Certification

I, Gregory Fones, am an officer or employee responsible for the performance of this contract and hereby certify that the percentage of recovered material content for EPA-designated products met the applicable contract specifications.
___GF_____ (Initial)

II. Materials Identification and Tracking

A. Hazardous Material Identification. 'Hazardous material', as used in this clause, includes 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).

(1) The Contractor must list any hazardous material, as defined in §370.20 (a) of 40 CFR, to be delivered under this contract. The hazardous material shall be properly identified and include any applicable identification number, such as National Stock Number or Special Item Number. This information shall also be included on the Material Safety Data Sheet submitted under this contract.

Material (if none, enter 'None')	Identification Number

(2) This list must be updated during performance of the contract whenever the Contractor determines that any other material to be delivered under this contract is hazardous.

(3) The apparently successful Contractor agrees to submit, for each item as required prior to award, a Material Safety Data Sheet for each hazardous material identified in paragraph (1) of this clause. Data shall be submitted in accordance with Section 312 of the federal Emergency Planning and Community Right-to-Know Act, whether or not the apparently successful Contractor is the actual manufacturer of these items. Failure to submit the Material Safety Data Sheet prior to award may result in the apparently successful Contractor being considered non-responsive and ineligible for award.

B. Mercury Content. It is the clear intent of state agencies to avoid purchasing products that contain intentionally-added mercury whenever possible. Contractor shall offer mercury-free product alternatives whenever available. Should mercury-free alternatives not exist, as presently is the case with a few select products and devices such as fluorescent lamps or where the alternative is not yet cost competitive, such as dental amalgam, Contractor shall offer the lowest mercury content available for a given application. Contractor shall disclose whenever products contain added-mercury by using the following format.

( ) Product contains added-Mercury (attach an explanation that includes: the amount or concentration of mercury and justification as to why this particular product is essential).
In addition, the Contractor shall also ensure that all products to be purchased containing intentionally added-mercury shall be labeled as: "product contains mercury/recycle or dispose of properly." For

instances where space constraints limit the amount or size of print, the chemical symbol "Hg" followed by a picture of a trash container with a diagonal line through it shall suffice for labeling requirements. CONTRACTOR PLEASE NOTE: Michigan Law Prohibits the sale of mercury-containing thermostats, thermometers, sphygmomanometers (blood pressure monitors) and other types of medical devices. For specific details visit: http://www.michigan.gov/deq/0,1607,7-135-3307_29693_4175-160230--,00.html

C. Brominated Flame Retardants (BFR). Contractor shall disclose whether the products being offered contain toxic flame retardants. Contractor is encouraged to provide BFR-free alternatives when available.

(X) Product does not contain BFR's

D. Ozone Depleting Substances

'Ozone-depleting substance', as used in this clause, 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.

The Contractor shall label products which contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR part 82, Subpart E, as follows:

'Warning: Contains (or manufactured with, if applicable) _____ (insert the name of the substance(s).), a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.'

A. Clean Air and Water

Vendor certifies that any facility to be used in the performance of this contract has all the necessary environmental permits and is in consistent compliance with all applicable environmental requirements and has no outstanding unresolved violations.

The vendor will immediately notify the state, before award, of the receipt of any communication from the Environmental Protection Agency or any state environmental agency, of civil or criminal enforcement for any facility that the vendor proposes to use in the performance of this contract.
_____GF_____ (Initial)

B. Emergency Planning and Community Right-to-Know Reporting - By signing this offer, the Contractor certifies that:

(1) The owner or operator of each facility that will be used in the performance of this contract is in compliance with the filing and reporting requirements described in sections 302, 304, 311, 312 and 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11001, et. seq.) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13101, et. seq.). EPCRA filing and reporting requirements include emergency planning notification, release reporting, hazardous chemical inventory reporting, and toxic chemical release inventory (TRI) reporting.

(2) The owner or operator of each facility that will be used in the performance of this contract will maintain compliance with the filing and reporting requirements described in sections 302, 304, 311, 312 and 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C.

