

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

CHANGE NOTICE NO. 1
 to
CONTRACT NO. 071B5500116
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
The Yaffe Group 26100 American Drive, Suite 401 Southfield, MI 48034	John Cassidy	nbelanger@peckham.org
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	517-316-4408	5156

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	LARA	Lynda Robinson	(313) 456-2945	Robisonl7@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Mary Ostrowski	(517) 284-7021	croziergreenl@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: UIA Work Share Program Media Placement Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
July 8, 2015	July 7, 2017	3 - 1 Year	July 7, 2017
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$543,000.00		\$ 48,245.00	\$591,245.00	

DESCRIPTION:
 Effective October 12, 2015, this Contract is hereby increased by \$48,245.00, and the following scope of work, pricing and subcontractor are incorporated per the attached Change Notice 1 Attachment.

All other terms, conditions, specifications, and pricing remain the same. Per Vendor and Agency agreement and DTMB Procurements approval.

Change Notice 1 Attachment

1. Exhibit A, Section 1.1.B Requirements, Work and Deliverables:

The following language is hereby incorporated:

4. The Contractor must develop creative concepts for UIA.
 - a) The Contractor is responsible for developing or modifying advertising/marketing/creative concepts and direction (including but not limited to 30- and -60 second TV and 30- and 60-second radio spots).
 - b) The Contractor must prepare at least three (3) creative concepts for each type of media, as determined by the UIA Program Manager for UIA reviews. One (1) concept is taken to final art or script, which is generally routed for review and comment through necessary staff. Once changes are made and reviewed, the concept will receive final approval from the UIA Program Manager to move forward. The Contractor must prepare an outline of activities, timelines and deliverables based on a budget, for the Contractor's key personnel.
 - c) All creative concepts/materials/productions must be copyright free, including non-rights managed visual materials (to be used in print, online and other forms) and full buy-out (unrestricted use) of talent in all Michigan media (broadcast, cable, and online) for a minimum four year period. The Contractor must ensure that, in negotiations of talent rights, the State will be signatory on all talent/property rights.
5. The Contractor must direct and coordinate television and radio production and review all aspects including budgets, casting, location, music, and special effects with UIA.
 - a) The Contractor is responsible for shooting, recording, editing, and post-production.
 - b) The Contractor must deliver both rough cuts and finished spots to UIA for final approval within the timeframe defined by UIA but no less than one working day.
 - c) The Contractor is responsible for producing and duplicating media materials as needed in a variety of formats, including Beta, Digital Beta, wmv files, mov files, mp3 files, etc.

2. Exhibit A, Section 3.5.B Staffing, Key Personnel

The following Subcontractor and language is hereby incorporated:

CV Media
133 West Main Street, Suite 128
Northville, MI 48167
Ph: 248-358-2828

Contact: Mike Minch, Owner CV Media

The Contractor is partnering with CV Media to handle production of the UIA Workshare TV & Radio spots. CV Media will help the Contractor in selecting shoot locations, casting, shooting, editing, and in shooting photography for print and banner ads.

3. Exhibit C, Pricing

The following quote is hereby incorporated:

[Production Quote Overview](#)

The quote includes all costs for agency creative and production fee services to deliver finished TV and radio spots and photography for the UIA Workshare campaign, please see quote attachment for complete details.

Production:

1. Shooting & editing 2 x :60 videos
2. Editing (from footage shot) 2 x :30 TV spots.
3. Editing 2 x :15 spots for online video pre-roll*
4. Editing 2 x :05 TV billboards
5. Cost for a digital still photographer on set - for print and internet
6. Cost to record and edit 2 x :60 radio spots using the same talent/music

*This was not originally included in the estimate. The :15 spots will be used as video pre-roll online.

On-Camera Spokesmen

Casting two 'on-camera' spokespeople

- One for the Tool & Die scenario
- One for the office setting scenario

Record all copy on camera in several different locations within each environment for different edit options.

Locations

Tool & Die shop The first spot is targeted at companies who run factories or small manufacturing type shops. Other than the spokesperson speaking to camera, we will need enough extras to make each scene look like a functioning shop (estimating 6-8 extras of mixed ethnicity, mostly male).

Office setting The second spot targets companies that operate in an office setting. Here we need a conference room, office and cube farm area – maybe other scenarios such as board room, or break room. Other than the spokesperson speaking to camera we will need enough extras to make each scene look like an active office (estimating 8-10 extras, a mix of male & female and ethnicity).

Photography A photographer will shoot at both locations. Images will be used in email, print and banner display ads.

