

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

**CHANGE NOTICE NO. 2**  
 to  
**CONTRACT NO. 071B0200083**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Rotary Multiforms, Inc. 2104 East Eleven Mile Road, Suite 400 Warren, MI 48091	Bill Condon	bcondon@rmi-printing.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(800) 762-5644	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	Treasury	Darron Birchmeier	517-241-3548	birchmeierd@michigan.gov
BUYER	DTMB	Jim Wilson	517-241-7233	Wilsonj4@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: MET & SUW Coupon Books - Treasury			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
February 1, 2010	January 31, 2013	2, one year	January 31, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
2% 20 Days	Delivered	Per Specs	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card	<input type="checkbox"/> Direct Voucher (DV)	<input type="checkbox"/> Other	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2 years	Jan. 31, 2015
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$594,442.00		\$1,375,582.00		

Effective January 15, 2013, this contract is hereby INCREASED by \$594,442.00 and exercises contract option years, making the new contract end date January 31, 2015. Attached pricing is hereby incorporated into the contract. Please also note that the buyer has been changed to Jim Wilson.

Additional 1.022.F MET Coupon Book Deliverables.

- Contractor must notify MET of any issues within 24 hours from time MET Coupon Book data file is received from Intuition.
- MET Coupon Book data requirements have changed from magnetic cartridge to a "PC File" format.

3. Contractor must mail production ready books (150-200 books) within five (5) business days from the time MET Coupon Book data files are received.
4. MET will notify Contractor five (5) to seven (7) days in advance of expected file release date from Intuition.
5. MET will notify Contractor when data is available and provide record count.

All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, DTMB Procurement approval and the approval of the State Administrative Board on January 15, 2013.

# Appendix C: SUW Annual Coupon Books

Chart 1

Item	Estimated Quantity	Unit Price (\$/m)	(A) Mfg Price (Qty x Unit Price)	Tonnage (lbs)	(B) Paper Price (cwt)	(A + B) Total Cost	Unit Price below estimated quantity \$/m	Unit Price above estimated quantity (\$/m)
M1	39,000	\$774.25	\$30,195.75	8300	\$ 5,395.00	\$35,590.75	\$774.25	\$774.25
M2	4,000	\$774.25	\$3,097.00	800	\$ 520.00	\$3,617.00	\$774.25	\$774.25
M3	45,000	\$490.40	\$22,068.00	4950	\$ 3,217.50	\$25,285.50	\$490.40	\$490.40
M4	31,000	\$490.40	\$15,202.40	3500	\$ 2,275.00	\$17,477.40	\$490.40	\$490.40
Q1	24,000	\$301.60	\$7,238.40	1600	\$ 1,040.00	\$8,278.40	\$301.60	\$301.60
Q2	39,000	\$301.60	\$11,762.40	2750	\$ 1,787.50	\$13,549.90	\$301.60	\$301.60
A1	64,000	\$105.40	\$6,745.60	1850	\$ 1,202.50	\$7,948.10	\$105.40	\$105.40
A2	84,000	\$105.40	\$8,853.60	2296	\$ 1,492.40	\$10,346.00	\$105.40	\$105.40
Collating/Inserting	330,000	\$104.00	\$34,320.00	0	\$ -	\$34,320.00	\$104.00	\$104.00
Inserting Withholding Guide	220,000	\$19.50	\$4,290.00	0	\$ -	\$4,290.00	\$19.50	\$19.50
Envelopes	330,000	\$46.75	\$15,427.50	16754	\$10,890.10	\$26,317.60	\$46.75	\$46.75
<b>TOTAL FOR ONE YEAR ANNUAL COUPON BOOKS</b>						<b>\$187,020.65</b>		

## Appendix J: SUW Weekly Coupon Books

Chart 2

Item	Estimated Quantity	Unit Price (\$/m)	Mfg Price (Qty x Unit Price)	Unit Price below estimated quantity \$/m	Unit Price above estimated quantity (\$/m)
M1	600	\$774.25	\$464.55	\$772.00	\$772.00
M2	1,300	\$774.25	\$1,006.53	\$772.00	\$772.00
M3	15,500	\$490.40	\$7,601.20	\$484.75	\$484.75
M4	7,000	\$490.40	\$3,432.80	\$484.75	\$484.75
Q1	5,000	\$301.60	\$1,508.00	\$298.00	\$298.00
Q2	14,000	\$301.60	\$4,222.40	\$298.00	\$298.00
A1	9,500	\$105.40	\$1,001.30	\$103.50	\$103.50
A2	9,500	\$105.40	\$1,001.30	\$103.50	\$103.50
Collating/Inserting	62,400	\$850.00	\$53,040.00	\$850.00	\$850.00
Inserting Withholding Guide	15,000	\$19.50	\$292.50	\$18.75	\$18.75
Envelopes	62,400	\$46.75	\$2,917.20	\$45.60	\$45.60
<b>TOTAL FOR ONE YEAR OF WEEKLY COUPON BOOKS</b>					<b>\$76,487.78</b>