11001, et. seq.) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13101, et. seq.) for the life of the contract.
___GF_____ (Initial)

1.0717 Subcontractors

Indicate below **ALL** work to be subcontracted under any resulting Contract (use additional attachment if necessary; estimates are acceptable):

Description of Work to be sub-contracted	**Percent (%) of total contract value to be sub-contracted**	**Sub-contractor's name and principal place of business (City and State)**
White and Blue Sheeting Fabric	95%	Tabb Textile Co., Inc. 511 Pleasant Drive Opelika, AL 36801

1.0718 Reports and Meetings - Reserved

1.0719 Samples/Models - Reserved

1.080 Additional Requirements

1.081 Additional Terms and Conditions specific to this CONTRACT

Deliveries shall be Monday through Friday 7:30 a.m. – 10:00 a.m. and 12:00 p.m. – 2:00 p.m. No deliveries will be accepted on State of Michigan holidays. Items delivered must meet factory superintendent's approval. Overages or shortages in excess of 5% will not be accepted. There shall be nothing loaded on or in the truck other than the items being delivered to Michigan State Industries. Michigan State Industries reserves the right to require that delivery be made directly to the factory. At least 24 hours prior to delivery of an order, the carrier shall call the factory superintendent at 517-780-5169 and provide the information for Law Enforcement Information Network (L.E.I.N.) clearance of the delivery driver and rider(s). Minors under the age of 17 will not be allowed to enter the facility.

Contractors should be aware that there is a possibility of a mobilization at any of the Correctional Facilities which prohibits delivery carriers entering the facility at time of arrival. MDOC/MSI will not be responsible for any additional charges which may arise due to delivery delays caused by a mobilization

Effective February 1, 2009, all tobacco products are prohibited at all Michigan Department of Corrections Facilities. This includes vendors/drivers who will be prohibited from bringing in personal tobacco products to these locations. Facilities will provide a lock box for personal tobacco products in the Sallyport. Vendors that come into the Administration Building of a Facility will need to secure their personal tobacco products in their vehicle prior to entrance. If vendors arrive with such products, the vendors will not be allowed to place the products in the visitor lockers, but

will be requested to return it to their vehicle. Delivery vehicles that carry tobacco products for other organizations will not be allowed to bring such products into the Facilities.

All cellular devices are prohibited from all correctional facilities.

Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

This Contract is for a period of three (3) years beginning October 20, 2010 through October 19, 2013. 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

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to two (2) additional one (1) year periods.

2.003 Legal Effect

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

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

2.004 Attachments & Exhibits

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

2.005 Ordering

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

2.006 Order of Precedence

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

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

2.007 Headings

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

2.008 Form, Function & Utility

If the Contract is for use of more than one State agency and if the Deliverable/Service does not 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 or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.

2.010 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

2.011 No Waiver of Default

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

2.012 Survival

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.020 Contract Administration

2.021 Issuing Office

This Contract is issued by the MDOC/MSI. The Buyer is the sole point of contact with regard to all procurement and contractual matters relating to the Contract. **MDOC/MSI is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contractor Administrator within MDOC/MSI for this Contract is:

Lisa Lehnert
Michigan Department of Corrections
Grandview Plaza, 5th Floor
PO Box 30003
Lansing, MI 48909
lehnerla@michigan.gov
(517) 335-4904

2.022 Contract Compliance Inspector (CCI)

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

Lanny Akers, Superintendent
Michigan State Industries
G. Robert Cotton Correctional Facility
3500 N. Elm Road
Jackson, MI 49201
Akersld@michigan.gov
Telephone: (517) 780-5169
Facsimile: (517) 780-5100

2.023 Project Manager

The following individual will oversee the project:

Lanny Akers, Superintendent
Michigan State Industries
G. Robert Cotton Correctional Facility
3500 N. Elm Road
Jackson, MI 49201
Akersld@michigan.gov
Telephone: (517) 780-5169
Facsimile: (517) 780-5100

2.024 Change Requests

The MDOC/MSI 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 MDOC/MSI to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the MDOC/MSI 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 MDOC/MSI, 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 MDOC/MSI must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").
(b) No proposed Change must be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the MDOC/MSI.
(c) If the MDOC/MSI requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the MDOC/MSI that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the MDOC/MSI before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the MDOC/MSI, retract any out-of-scope work that would adversely affect the Contract.