Client: UIA		Revision:							
Date: 7/21/2015		Special Notation(s): Cost to produce 2 X :05s, 2 X :60 videos, 2 X :30 TV, 2 X :15s, & 2 x :60 Radio including talent, music & recording.							
REV Date: 10/1/15									
Job #: UIA-									
Title(s):	Length(s)	No(s) 1	Production Company/Sub Contractor: CV Media						
Work Share		Production Date(s): TBD		Air Date: TBD					
Approvals:									
		Client/Date	Producer/Date						
			AGENCY	DESCRIPTION	HOURS	HOURLY RATE	COST		
TV	Production	QUOTE	ACTUAL	Executive Creative Director/Co-Producer	Bidding	2.5	250	\$625	
					Preproduction	10	250	\$2,500	
PRODUCTION:	Production House	25,200	\$28,350		Production	20	250	\$5,000	
	Crew (Inc. Director)				Post Production	16	250	\$4,000	
POST PRODUCTION:	Editorial				Radio Production	1	250	\$250	
	Graphics				Writing :15 Video Pre-roll	1.5	250	N/A NOT BILLABLE	
	Dubs	\$275		Senior Art Director	Stock Research	2	125	\$250	
	Presentation Reels				Preproduction	10	125	\$1,250	
TALENT:	Casting				Production	20	125	\$2,500	
	On Camera				Post Production	20	125	\$2,500	
	Off Cameras				Photographer Direction	4	125	\$500	
	Extras			Director of Account Services	Production/Reviewing	2	275	\$550	
	Travel Allowance			Account Executive	Production/Reviewing	3	125	\$375	
AUDIO RECORDING:	Recording Studio						AGENCY TOTAL:	\$20,300	
	Original Music								
	Stock Music								
	SFX								
PHOTOGRAPHY:	Photographer/Proc.	\$2,300							
	Art Direction - Agency								
	Models								
	Translation								
MISCELLANEOUS:	Stock Footage	N/A							
	Net	\$27,775							
RADIO									
PRODUCTION:	Studio								
	Producer								
	Dubs	N/A							
	DGS								
	Presentation reels								
	Production Company	\$2,200							
	Musicians/Singers								
	Stock Music								
	SFX								
	Talent								
	Session Fee								
	Net	\$2,200							
TOTALS:	Net	\$30,700							
	Production Co. Fee								
	Travel/Expenses								
	Shipping (Dubs, etc)								
	Producer Fee								
	Syndication Fee								
	CV Media TOTAL:	\$29,975							
	AGENCY TOTAL:	\$20,300							
	Agency Discount:	10%							
	Agency Total less discount:	\$18,270							
	TOTAL NET:	\$48,245							

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NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
The Yaffe Group 26100 American Drive, Suite 401 Southfield, MI 48034	John Cassidy	johnc@yaffe.com
	PHONE	VENDOR TAX ID # (LAST FOUR DIGITS ONLY)
	248-262-9660	5156

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER	LARA	Lynda Robinson	(313) 456-2945	Robinsonl7@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Mary Ostrowski	(517) 284-7021	ostrowskim@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION:			
UIA Work Share Program Media Placement Services			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
2 Years	July 8, 2015	July 7, 2017	3 one-year Options
PAYMENT TERMS	F.O.B.	SHIPPED TO	
Net 45	N/A	N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$543,000.00

For the Contractor:

John Cassidy,
COO
Contract Administrator


Date

For the State:

Tom Falik,
Services Division Director
State of Michigan

Date



STATE OF MICHIGAN
Department of Technology, Management and Budget
Procurement

Contract No. 071B5500116
UIA Work Share Program – Media/Public Relations

Contract Manager: Mary Ostrowski
Telephone Number: (517) 284-7021
DTMB-Procurement Telephone Number 1-855-MI-PURCH (1-855-647-8724)
E-Mail Address: ostrowskim@michigan.gov



STATE OF MICHIGAN

Contract No. 071B5500116
UIA - Work Share Program

EXHIBIT A STATEMENT OF WORK CONTRACT ACTIVITIES

Project Request

This Contract is for the services of a media buyer to purchase ad placements for the State of Michigan Unemployment Insurance Agency. The Contractor must develop media plans for buys, negotiate the media buys, and evaluate the media vehicles used and available throughout the State.

Background

The Unemployment Insurance Agency (UIA) is charged with managing Michigan's unemployment insurance system. Short-Time Compensation (STC) programs are known as Work Share in Michigan, authorized by Title II of the Middle Class Tax Relief and Job Creation Act of 2012 (Public Law 112-96), specifically the Layoff Prevention Act of 2012 (Subtitle D). Such programs are intended to help employers and workers avert layoffs through the reduction of work hours for an entire group of employees rather than layoff some while others continue working full time. STC provides a portion of a weekly unemployment insurance (UI) payment to those eligible individuals whose work weeks have been reduced.

The State of Michigan has obtained a federal grant to promote and enroll employers in the STC Program. The Office of Communications, Michigan Department of Talent and Economic Development, Talent Investment Agency, will take the lead in developing STC outreach tools. Outreach tools will include informational brochures for Michigan employers, posters for display at Michigan Works! Service centers statewide, radio ads to be aired on stations with appropriate demographics such as business leaders and employers. A Shared Work packet will also be developed which will include brochure, fact sheet, FAQ sheets and contact information.

The Contractor must assist the UIA in developing and implementing an advertising program to promote the UIA's Work Share program and educate Michigan employers on how they can utilize it. This program includes negotiating media buys, strategic placement of ads, and evaluation of media tools.

The target audiences for the Work Share Program are State of Michigan Employers.

Work Share Promotional Messages:

- The Work Share program is the smart alternative to layoffs: it's no longer necessary to lay off employees during temporary declines in business
- Retaining employees – keeping productive and talented employees during a temporary slowdown allows employers to gear up quickly when business conditions improve
- Reducing new employee costs – the program allows employers to avoid expenses related to recruiting, hiring and training new employees
- Employee well-being – the program spares employees the hardships of full unemployment



The UIA will utilize all outreach tools at its disposal to promote and enroll employers. Outreach tools include media interviews, press releases, Employer Seminars, informational packets, brochures, the UIA website and social media outlets, agency newsletters and other publications.