## Appendix K: Specialized Printing

Chart 3

Item	Annual Quantity	Press & Bindery/IM	Total Price	Price per additional 1,000
Form 412	60,000	24.37	\$1,462.20	24.37

# **Appendix L: MET Annual Coupon Books** **Chart 4**

Item	Estimated Quantity	Unit Price (\$/m)	Mfg Price (Qty x Unit Price)	Unit Price below estimated quantity \$/m	Unit Price above estimated quantity (\$/m)
Front Cover	700	16.85 \$	11.80		
Change of Address Notice	700	14.5 \$	10.15		
Instruction Sheet	700	14.5 \$	10.15		
Automatic Payroll Deduction Form	700	14.5 \$	10.15		
Monthly Coupons	125,000	9.15 \$	1,143.75		
Back Cover	700	16.85 \$	11.80		
Collating/Inserting	700	125 \$	87.50		
Envelopes	700	504 \$	352.80		
Set-up Charges (if applicable)	3	500 \$	1,500.00		
Tonnage (total lbs)	450	\$	292.50		
Paper price (cwt)	69				
TOTAL FOR ONE YEAR ANNUAL MET COUPON BOOKS			\$ 3,430.59		

## Appendix M: Paper Printing (SUW Only)

Chart 5

Total Tonnage (lbs) Per Year	Cost/cwt	Paper Price (One Year)
42,800	\$65.00	\$27,820.00

STATE OF MICHIGAN  
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET      February 10, 2012  
PROCUREMENT  
P.O. BOX 30026, LANSING, MI 48909  
OR  
530 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 1**  
**TO**  
**CONTRACT NO. 071B0200083**  
**Between**  
**THE STATE OF MICHIGAN**  
**And**

Fax: (586) 558-7959

<b>NAME &amp; ADDRESS OF CONTRACTOR</b>  <b>Rotary Multiforms, Inc.</b> <b>2104 East Eleven Mile Rd., Suite 400</b> <b>Warren, MI 48091</b>  Email: <a href="mailto:bcondon@rmi-printing.com">bcondon@rmi-printing.com</a>		<b>TELEPHONE: Bill Condon</b> <b>(800) 762-5644</b>
		CONTRACTOR NUMBER/MAIL CODE
		BUYER/CA (517) 241-7233 <b>Donald Mandernach</b>
Contract Compliance Inspector: Darron Birchmeier <b>MET &amp; SUW Coupon Books - Treasury</b>		
CONTRACT PERIOD: 3 yrs. + 2 one-year options    From: <b>February 1, 2010</b> To: <b>January 31, 2013</b>		
<b>TERMS</b>  <b>2% 20 Days</b>	<b>SHIPMENT</b>  <b>Per Specifications</b>	
<b>F.O.B.</b>  <b>Delivered</b>	<b>SHIPPED FROM</b>  <b>N/A</b>	
<b>MINIMUM DELIVERY REQUIREMENTS</b> <b>See Specifications</b>		
<b>MISCELLANEOUS INFORMATION:</b>		

**NATURE OF CHANGE (S):**

Effective February 10, 2012 the Buyer has been changed to:

Donald Mandernach  
(517) 241-7233  
[mandernachd@michigan.gov](mailto:mandernachd@michigan.gov)

All other terms, conditions, specifications and pricing remain the same.

**AUTHORITY/REASON:**

Per DTMB-Procurement's approval.