2.025 Notices

Any notice given to a party under the Contract must be deemed effective, if addressed to the party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

State:
Michigan Department of Corrections
Attention: Lisa Lehnert, Buyer
PO Box 30003
Lansing, Michigan 48909

Contractor:
Name TBD
Address TBD

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 table. Contractor may change the representatives from time to time upon written notice.

2.027 Relationship of the Parties

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

2.028 Covenant of Good Faith

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

2.029 Assignments

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

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

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

2.030 General Provisions

2.031 Media Releases

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

2.032 Contract Distribution

MDOC/MSI retains the sole right of Contract distribution to all State agencies and local units of government.

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

2.034 Website Incorporation

The MDOC/MSI 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 MDOC/MSI 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 MDOC/MSI.

2.035 Future Bidding Preclusion

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The MDOC/MSI reserves the right to disqualify any Contractor if the MDOC/MSI determines that the Contractor 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 MDOC/MSI by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

2.037 Disaster Recovery

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

2.040 Financial Provisions

2.041 Fixed Prices for Services/Deliverables

Each Statement of Work or Purchase Order issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The MDOC/MSI may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.042 Adjustments for Reductions in Scope of Services/Deliverables

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

2.043 Services/Deliverables Covered

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

2.044 Invoicing and Payment – In General

(a) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.
(b) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the MDOC/MSI's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the MDOC/MSI is contingent on the Contractor's invoices showing the amount owed by the MDOC/MSI minus any holdback amount to be retained by the MDOC/MSI in accordance with **Section 1.064**.
(c) Correct invoices will be due and payable by the MDOC/MSI, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the MDOC/MSI determines that the invoice was properly rendered.
(d) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of MDOC. This activity will occur only upon the specific written direction from MDOC.

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

The Government may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.045 Pro-ration

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

2.046 Antitrust Assignment

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

2.047 Final Payment

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

2.048 Electronic Payment Requirement

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

2.050 Taxes

2.051 Employment Taxes

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

2.052 Sales and Use Taxes

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

2.060 Contract Management

2.061 Contractor Personnel Qualifications

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

2.062 Contractor Key Personnel

(a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.

(b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.

(c) The MDOC/MSI will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the MDOC/MSI of the proposed assignment, will introduce the individual to the appropriate MDOC/MSI representatives, and will provide the MDOC/MSI with a resume and any other information about the individual reasonably requested by the MDOC/MSI. The MDOC/MSI reserves the right to interview the individual before granting written

approval. In the event the MDOC/MSI finds a proposed individual unacceptable, the MDOC/MSI will provide a written explanation including reasonable detail outlining the reasons for the rejection.

(d) Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the MDOC/MSI. The Contractor's removal of Key Personnel without the prior written consent of the MDOC/MSI 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 MDOC/MSI 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 MDOC/MSI must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the MDOC/MSI to be a material breach of the Contract, in respect of which the MDOC/MSI 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 MDOC/MSI 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 MDOC/MSI's Request

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

2.064 Contractor Personnel Location

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

2.065 Contractor Identification

Contractor employees must be clearly identifiable while on MDOC/MSI 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 MDOC/MSI personnel by telephone or other means.

2.066 Cooperation with Third Parties

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the MDOC/MSI and its agents and other contractors including the MDOC/MSI's Quality Assurance personnel. As reasonably requested by the MDOC/MSI in writing, the Contractor will provide to the MDOC/MSI's agents and other contractors reasonable access to Contractor's Project personnel, systems

and facilities to the extent the access relates to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The MDOC/MSI acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with the requests for access.