The Project Goals include:

1. Achieving maximum effectiveness and efficiency in expenditures for marketing, promotion and advertising services, supplies and materials.
2. Planning, developing and executing effective and efficient media placement to ensure awareness of messages within target audiences.

1.1 Requirements

A. Scope

The Contractor is responsible for arranging advertising placement for the UIA to effectively deliver Work Share messages to areas that have the maximum impact for the Target Audience. This includes utilizing various media outlets, including but not limited to: Radio, Television, Internet, and Billboards. This Contract may be modified to implement other advertising related services.

The total budget allowed under this contract is \$543,000.00. This budget includes all agency fees and media placement costs. The initial media placement campaign will utilize \$271,500.00 of the budget for the period commencing the award of the contract through December, 2015. The remaining amount will be distributed over the remaining project timeline from January 1, 2016 through March 1, 2017. The distribution of marketing/advertising expenditures is subject to change depending on the marketing strategies. The UIA Program Manager will retain final authority for determining allocations of funds, strategies, plans and buys.

The State anticipates having Advertising messages in place beginning in July 2015. This first flight must have an immediate impact because the availability of utilizing federal funds.

Advertising Strategy

The following Media Plan and Buy recommendation details a strategic multi-platform approach designed to optimize the budget and make an immediate impact during the initial flight, July 6 – December 31, 2015. The plan utilizes email marketing as the primary “direct” marketing tool, supported by Radio, Television, Newspaper, Digital Display Banner Ads, Paid Social Media and Paid Search (SEM).

Target Audience: The target audience for the Work Share message is State of Michigan employers.

The Contractor is responsible for producing a Media Buy Plan, executing and negotiating the Media Buys, and providing an analysis of Media vehicles available for the following placements:

Email

Contractor recommends deploying an email to a list consisting of 400,000 pre-qualified email addresses. Specific criteria will be utilized to email UIA –Work Share Program information directly to Work Share Program prospects, including State of Michigan Employers, Human Resource Managers and Benefits Managers.

Public Service Announcements

Public Service Announcements will announce availability of the Work Share program; provide contact information and limited details. This information will be communicated throughout the State of Michigan in the form of:

Radio spots; and
Television public service ads that will be distributed through the Michigan Association of Broadcasters and/or other negotiated media outlets



Contractor will utilize the Michigan Association of Broadcasters to distribute PSAs to all radio and TV stations throughout the state. As part of the PSA campaign, Contractor will solicit television and radio partners that air community service programs to garner interviews with UIA representatives on this important topic.

Television (:30) and Radio (:60/:30) ads will be placed in targeted programming based on Nielsen Data, and Simmons Market Research. This data will narrow the program list to those most likely to be viewed by the target audience.

Online Newspaper Ads

Advertising for promotion of the Work Share program using Online Newspaper Ads.

Digital Media Buy

Display banner ads and pre-roll video will be geo-targeted throughout the state and aimed at the campaign's main target, UIA –Work Share Program prospects who are State of Michigan Employers, Human Resource Managers and Benefits Managers. Ads will be served via Desktop, mobile and tablet devices. Banner ads will be placed on partner websites to provide an additional touch point that reinforces the overall campaign's reach.

Display Banner Ads

The proposed digital schedule will incorporate display banner ads (standard advertising units of 300x250, 728 x90, 160x600 and :30 pre-roll video across all Michigan markets. Throughout and upon conclusion of the digital advertising schedule, metrics and post-campaign reports illustrating the digital schedule delivery in terms of number of impressions served and of clicks received will be analyzed and the campaign will be optimized according to these findings.

Paid Social Media Buy

The social campaign will target UIA –Work Share Program prospects through Facebook, Twitter and LinkedIn.

The final component for the digital portion of the Media Plan is Paid Search (SEM). Contractor will create a list of keywords for the SEM buy based on relevant information from the UIA –Work Share Program materials, <http://www.michigan.gov/uia>, the UIA Fact Sheet Letter and collaboration with UIA personnel. The recommended list of keywords will be submitted prior to the campaign and will be constantly optimized to improve the quality of impressions and clicks.

Newspaper – Added Value

UIA will be receiving a 4-Color, quarter page ad every week, for the duration of the campaign from July to December, 2015 in the various newspapers in select markets. UIA will have additional coverage in extending its Work Share Program message via print in 11 publications/newspapers in 4 markets: Alpena, Lansing, Traverse City and Flint/Saginaw/Bay City for a total of 264 quarter page ads. A minimum of 264 ¼ Page Newspaper Ads will be delivered as no cost added value.

B. Work and Deliverables

1. Create Media Buy Plans

- a. The Contractor must create media buy plans that incorporate advertising and marketing tools, advertising placement strategies, and evaluation of media tools for the each phase of advertising placement. The evaluation of media tools includes media vehicles described in 1.1 Requirements, A Scope of this Contract.



Radio Media Plan/Buy

Adult 35-64 Radio Reach: 80% Frequency: 5.6X						
RADIO MARKET	25 Week Cost	Paid Spots	PSA Spots*	Total Spots	GRP	Impressions
Alpena	\$ 850	150	150	300	450	112,973
Battle Creek	\$ 1,020	150	150	300	450	329,850
Traverse City	\$ 1,530	150	150	300	450	590,400
Lansing	\$ 1,913	150	150	300	450	997,650
Grand Rapids	\$ 2,678	150	150	300	450	1,938,150
Marquette	\$ 850	150	150	300	450	536,859
Muskegon	\$ 1,084	150	150	300	450	409,050
Sault Ste. Marie	\$ 893	150	150	300	450	46,562
Detroit	\$ 30,000	150	150	300	450	11,007,900
Flint	\$ 1,530	150	150	300	450	1,030,050
Saginaw	\$ 1,530	150	150	300	450	976,500
RADIO TOTAL COST	\$ 43,877	1,650	1,650	3,300	4,950	17,975,943
TV & RADIO TOTAL NET COST	\$109,341	2,105	1,923	4,028	7,575	36,589,235

*PSA spots are at no charge.