**TOTAL ESTIMATED CONTRACT VALUE REMAINS:    \$781,140.00**

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

January 20, 2010

NOTICE  
OF  
CONTRACT NO. 071B0200083  
Between  
THE STATE OF MICHIGAN  
And

Fax: (586) 558-7959

NAME & ADDRESS OF CONTRACTOR		TELEPHONE: Bill Condon <b>(800) 762-5644</b>
<b>Rotary Multiforms, Inc.</b> <b>2104 East Eleven Mile Rd., Suite 400</b> <b>Warren, MI 48091</b>  Email: <a href="mailto:bcondon@rmi-printing.com">bcondon@rmi-printing.com</a>		CONTRACTOR NUMBER/MAIL CODE
		BUYER/CA (517) 373-7374 <b>Joan Bosheff</b>
Contract Compliance Inspector: Darron Birchmeier <b>MET &amp; SUW Coupon Books - Treasury</b>		
CONTRACT PERIOD: <b>3 yrs. + 2 one-year options</b> From: <b>February 1, 2010</b> To: <b>January 31, 2013</b>		
TERMS <b>2% 20 Days</b>	SHIPMENT <b>Per Specifications</b>	
F.O.B. <b>Delivered</b>	SHIPPED FROM <b>N/A</b>	
MINIMUM DELIVERY REQUIREMENTS <b>See Specifications</b>		
MISCELLANEOUS INFORMATION:		

The terms and conditions of this Contract are those of ITB #071I9200276, this Contract Agreement and the vendor's quote dated September 16, 2009. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: **\$781,140.00**

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

CONTRACT NO. 071B0200083

Between  
THE STATE OF MICHIGAN  
And

Fax: (586) 558-7959

NAME & ADDRESS OF CONTRACTOR		TELEPHONE: Bill Condon <b>(800) 762-5644</b>
<b>Rotary Multiforms, Inc.</b> <b>2104 East Eleven Mile Rd., Suite 400</b> <b>Warren, MI 48091</b>  Email: <a href="mailto:bcondon@rmi-printing.com">bcondon@rmi-printing.com</a>		CONTRACTOR NUMBER/MAIL CODE
		BUYER/CA (517) 373-7374 <b>Joan Bosheff</b>
Contract Compliance Inspector: Darron Birchmeier <b>MET &amp; SUW Coupon Books - Treasury</b>		
CONTRACT PERIOD: 3 yrs. + 2 one-year options From: <b>February 1, 2010</b> To: <b>January 31, 2013</b>		
TERMS <b>2% 20 Days</b>	SHIPMENT <b>Per Specifications</b>	
F.O.B. <b>Delivered</b>	SHIPPED FROM <b>N/A</b>	
MINIMUM DELIVERY REQUIREMENTS <b>See Specifications</b>		
MISCELLANEOUS INFORMATION:  <b>The terms and conditions of this Contract are those of ITB #071I9200276, this Contract Agreement and the vendor's quote dated September 16, 2009. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.</b>  <b>Estimated Contract Value: \$781,140.00</b>		

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 071I9200276. Orders for delivery will be issued directly by the Department of Treasury through the issuance of a Purchase Order Form.

All terms and conditions of the invitation to bid are made a part hereof.

**FOR THE CONTRACTOR:**

Rotary Multiforms, Inc.  
Firm Name

\_\_\_\_\_  
Authorized Agent Signature

\_\_\_\_\_  
Authorized Agent (Print or Type)

\_\_\_\_\_  
Date

**FOR THE STATE:**

\_\_\_\_\_  
Signature  
**Seleana Samuel, Buyer Manager**

\_\_\_\_\_  
Name/Title  
**Commodities Division, Purchasing Operations**

\_\_\_\_\_  
Division

\_\_\_\_\_  
Date



**STATE OF MICHIGAN**  
**Department of Management and Budget**  
**Purchasing Operations**

Contract #071B0200083  
Production of Tax Documents

Buyer Name: Joan Bosheff  
Telephone Number: (517) 373-7374  
E-Mail Address: bosheffj@michigan.gov

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## **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” means the seven year period following Contractor’s provision of any work under the Contract.

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

“Business Day,” 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 RFP. 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 2.244**.

“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.

“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**

This contract is for tax and MET payment coupon production and printing.

#### **1.012 Background**

##### **A. Tax Coupon Books**

The Michigan Department of Treasury (Treasury) is responsible for a variety of functions from investing the State's money to administering many of the State's taxes. At the head of Treasury is the State Treasurer, appointed by the Governor. Legal authority for many tax administration functions rests with the State Treasurer who oversees all revenue operations within Treasury.