2.067 Contract Management Responsibilities

The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the MDOC/MSI will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The MDOC/MSI 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 MDOC/MSI, in writing, prior to such change.

2.068 Contractor Return of MDOC/MSI Equipment/Resources

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

2.070 Subcontracting by Contractor

2.071 Contractor full Responsibility

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

2.072 MDOC/MSI Consent to Delegation

Contractor shall not delegate any duties under this Contract to a Subcontractor unless the MDOC/MSI has given written consent to such delegation. The MDOC/MSI shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the MDOC/MSI, to be unacceptable. The MDOC/MSI's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the MDOC/MSI's request shall be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the MDOC/MSI exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the MDOC/MSI will agree to an equitable adjustment in schedule or other terms that may be affected by the MDOC/MSI'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 MDOC/MSI, the applicable SLA for the affected Work will not be counted in time agreed upon by the parties.

2.073 Subcontractor Bound to Contract

In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the MDOC/MSI. The MDOC/MSI

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 MDOC/MSI. The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the MDOC/MSI and Contractor, the MDOC/MSI will not be obligated to direct payments for the Services other than to Contractor. The MDOC/MSI's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. Attached as **Exhibit A** is a list of the Subcontractors, if any, approved by the MDOC/MSI as of the execution of this Contract, together with a copy of the applicable subcontract.

2.074 Flow Down

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

2.075 Competitive Selection

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

2.080 MDOC/MSI Responsibilities

2.081 Equipment - Reserved

2.082 Facilities

The MDOC/MSI 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 MDOC/MSI facilities (collectively, the "MDOC/MSI 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 MDOC/MSI Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor agrees that it will not, without the prior written consent of the MDOC/MSI, use any MDOC/MSI 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 MDOC/MSI.

2.090 Security

2.091 Background Checks

On a case-by-case basis, the MDOC/MSI may investigate the Contractor's personnel before they may have access to MDOC/MSI facilities and systems. The scope of the background check is at the discretion of the MDOC/MSI and the results will be used to determine Contractor personnel eligibility for working within MDOC/MSI 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 MDOC/MSI and will be reasonably related to the type of work requested.

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See http://www.michigan.gov/dit. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the MDOC/MSI. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the MDOC/MSI as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.092 Security Breach Notification

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

2.093 PCI Data Security Requirements - Reserved

2.100 Confidentiality

2.101 Confidentiality

Contractor and the MDOC/MSI 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 MDOC/MSI as defined below) which is marked confidential, restricted, proprietary or with a similar designation. "Confidential Information" of the MDOC/MSI must mean any information which is retained in confidence by the MDOC/MSI (or otherwise required to be held in confidence by the MDOC/MSI under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the MDOC/MSI under its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the MDOC/MSI. "Confidential Information" excludes any information (including this Contract) that is publicly available under the Michigan FOIA.

2.102 Protection and Destruction of Confidential Information

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

2.103 Exclusions

Notwithstanding the foregoing, the provisions of **Section 2.080** will not apply to any particular information which the MDOC/MSI 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 2.080** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 No Implied Rights

Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

2.105 Respective Obligations

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

2.110 Records and Inspections

2.111 Inspection of Work Performed

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

2.112 Examination of Records

For seven years after the Contractor provides any work under this Contract (the "Audit Period"), the MDOC/MSI may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules. The MDOC/MSI must notify the Contractor 20 days before examining the Contractor's books and records.

The MDOC/MSI does not have the right to review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

2.113 Retention of Records

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

2.114 Audit Resolution

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

2.115 Errors

(a) If the audit demonstrates any errors in the documents provided to the MDOC/MSI, then the amount in error must be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of the contract, whichever is earlier.

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

2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:

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

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

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

(d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the MDOC/MSI (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in this Contract, Contractor must assign or otherwise transfer to the MDOC/MSI or its designees, or afford the MDOC/MSI the benefits of, any manufacturer's warranty for the Deliverable.

(e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.

(f) It is qualified and registered to transact business in all locations where required.