Email

The Contractor will send multiple emails to the same target over a 4 or 5 week period. The subject line for the email must be compelling and make a strong statement.

UIA - WORKSHARE PROGRAM EMAIL CAMPAIGN PLAN JULY - DECEMBER, 2015																										
TARGET: UIA -Work Share Program prospects who are State of Michigan Employers, Human Resource Managers and Benefits Managers GEO TARGET: State of Michigan																										
PROJECT MANAGEMENT: Buffy O'Connor - Media Director Karen Jameson - Direct Marketing Strategist Karen Potochick - Media Buyer Marie Smith - Media Coordinator																										
	JULY			AUGUST				SEPTEMBER				OCTOBER			NOVEMBER			DECEMBER								
	6	13	20	27	3	10	17	24	31	7	14	21	28	5	12	19	26	2	9	16	23	30	7	14	21	
EMAILS SENT TO 150,000 PRE-QUALIFIED INBOXES 4 TIMES																										
6-Jul-15	150,000	150,000																								
13-Jul-15	150,000	300,000																								
27-Jul-15	150,000	450,000																								
3-Aug-15	150,000	600,000																								
EMAILS SENT TO 100,000 PRE-QUALIFIED INBOXES 4 TIMES																										
17-Aug-15	100,000	100,000																								
24-Aug-15	100,000	200,000																								
7-Sep-15	100,000	300,000																								
14-Sep-15	100,000	400,000																								
EMAILS SENT TO 75,000 PRE-QUALIFIED INBOXES 4 TIMES																										
5-Oct-15	75,000	75,000																								
12-Oct-15	75,000	150,000																								
26-Oct-15	75,000	225,000																								
2-Nov-15	75,000	300,000																								
EMAILS SENT TO 75,000 PRE-QUALIFIED INBOXES 4 TIMES																										
23-Nov-15	75,000	75,000																								
30-Nov-15	75,000	150,000																								
7-Dec-15	75,000	225,000																								
21-Dec-15	75,000	300,000																								
Grand Total																										
Email Impressions & Cost	1,600,000	\$ 68,500																								



Digital

Contractor will drive website traffic through geo-targeted display banner ads, pre-roll video and paid social (FB/Twitter/LinkedIn).

UIA WORK SHARE PROGRAM - DIGITAL CAMPAIGN BUY JULY - DECEMBER, 2015					
TARGET: State of Michigan Employers, Human Resource Managers and Benefits Managers GEO TARGET: State of Michigan					
PROJECT MANAGEMENT: Buffy O'Connor - Media Director Billy Strawter - Digital and Social Media Strategist Karen Potochick - Media Buyer					
CHANNEL/TACTIC	START DATE	END DATE	Net CPM	GROSS IMPRESSIONS	COST
Desktop, Mobile & Tablet Premium News, Business and Financial Websites	7/6/2015	8/9/2015	\$ 5.00	1,200,000	\$ 6,000
	8/10/2015	9/13/2015	\$ 5.00	1,000,000	\$ 5,000
	9/14/2015	10/18/2015	\$ 5.00	900,000	\$ 4,500
	10/19/2015	11/22/2015	\$ 5.00	900,000	\$ 4,500
	11/23/2015	12/27/2015	\$ 5.00	900,000	\$ 4,500
Pre-Roll Video	7/6/2015	8/9/2015	\$ 17.00	147,059	\$ 2,500
	8/10/2015	9/13/2015	\$ 17.00	147,059	\$ 2,500
	9/14/2015	10/18/2015	\$ 17.00	147,059	\$ 2,500
	10/19/2015	11/22/2015	\$ 17.00	147,059	\$ 2,500
	11/23/2015	12/27/2015	\$ 17.00	147,059	\$ 2,500
Paid Social Media					
Facebook/Twitter/LinkedIn	7/6/2015	12/27/2015	\$ 4.00	2,500,000	\$ 10,000
GROSS IMPRESSIONS			\$ 6.44	8,135,294	\$ 47,000
Paid Search (SEM)					
Paid Search (SEM)	7/6/2015	12/27/2015	\$ 1.50	3,333	\$ 5,000
Total Digital Cost					\$ 52,000

2. Negotiate Media Buys

- a. The Contractor must buy and negotiate radio and television air time. This must include:
 - i. Advertising placement,
 - ii. Negotiation of matching spots,
 - iii. Value added, bonus, and other means to further advertising reach,
 - iv. Follow-up reporting that must include:
 - Invoice reconciliation, and
 - Audience delivery assessments with an objective of receiving plus or minus 10 percent of the Gross Rating Points (GRP) goal in the proposed media buy.
- b. The Contractor must negotiate make-good media-weight for any under-delivery to be scheduled immediately, due to the one-time advertising period. Make good media means getting a re-run credit to compensate for an error in the placement of an ad or timing of a commercial. The medium (TV, radio station, newspaper, etc.) promises to “make the error good” by re-running the corrected ad or correctly timed commercial.
- c. It is anticipated that the Contractor will negotiate bonus media weight to supplement the media buys and a final report of the base buy plus the bonus weight delivered no later than 60 days after the media buy and bonus have aired. Return on Investment (ROI) for the bonus weight must be included in the report. The Contractor will provide the State with a report detailing all paid media activity and bonus weight delivered, including value of all bonus weight secured (both no charge added value and make-good weight), no later than 60 days after the



media buy and bonus weight have aired (subject to station compliance with invoice submission and release of appropriate ratings data).