One of the responsibilities of Treasury is to collect Sales, Use and Withholding (SUW) tax revenue due the State from registered business entities. Annual and weekly processes were developed to assist Michigan registered business taxpayers in their compliance responsibilities and obligations. Each registered business taxpayer liable for SUW taxes is mailed the proper forms and documentation to meet their timely filing and notification requirements for the State. These forms are critical to revenue collection by the State and the management of the State's cash flow. The State annually collects approximately \$14 billion in SUW taxes. There is little latitude in the time frame for production or delivery. The annual and weekly processes are comprised of various forms packages and use many of the same forms. The forms package for both the annual and weekly processes can include all of the following:

(Delivered to contractor)

1. Sales, Use and Withholding Taxes Instruction Booklet
2. Withholding Tax Guide (if the taxpayer is so registered)

(Produced by contractor)

3. Pre-identified Annual Return (Form 165)
4. Pre-identified monthly or quarterly sales, use and withholding tax returns (Form 160)
5. 12 Monthly Vouchers (Form 161) (if the taxpayer is qualified to receive them)
6. Notice of Change or Discontinuance Form (Form 163)
7. Sales Tax License (Form 164) (if the taxpayer is so registered)

In the **Annual Process**, the forms package is mailed to approximately 330,000 sales, use and withholding taxpayers each year in late-November through early January.

In the **Weekly Process**, the forms package is sent weekly throughout the year. A weekly average of 1,200 is produced and mailed to newly registered business taxpayers or business taxpayers who request a new package of materials. These taxpayers receive their returns for filing *monthly* or *quarterly* for the remainder of the calendar year. For the weekly process, the contractor must be able to produce forms packages for the current tax year PLUS three previous years. The file layout, which will be provided to the contractor after contract award, provides details on how to identify the year requested and personalized materials are printed for a specific tax year.

##### **B. MET Coupon Books**

The Michigan Education Trust (MET) is a division within Treasury. MET provides an avenue for families to invest in their child's future financial ability to attend a Michigan institution of higher education. Interested individuals can enroll in a four, seven, ten, or fifteen-year MET contract and make monthly payments toward their children's education. To date, MET has sold more than 89,000 contracts and received \$925 million in total assets.

Each MET contract purchaser is mailed the proper forms and documentation to meet the MET monthly purchase contract payment requirements.



**1.020 Scope of Work and Deliverables**

**1.021 In Scope**

The Contractor will produce a personalized, sealed mail piece for Treasury. The Contractor's responsibilities include forms manufacturing, data processing, personalization, sealing and delivery to the United States Postal Service (USPS) and Treasury.

**Contractor Response:**

*RMI will complete a finished package of a personalized booklet and any additional required instruction books based on the filer's specific data and placed in a sealed 9"x 12" window envelope for delivery. Under this contract RMI will manufacture all the needed base materials and envelopes, complete all data processing, printing of variable data, inserting all books, and delivery to the either the USPS or Treasury.*

**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:

**A. GENERAL REQUIREMENTS (All Forms)**

**1. State Printing Act**

All work performed shall be produced in the plant of the Contractor or that of the subcontractor and the subcontractor shall be designated in the bid. Personalization, collating and binding must be performed within a single facility. Contractor and subcontractor(s) must be in compliance with Public Act 153 of 1937, as amended.

**Contractor Response:**

*All work performed under this contract will be completed by the subcontractors listed within this Contract. All personalization collating and binding will be completed within a single facility and all subcontractors are in compliance with the Public Act 153 and sworn statements have been provided.*

**2. Overtime**

Requests for overtime payment for any item on this Contract will not be paid unless the Contract Compliance Inspector specifically requests overtime and Treasury authorizes via a purchase order before work is performed in overtime status.

**Contractor Response:**

*RMI understands that no overtime will be paid for unless it is specifically authorized by Treasury via a purchase order prior to any work being started.*

**3. Service Response**

A project manager (Section 1.031) must be available to respond to questions from the Contract Compliance Inspector and other Treasury staff. The project manager is expected to respond by phone to telephone inquiries within three (3) business hours and to meet with Treasury representatives in Lansing as deemed necessary by the Contract Compliance Inspector. Treasury reserves the right to require reassignment of personnel deemed unsatisfactory (Section 2.063).

**Contractor Response:**

*RMI's project manager will respond within the 3 business hours to any individual with questions or comments concerning this program, in addition the project manager is available to meet in Lansing as needed. RMI also understands that Treasury has the right to require reassignment of personnel deemed unsatisfactory.*



#### 4. Calendar Days

All deliveries are specified in calendar days. This includes Saturdays and Sundays but does not include the following holidays: New Year's Eve third shift, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Eve third shift and Christmas Day. Third shift is any shift beginning after 6 p.m.