(g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the MDOC/MSI under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the MDOC/MSI about the nature of the conflict or appearance of impropriety within two days of learning about it.

(h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the MDOC/MSI would be influenced. Contractor must not attempt to influence any MDOC/MSI employee by the direct or indirect offer of anything of value.

(i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.

(j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other Bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other Bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.

(k) All financial statements, reports, and other information furnished by Contractor to the MDOC/MSI as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.

(l) All written information furnished to the MDOC/MSI by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.

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

(n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the MDOC/MSI.

2.122 Warranty of Merchantability

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

2.123 Warranty of Fitness for a Particular Purpose

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

2.124 Warranty of Title

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

2.125 Equipment Warranty - Reserved

2.126 Equipment to be New – Reserved

2.127 Prohibited Products

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

2.128 Consequences For Breach

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

2.130 Insurance

2.131 Liability Insurance

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the MDOC/MSI from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether the services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain under this Contract.

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

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

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

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

The Contractor is required to pay for and provide the type and amount of insurance checked ☑ below:

☑ 1. Commercial General Liability with the following minimum coverage:

$2,000,000 General Aggregate Limit other than Products/Completed Operations
$2,000,000 Products/Completed Operations Aggregate Limit
$1,000,000 Personal & Advertising Injury Limit
$1,000,000 Each Occurrence Limit

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

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

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

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

Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

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

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

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

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

☐ 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars ($1,000,000.00) with a maximum deductible of fifty thousand dollars ($50,000.00).

☐ 6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars ($10,000,000.00), which must apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.

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

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

2.132 Subcontractor Insurance Coverage

Except where the MDOC/MSI has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) must fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

2.133 Certificates of Insurance and Other Requirements

Contractor must furnish to MDOC/MSI, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All

Certificate(s) must contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the MDOC/MSI. The notice must include the Contract or Purchase Order number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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

2.140 Indemnification

2.141 General Indemnification

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

2.142 Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

2.143 Employee Indemnification

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

2.144 Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the MDOC/MSI 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 MDOC/MSI 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 MDOC/MSI'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 MDOC/MSI 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 MDOC/MSI'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 MDOC/MSI with appropriate credits to the MDOC/MSI against the Contractor's charges and reimburse the MDOC/MSI for any losses or costs incurred as a consequence of the MDOC/MSI ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the MDOC/MSI 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 MDOC/MSI; (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 MDOC/MSI; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

2.145 Continuation of Indemnification Obligations

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

2.146 Indemnification Procedures

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

(a) After the MDOC/MSI receives notice of the action or proceeding involving a claim for which it will seek indemnification, the MDOC/MSI 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 MDOC/MSI relating to any claim, the Contractor must notify the MDOC/MSI 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 MDOC/MSI receiving Contractor's Notice of Election, the MDOC/MSI 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 MDOC/MSI in defending against the claim during that period.

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the MDOC/MSI 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 MDOC/MSI about the status and progress of the defense; (ii) the Contractor must, at the request of the MDOC/MSI, demonstrate to the reasonable satisfaction of the

MDOC/MSI, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the MDOC/MSI about the status and progress of the defense and must obtain the prior written approval of the MDOC/MSI 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 MDOC/MSI 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 MDOC/MSI may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the MDOC/MSI's receipt of Contractor's information requested by the MDOC/MSI under clause (ii) of this paragraph if the MDOC/MSI determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the MDOC/MSI the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the MDOC/MSI, 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 MDOC/MSI as provided above, the MDOC/MSI 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 MDOC/MSI, upon request of the MDOC/MSI, Contractor must promptly reimburse the MDOC/MSI 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 MDOC/MSI in its sole discretion determines that the breach is curable, then the MDOC/MSI will provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the MDOC/MSI 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 MDOC/MSI may terminate this contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the MDOC/MSI