- d. The Contractor must negotiate advertising placement, so that the State is obtaining the maximum advertising reach available. Placement services include not only paid media but also value added media, Michigan Association of Broadcasters (MAB) media, Michigan Cable Telecommunications (MCTA) media and Michigan Press Association (MPA) media.

3. Execute and Evaluate Media Buy

- a. The Contractor must ship all radio and television dubs, with appropriate traffic instructions, to stations in time to meet program deadlines.

Contractor will provide detailed traffic instructions for each campaign to outline specific creative rotation and/or placement requirements. Most dubs are shipped digitally using DG FastChannel or Extreme Reach. Radio spots are shipped via email. All dubs are shipped with specific traffic instructions. Contractor will build in a one-week lead-time, with further allowance during holidays. Contractor's media department will confirm early holiday deadlines with stations to ensure timely acceptance of spots.

- b. The Contractor must conduct post-buy analysis and audit placement of media. The audit should focus on the measure of effectiveness of media buys in terms of cost, reach, frequency, continuity, and message dispersion requirements, etc.

Post Buy Analysis:

Part of Contractor's negotiation strategy is to secure guarantees from stations to provide bonus weight for deliveries below 100% - for both pre-posts within the campaign quarter and on a final post buy analysis.

TV – Contractor will negotiate commitments from all stations to guarantee a pre-post at 100%. To ensure the upfront ratings estimates are accurate, as soon as a new book is available, a re-rate report is pulled for each quarter. This report determines if, based on the latest data, the true accuracy of the upfront ratings estimates. Any individual station that falls below 100% must make-up points even if the overall market posts. Contractor will perform a post-buy analysis of program ratings against the target demographic upon receipt of the newest Nielsen Media Research book (pre-post latest ratings) to identify potential losses due to rotations.

Final Post Buy – The final post-buy analysis delivery is based on the exact day and quarter-hour in which the spots aired, not the full length of the program. All available rating books in the quarter are utilized. Buyers evaluate all out of sweep sports and specials. A post-buy report is issued to the client summarizing the post, including:

- Bottom line GRP delivery – Goal, Ordered and Invoiced Achievement
- Dollar delivery – Goal, Ordered and Invoiced
- Post Buy Exception Reports – Explanations for any market post-buy that delivers less than 100%.

This report also serves as final confirmation of reach and frequency deliveries, continuity and message dispersion.

Radio – In markets with Personal People Meters, Contractor will monitor station performance on an on-going basis. In all markets, after a buy is complete, Contractor will re-rate the buy to gauge station performance, overall audience delivery, message dispersion, continuity and reach and frequency deliveries. Contractor will then work with radio stations to formulate opportunities to address any under deliveries, including special promotions, special sponsorship features, etc.



CATV – Contractor will utilize Strata to provide post-buy analysis. As with broadcast television buys, Contractor will secure agreements upfront from the cable vendors to guarantee a pre-post at 100%.

Online – DFA provides final reports on actual performance of online campaigns. Using DFA, Contractor can audit on-going buys to optimize creative based on specific criteria and goals. Contractor can optimize by click-through rate, post-click, conversion activities, or post-impression activities.

- c. The Contractor must inform the State of and evaluate as requested any special or unique media placements or opportunities.

Each package will be provided to the State with an initial recommendation. The Contractor will provide a thorough evaluation based on specific evaluation criteria, designed to ensure optimum and targeted media spending.

All packages will be evaluated on how well the package is delivered to the target audience, its media value and geographic coverage.

Recommendation – A final recommendation of the package based on how well each special opportunity will serve to further the campaign goals and objectives will be presented to the State of Michigan for a final decision.

Verification – If approved and implemented, media vendors are required to provide verification of all package elements, including event participation, air-checks, screenshots, online metrics, news coverage, photographs, etc.

2. Acceptance

- A. The State will use the following criteria to determine acceptance of the Contract Activities:
 1. For each project, the Contractor first prepares an outline of activities, timelines and deliverables as outlined in a Media Project Plan.
 2. Before approving invoices for payment, the UIA Program Manager will review deliverables, review project hours and team members' involvement in the project, and review invoices for pass through expenses to verify costs are accurate and do not reflect markups. The UIA Program Manager will also ensure Contractor's invoices include detailed information for the project. (See Section 6 for detailed invoicing requirements.
 3. UIA shall reimburse the Contractor only for services and/or merchandise authorized by UIA and approved by the UIA Program Manager as outlined in a Final Project Plan. Payment shall not exceed the amount approved by authorized estimate without submission and approval of a revised estimate.

3. Staffing

3.1 Contractor Representative

- A. The Contractor must appoint a Project Manager, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the “Contractor Representative”).

The Contractor’s Representative:
 Heather Pence, Account Executive
 hpence@yaffe.com
 248-262-9615



- B.** The duties of the Project Manager shall include, but not be limited to:
1. Supporting the management of the contract,
 2. Facilitating dispute resolution, and
 3. Advising the State of performance under the terms and conditions of the contract.
- C.** The Contractor must notify the State Contract Administrator at least 30 calendar days before removing or assigning a new Contractor Representative.