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

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

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

2.153 Termination for Convenience

The MDOC/MSI may terminate this Contract for its convenience, in whole or part, if the MDOC/MSI determines that a termination is in the MDOC/MSI's best interest. Reasons for the termination must be left to the sole discretion of the MDOC/MSI and may include, but not necessarily be limited to (a) the MDOC/MSI 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 MDOC/MSI, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any contract issued by the MDOC/MSI. The MDOC/MSI may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the MDOC/MSI chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

2.154 Termination for Non-Appropriation

(a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the MDOC/MSI to effect continued payment under this Contract are not appropriated or otherwise made available, the MDOC/MSI must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The MDOC/MSI 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 MDOC/MSI 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 MDOC/MSI 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 MDOC/MSI may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

(c) If the MDOC/MSI terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the MDOC/MSI 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 MDOC/MSI, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the MDOC/MSI 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 MDOC/MSI may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

2.156 Termination for Approvals Rescinded

The MDOC/MSI may terminate this Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the MDOC/MSI will pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

2.157 Rights and Obligations upon Termination

(a) If the MDOC/MSI terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the MDOC/MSI may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the MDOC/MSI, (d) transfer title in, and deliver to, the MDOC/MSI, unless otherwise directed, all Deliverables intended to be transferred to the MDOC/MSI at the termination of the Contract and which are resulting from the Contract (which must be provided to the MDOC/MSI on an "As-Is" basis except to the extent the amounts paid by the MDOC/MSI 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 MDOC/MSI terminates this Contract before its expiration for its own convenience, the MDOC/MSI must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the MDOC/MSI. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the MDOC/MSI, becomes the MDOC/MSI's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the MDOC/MSI 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 MDOC/MSI.

(c) Upon a good faith termination, the MDOC/MSI may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the MDOC/MSI may in its sole judgment deem expedient.

2.158 Reservation of Rights

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

2.160 Termination by Contractor

2.161 Termination by Contractor

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

The Contractor may terminate this Contract if the MDOC/MSI (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.160** before it terminates the Contract.

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities - Reserved

2.172 Contractor Personnel Transition - Reserved

2.173 Contractor Information Transition

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

2.174 Contractor Software Transition - Reserved

2.175 Transition Payments

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

2.176 MDOC/MSI Transition Responsibilities

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

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

2.180 Stop Work

2.181 Stop Work Orders

The MDOC/MSI 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 2.150**. 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 MDOC/MSI must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.130**.

2.182 Cancellation or Expiration of Stop Work Order

The Contractor must resume work if the MDOC/MSI 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 MDOC/MSI decides the facts justify the action, the MDOC/MSI may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.024**.

2.183 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.130**, and the MDOC/MSI will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the MDOC/MSI is not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.150.**

2.190 Dispute Resolution

2.191 In General

Any claim, counterclaim, or dispute between the MDOC/MSI 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 MDOC/MSI is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.192 Informal Dispute Resolution

(a) All disputes between the parties must be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Buyer Manager, MDOC/MSI, 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 MDOC/MSI must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its

resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.

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

(iii) The specific format for the discussions will be left to the discretion of the designated MDOC/MSI 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 Procurement Manager of MDOC/MSI, 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 MDOC/MSI's final action and the exhaustion of administrative remedies.

(b) This Section will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.163**.

(c) The MDOC/MSI will not mediate disputes between the Contractor and any other entity concerning responsibility for performance of work under the Contract.

2.193 Injunctive Relief

The only circumstance in which disputes between the MDOC/MSI and Contractor will not be subject to the provisions of **Section 2.162** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.194 Continued Performance

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

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination

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

2.202 Unfair Labor Practices

Under 1980 PA 278, MCL 423.321, et seq., the State must not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under section 2 of the Act. This information is compiled by the United States National

Labor Relations Board. A Contractor of the State, in relation to the Contract, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.203 Workplace Safety and Discriminatory Harassment

In performing Services for the MDOC/MSI, 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 this Contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Labor and Economic Development, Wage and Hour Bureau, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

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

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

2.210 Governing Law

2.211 Governing Law

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

2.212 Compliance with Laws

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

2.213 Jurisdiction

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

2.220 Limitation of Liability

2.221 Limitation of Liability

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

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

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

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the MDOC/MSI 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 MDOC/MSI 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 MDOC/MSI under this Section, or of which the MDOC/MSI otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:

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

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

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

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

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

(1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify MDOC/MSI.