3.2 Customer Service Toll-Free Number

The Contractor must specify its toll-free number for the State to make contact with the Contractor Representative. The Contractor Representative must be available for calls Monday – Friday during the hours of 8 am to 5 pm EST.

Contractor's Number: (248) 262-1700

3.4 Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday 7:00 a.m. to 6:00 p.m. EST, and possible night and weekend hours depending on the requirements of the project.

3.5 Key Personnel

- A.** The Contractor must appoint individuals identified in the table below, who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquires within 48 hours. The Contractor must identify the Key Personnel, including subcontractors, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés. The competence of the key personnel the Contractor proposes for this project will be measured by the candidate's education and experience with particular reference to experience on similar projects as described in this Statement of Work. The Contractor will commit that key personnel identified in its proposal will actually perform the assigned work.



Contractor's Key Personnel:

Key Personnel	Name	Phone Number	Email Address
Senior Level Strategic Counsel / Firm Principal	Michael Morin	248-262-9630	michaelm@yaffe.com
Project Manager	Heather Pence	248-262-9615	hpence@yaffe.com
Media Director	Buffy O'Connor	248-262-9673	buffy@yaffe.com
Media Planner/Buyer	Karen Potochick	248-262-9652	karenp@yaffe.com
Direct Marketing Strategist	Karen Jameson	248-262-9683	kjameson@yaffe.com

- B. Contractor must provide a list of all subcontractors, including firm name, address, contact person, and a complete description of the work to be contracted. Include descriptive information concerning subcontractor's organization and abilities.

Contractor's Subcontractors:

Social Coop Media, Inc. Digital and Social Media Management
 1341 Bedford Rd
 Grosse Pointe Park, MI 48230
 Ph: 586-850-1177

Contact:

Billy Strawter, Partner

Billy Strawter has been augmenting the agency's internal digital and social media strategic planning Team. In addition he provides digital and paid social media execution and placement.

- C. The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Project Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.
- D. Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("**Unauthorized Removal**"). An Unauthorized Removal 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. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms. The Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés.

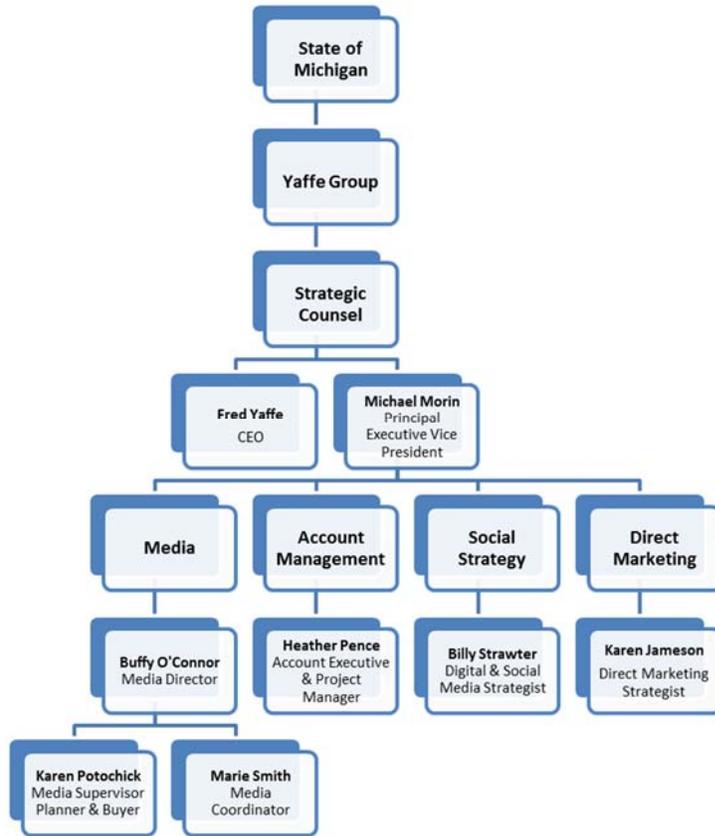


Key Personnel Name	Title	Role(s) and Responsibilities as it relates to the Contract	Physical Location during Contract Performance (City, State)
Fred Yaffe	CEO Agency Principal	Strategic Counsel	Southfield, MI
Michael Morin	EVP Agency Principal	Strategic Counsel and Yaffe Team Leader	Southfield, MI
Mike McClure	Executive Creative Director Agency Principal	Creative & Social Media Director Manages Strategic Planning; Copywriting; and all Creative Deliverables	Southfield, MI
Buffy O'Connor	Media Director	Media Strategic Planning; Manages Budget; Manages Execution and Reconciliation of all Traditional and New Media Budgets; and Media Deliverables	Southfield, MI
Kyle Komusin	Art Director	Art Director and Graphic Designer; Digital Media Execution	Southfield, MI
Heather Pence	Account Executive	Account Contact Person; Workflow Management	Southfield, MI
Billy Strawter	Digital Strategist	Digital and Social Media Strategy, Execution and Placement	Detroit, MI
Karen Potochick	Media Supervisor	Media Buyer both Traditional and Digital; manages media added-value	Southfield, MI
Karen Jameson	Direct Marketing Strategist	Email Marketing Manager	Southfield, MI
Marie Smith	Media Coordinator & Traffic Manager	Auditing, invoice reconciliation, post-buy analysis, traffic	Southfield, MI



3.6 Organizational Chart

The Contractor must provide an overall organizational chart that details staff members, by name and title, and subcontractors.