(2) Contractor must also notify MDOC/MSI 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 MDOC/MSI within 30 days whenever changes to company affiliations occur.

2.232 Call Center Disclosure Reserved

2.233 Bankruptcy

The MDOC/MSI may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the MDOC/MSI may deem expedient if:
(a) the Contractor files for protection under the bankruptcy laws;
(b) an involuntary petition is filed against the Contractor and not removed within 30 days;
(c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
(d) the Contractor makes a general assignment for the benefit of creditors; or
(e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the MDOC/MSI. 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 MDOC/MSI.

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 2.211(a),** Contractor must notify the MDOC/MSI 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 MDOC/MSI of the projected actual delivery date.
(c) If the Contractor believes that a delay in performance by the MDOC/MSI 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 MDOC/MSI in a timely manner and must use commercially reasonable

efforts to perform its obligations according to the Contract time periods notwithstanding the MDOC/MSI's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the MDOC/MSI.

(d) Should the State of Michigan issue an Executive Order thru the Office of State Employer mandating furlough days, the furlough days will not be considered a Business Day. The Contractor will not seek additional costs from the MDOC/MSI for project schedule extensions to the extent such extensions are needed due to Contractor's inability to complete deliverables and milestones in accordance with the project schedule as a result of the above mentioned furlough days.

2.242 Service Level Agreements (SLAs) - Reserved

2.243 Liquidated Damages - Reserved

2.244 Excusable Failure - Reserved

2.250 Approval of Deliverables

2.251 Delivery Responsibilities

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

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

(b) Delivery locations - Services will be performed/Deliverables will be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the MDOC/MSI 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 MDOC/MSI Location must be opened by the MDOC/MSI 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 MDOC/MSI review and written approval and, where applicable, installed according to the MDOC/MSI-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 MDOC/MSI, Contractor will first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and conforms with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the MDOC/MSI, Contractor must certify to the MDOC/MSI 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 MDOC/MSI's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.

(b) If a Deliverable includes installation at a MDOC/MSI 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 MDOC/MSI that the Deliverable is in a suitable state of readiness for the MDOC/MSI's review and approval. To the extent that testing occurs at MDOC/MSI Locations, the MDOC/MSI 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 MDOC/MSI, according to the following procedures. Formal approval by the MDOC/MSI requires the MDOC/MSI 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 MDOC/MSI 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 MDOC/MSI'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 MDOC/MSI may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the MDOC/MSI determines that the Deliverable/Service has material deficiencies, the MDOC/MSI 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 MDOC/MSI receives the Deliverable or the Service begins, and the MDOC/MSI and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor according to **Section 2.223**.

(d) The MDOC/MSI will approve in writing a Deliverable/Service after confirming that it conforms to and performs according to its specifications without material deficiency. The MDOC/MSI may, but is not be required to, conditionally approve in writing a Deliverable/Service that contains material deficiencies if the MDOC/MSI 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 MDOC/MSI approval.

(e) If, after three opportunities (the original and two repeat efforts), the Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the MDOC/MSI 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 MDOC/MSI's general expenses provided the MDOC/MSI 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 MDOC/MSI cannot use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat MDOC/MSI Review Period that could reasonably have been discovered during a prior MDOC/MSI Review Period.