3.7 Disclosure of Subcontractors

- A. Situations may arise where the Contractor may not possess the experience and expertise necessary to effectively carry out a project. The State expects that, in those instances, the Contractor will propose, or the Contractor and the State will jointly identify, subcontractors as needed to creatively develop and oversee production of certain special programs or projects. If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:
 1. The legal business name; address; telephone number; a description of subcontractor’s organization and the services it will provide; and information concerning subcontractor’s ability to provide the Contract Activities.
 2. The relationship of the subcontractor to the Contractor.
 3. Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.
 4. A complete description of the Contract Activities that will be performed or provided by the subcontractor.
 5. Of the total bid, the price of the subcontractor’s work.

4. Project Management

4.1 Project Plans

- A. The Contractor must carry out this project under the direction and control of the UIA Program Manager.
- B. The Contractor must submit to the UIA Program Manager their Project plans, for all flights throughout the Contract term, according to the terms described in Section 1.1 Requirements.



- C. Each flight for the duration of this project will have a Project Plan that requires UIA Program Manager approval. The proposed flight schedule is every six months. The State reserves the right to change the flight schedules. Any changes will be made through the UIA Program Manager.
- D. Project Plans, once approved, will serve as the timeline for project deliverables.
- E. The initial Project Plan for the first flight must be presented to the UIA Program Manager within two weeks of the effective date of this Contract. After approval, the Contractor is responsible for carrying out the deliverables of the plan.
- F. Each Project Plan must include: the following:
 - 1. Description of Proposed Deliverables
 - 2. Timeline with target Dates for Deliverables
 - 3. Media Buy Plan
 - 4. Key Staff assigned to the project

4.2 Meetings

Preliminary Meeting: Contractor must meet with the UIA Program manager two weeks from the start of the Contract. At this meeting, the Contractor must submit their proposed Project Plan (see section 4.1.F) for the initial flight of the media placement campaign.

Evaluation Meeting: Two months from the start of the first media placement ads, the Contractor must meet with the UIA Program Manager to discuss and evaluate this first flight. At this meeting, the contractor must submit their analysis and evaluation of the advertising placement

6 Month Meeting: Six months from the start of the first media placement ads, the Contractor must meet with the UIA Program manager. At this meeting, the Contractor must submit the advertising strategy and Project Plan (see section 4.1.F) covering the remainder of the contract period, and include the price proposal.

The State may request meetings, as it deems appropriate.

4.3 Reporting: All reporting must be submitted electronically to the Program Manager, unless otherwise specified.

- A. The Contractor must submit, to the Program Manager monthly status reports as required in Project Plan Management (prepared and submitted within three (3) working days of all meetings).
- B. The Contractor must report on the efficiency and effectiveness of all marketing, promotion, and campaigns/projects against the goals and objectives established for the campaign/project.
- C. The Contractor must submit brief written bi-weekly summaries of progress which outline the work accomplished during the reporting period and budget information by project.
- D. The Contractor must provide periodic status report/presentations as requested by the UIA Program Manager.
- E. No later than two (2) weeks prior to a media buy, the Contractor must provide copies of the negotiated buy to the UIA Program Manager so it can be shared with appropriate program staff.
- F. No later than two (2) months following the end of each media buy, the Contractor must prepare a final summary showing the amounts ordered and actually paid per station, publication and/or outdoor company. These summaries should be compiled by target group, by medium, by market, and showing a grand total. No-charge bonus or bonuses, or PSA schedules must also be summarized in the same way.
- G. No later than two (2) months following the end of each media buy, the Contractor must submit post analysis reports which compare any such schedule estimates against actual spot rotation deliveries.
- H. No later than two (2) months following the end of each media buy, the Contractor must submit evaluation reports with supporting data, describing how the media buy accomplished the intended goals of the buy.



- I. Reporting formats must be submitted to the UIA Program Manager for approval within (30) business days after the execution of the contract. Once both parties have agreed to the format of the report, it will become the standard to follow for the duration of the contract.

4.4 Issue Management

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

- A. The Contractor must maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State's Project Manager on an agreed upon schedule, with email notifications and updates. The issue log must be updated and must contain the following minimum elements:
 1. Description of issue,
 2. Issue identification date,
 3. Responsibility for resolving issue,
 4. Priority for issue resolution (to be mutually agreed upon by the State and the Contractor),
 5. Resources assigned responsibility for resolution,
 6. Resolution date, and
 7. Resolution description

4.6 Change Management

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

- A. If a proposed contract change is approved by the Agency, the Agency Buyer will submit a request for change to the Department of Technology, Management and Budget, Contract Administrator, who will make recommendations to the Division Director of DTMB-Procurement regarding ultimate approval/disapproval of change request. If the DTMB Procurement Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the DTMB-Procurement Contract Administrator will issue an addendum to the Contract, via a Contract Change Notice. Contractors who provide products or services prior to the issuance of a Contract Change Notice by the DTMB-Procurement, risk non-payment for the out-of-scope/pricing products and/or services.
- B. The Contractor must employ change management procedures to handle such things as "out-of-scope" requests or changing business needs of the State while the migration is underway.

5. Ordering

5.1 Authorizing Document

The appropriate authorizing document for the Contract will be Purchase Order (PO).