(f) The MDOC/MSI, 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 MDOC/MSI 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 - Reserved

2.256 Process for Approval of Services - Reserved

2.257 Process for Approval of Physical Deliverables

The MDOC/MSI 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 MDOC/MSI Review Period, it is by default 30 continuous Business Days for a Physical Deliverable). The MDOC/MSI agrees to notify the Contractor in writing by the end of the MDOC/MSI 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 MDOC/MSI's election, after approval of the Deliverable). If the MDOC/MSI delivers to the Contractor a notice of deficiencies, the Contractor will correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the MDOC/MSI. The Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from the Contractor, the MDOC/MSI will have a reasonable additional period of time, not to exceed the length of the original MDOC/MSI Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.258 Final Acceptance - Reserved

2.260 Ownership - Reserved

2.261 Ownership of Work Product by State - Reserved

2.262 Vesting of Rights - Reserved

2.263 Rights in Data - Reserved

2.264 Ownership of Materials - Reserved

2.270 State Standards

2.271 Existing Technology Standards

The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://www.michigan.gov/dit.

2.272 Acceptable Use Policy

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see http://www.michigan.gov/ditservice. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.273 Systems Changes

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

2.280 Extended Purchasing - Reserved

2.281 MiDEAL - Reserved

2.282 State Employee Purchases - Reserved

2.290 Environmental Provision

2.291 Environmental Provision

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

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

Hazardous Materials:
For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, construction materials including paint thinners, solvents, gasoline, oil, and any other material the manufacture, use, treatment, storage, transportation or disposal of which is regulated by the federal, state or local laws governing the protection of the public health, natural resources or the environment. This includes, but is not limited to, materials the as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act.
(a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The MDOC/MSI must provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the MDOC/MSI must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the MDOC/MSI 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 MDOC/MSI in writing about the conditions encountered, and take appropriate health and safety precautions.

(b) Upon receipt of a written notice, the MDOC/MSI 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 MDOC/MSI must order a suspension of Work in writing. The MDOC/MSI must proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the MDOC/MSI must terminate the affected Work for the MDOC/MSI's convenience.

(c) Once the Hazardous Material has been removed or rendered harmless by the MDOC/MSI, the Contractor must resume Work as directed in writing by the MDOC/MSI. 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 MDOC/MSI 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 MDOC/MSI, the applicable SLAs for the affected Work will not be counted in 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 shall comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this contract.

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

2.300 Other Provisions

2.311 Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials

Equipment, materials, or supplies, that will be furnished to the MDOC/MSI under the Contract must not be produced in whole or in part by forced labor, convict labor, forced or indentured child labor, or indentured servitude.

"Forced or indentured child labor" means all work or service: exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or performed by any person under the age of 18 under a contract the enforcement of which can be accomplished by process or penalties.

Attachment A, Price Proposal

LINE ITEM	UNIT OF MEASURE	DESCRIPTION	UNIT COST
001	Yard	Sheeting: 54" width, 3.5 oz. per square yard, medium to firm hand, firm finish, T-180 minimum thread count, 50/50 poly/cotton, pre-shrunk with 2% max shrinkage, first quality (***No Seconds), tuck selvage. Color: bleached white, 200 yard put up on 2" ID core. Width tolerance: plus 1", minus 1".	$1.04
002	Yard	Sheeting: 66" width, 3.5 oz. per square yard, medium to firm hand, firm finish, T-180 minimum thread count, 50/50 poly/cotton, pre-shrunk with 2% max shrinkage, first quality (***No Seconds), tuck selvage. Color: bleached white, 200 yard put up on 2" ID core. Width tolerance: plus 1", minus 1".	$1.21
003	Yard	Sheeting: 54" width, 3.5 oz. per square yard, medium to firm hand, firm finish, T-180 minimum thread count, 50/50 poly/cotton, pre-shrunk with 2% max shrinkage, first quality (***No Seconds), tuck selvage. Color: pastel blue, 200 yard put up on 2" ID core. Width tolerance: plus 1", minus 1".	$1.15
004	Yard	Sheeting: 66" width, 3.5 oz. per square yard, medium to firm hand, firm finish, T-180 minimum thread count, 50/50 poly/cotton, pre-shrunk with 2% max shrinkage, first quality (***No Seconds), tuck selvage. Color: pastel blue, 200 yard put up on 2" ID core. Width tolerance: plus 1", minus 1".	$1.33