6. Invoice and Payment

6.1 Invoice Requirements

All invoices submitted to the State must include: (a) date; (b) media placement source; (c) quantity; (d) description of the Contract Activities; and (e) total price. Overtime, holiday pay, and travel expenses will not be paid. All invoices should reflect actual work done.

Invoices for media placement must include supporting documentation from the media source. The Contractor must submit invoices to the UIA Program Manager monthly.

6.2 Payment Methods

The State will make payment for Contract Activities from approved invoices.



STATE OF MICHIGAN

Contract No. 071B5500116
 UIA Work Share Program – Media/PR

**EXHIBIT C
 PRICING**

1. Contractor’s Pricing includes all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).
2. Due to the public service nature of this advertising campaign, Contractor should make efforts to receive public service announcement airing credits from the media outlets in order to increase additional airings.
3. Advertising will be priced for actual cost incurred by the Contractor and reimbursed in that manner. There will be no additional fees added to these costs. The Contractor must provide documentation for actual cost of advertising if requested.

Deliverable	Contractor’s Pricing								
Initial Flight									
A. Media Plan Detailed costs for media plan.	<i>Contractor must provide all media plan costs at the Contractor’s cost</i> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;"><i>Broadcast</i></td> <td style="text-align: right;">\$109,341</td> </tr> <tr> <td style="padding-right: 20px;"><i>Email</i></td> <td style="text-align: right;">\$68,400</td> </tr> <tr> <td style="padding-right: 20px;"><i>Digital</i></td> <td style="text-align: right;">\$52,000</td> </tr> <tr> <td style="padding-right: 20px;"><i>Total</i></td> <td style="text-align: right;">\$229,741</td> </tr> </table>	<i>Broadcast</i>	\$109,341	<i>Email</i>	\$68,400	<i>Digital</i>	\$52,000	<i>Total</i>	\$229,741
<i>Broadcast</i>	\$109,341								
<i>Email</i>	\$68,400								
<i>Digital</i>	\$52,000								
<i>Total</i>	\$229,741								
B. Agency Mark up	<i>Contractor must provide firm fixed costs for the entire Contract.</i> 17.65% mark up on media purchased \$ 41,759								
C. Misc. (shipping, etc.)	\$ 1,034								
Total for Initial Flight	\$271,500.00 Less 2% prompt payment discount								
Remaining Contract Flights	\$271,500.00 Less 2% prompt payment discount								
GRAND TOTAL	\$543,000.00 Less 2% prompt payment discount								



STATE OF MICHIGAN

STANDARD CONTRACT TERMS



This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and The Yaffe Group (“**Contractor**”), a Michigan Corporation. This Contract is effective on July 8, 2015 (“**Effective Date**”), and unless terminated, expires on July 7, 2017

This Contract may be renewed for up to three (3) additional 1 year period(s). Renewal must be by written agreement of the parties and will automatically extend the Term of this Contract.]

The parties agree as follows:

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

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

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

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

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



If to State:	If to Contractor:
<i>Mary Ostrowski 525 W. Allegan St. Lansing, Michigan 48913 ostrowskim@michigan.gov (517) 284-7021</i>	<i>Michael Morin 26100 American Drive, Suite 401 Southfield, MI 48034 johnc@yaffe.com 248-262-9630</i>

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

State:	Contractor:
<i>Mary Ostrowski 525 W. Allegan St. Lansing, Michigan 48913 ostrowskim@michigan.gov (517) 284-7021</i>	<i>John Cassidy, COO 26100 American Drive, Ste 401 Southfield, MI 49084 johnc@yaffe.com 248-262-9660</i>

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

State:	I Contractor:
<i>Lynda Robinson 3024 W. Grand Blvd., Suite 13-100 Detroit, MI 48202 Robinsonl7@michigan.gov (313) 456-2945</i>	<i>Heather Pence 26100 American Drive, Suite 401 Southfield, MI 48034 hpence@yaffe.com 248-262-9615</i>

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



Insurance Type	Additional Requirements
Commercial General Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations <u>Deductible Maximum:</u> \$50,000 Each Occurrence	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0.
Automobile Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Per Occurrence	
Workers' Compensation Insurance	
<u>Minimal Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
<u>Minimal Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	

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

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

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

7. **Reserved.**

8. **Reserved.**

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

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

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

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

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

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

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

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

19. **Warranty Period.** The warranty period, if applicable, for Contract Activities is a fixed period commencing on the date specified in Exhibit A. If the Contract Activities do not function as warranted during the warranty period the State may return such non-conforming Contract Activities to the Contractor for a full refund.

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

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment

by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

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

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

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

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

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

24. **Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.

25. **Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.
26. **General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

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

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

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

27. **Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

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

confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.

- c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any non-State Data Confidential Information is not feasible, such party must destroy the non-State Data Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party.

33. **Reserved.**

34. **Reserved.**

35. **Reserved.**

36. **Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain, and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

37. **Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; and (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.
38. **Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.
39. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
40. **Reserved.**
41. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.
42. **Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
43. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.
44. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.

45. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
46. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely, or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.

47. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
48. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
49. **Order of Precedence.** In the event of a conflict between the terms and conditions of the Contract, the exhibits, a purchase order, or an amendment, the order of precedence is: (a) the purchase order; (b) the amendment; (c) Exhibit A; (d) any other exhibits; and (e) the Contract.
50. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
51. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
52. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
53. **Entire Contract and Modification.** This Contract is the entire agreement and replaces all previous agreements between the parties for the Contract Activities. This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**").