#### **Contractor Response:**

*The delivery days listed in this contract are calendar days including Saturday and Sunday. The only exceptions are the Holidays and specific prior shifts to those holidays listed in the contract.*

#### 5. Lack of Need of Service

At any time, Treasury may determine that it no longer needs a service outlined in this Contract. Treasury is not obligated to pay for any services that are not authorized via a purchase order. It is also possible that the manufacturing method of an item may need to be changed due to legislation or lack of need for part of the service. Price changes will be negotiated on a case-by-case basis and authorized via a contract change notice issued by DMB Purchasing Operations (Section 2.024).

#### **Contractor Response:**

*RMI understands if at any time Treasury determines that the services listed in this contract are no longer required it is not obligated to pay for any services not authorized by a purchase order. In addition, if the manufacturing method is modified for any reason and a price change is required, it will be negotiated on a case-by-case basis and will only be approved via a contract modification issued by DMB.*

#### 6. Emergency Plan

The Contractor shall have an emergency disaster recovery plan to continue providing service without interruption to Treasury. Provide the emergency disaster recovery plan including details associated with recovery of the processes necessary to produce the deliverables in section 1.022.

#### **Contractor Response:**

*Emergency/Disaster recovery plan submitted with bid.*

### **B. GENERAL REQUIREMENTS - ANNUAL AND WEEKLY PROCESS (1.022-C and 1.022-D)**

#### 1. Forms Package Construction

Construction of each component is defined in Appendix B. Refer to the collating chart in Appendix A to determine the components required based on the taxpayer group.

Perforation of forms must allow ease of removal by the taxpayer and a clean tear from the forms package. Coupon materials must stay contained to withstand the mailing and taxpayer use (up to 13 months).

#### **Contractor Response:**

*The construction method for this contract is broken down into four classifications.*

#### ***Annual Filer:***

##### ***4-page booklet with imaged Annual Return***

*The annual filer packages are made up of a single 11" x 17" sheet print two sides in black on a 20# white register bond. The paper has specific perforation pattern applied to allow the cover to be torn into 3 individual components 8-1/4" x 3-2/3" and a full vertical perforation for the annual return with a final size of 8-1/4" x 11". The cover, which contains the three segments, is imaged with the outbound filers address in the top 1/3 to meet postal requirements, a sales license if required in the*



middle panel, and the notice of change/discontinuance in the bottom panel. Page two (inside cover) has the back copy printed for the notice of change/discontinuance in black. Page three and four is the annual return with the taxpayer's information imaged on both sides and the form printed in black. The sheet is then folded to 8-1/2" x 11" to create the 4-page booklet and inserted into the outbound window envelope with the additional required book or books based on a flag within the data files supplied by Treasury.

**Quarterly Filer:**

**8-page booklet with 4 returns and Annual Return**

The quarterly filer packages are made up of two 11" x 17" sheets. The first sheet is the cover and annual return which is the same as the Annual Filer package. This ply (4-page) is 20# register bond and printed in black with the same perforations and the filer specific data fields imaged as the "Annual Filers". The Quarterly filers also receive a second sheet of 11" x 17" – but this ply is a 24# white OCR stock that is printed both sides in black and PMS Green (drop out) ink. The sheet also requires special perforations to allow easy removal of the coupons but have sufficient strength to remain in the book for a minimum of 13 months with repeated use. The perforations create coupons that are 4" x 8.5" when torn out for payment by the filer. On each coupon there also is a 2-1/2" stub that is personalized with the payment due date information which is to be removed before processing. The coupons themselves are imaged with the filer specific data and a bank scan line containing the account number, tax year, month of payment, and several check digits throughout. The data that we use to complete the coupons is supplied by Treasury. The scanline is imaged in an OCR A font at the bottom of each coupon within the read window used by the bank scanners based on the leading and aligning edges. These two sheets are then gathered, folded, and saddled stitched to creating an 8-page booklet in-line. This process is completed in-line on the laser printer ensuring that each book is complete and contains information specific only for that individual filer. The tax filer booklet is then inserted into the outbound window envelope with any additional required book or books required based on a flag within the data files supplied by Treasury.

**Monthly Filer (M1 or M2 type):**

**28-page booklet with 12 Combined Returns, 12 Discount Vouchers, and an Annual Return**

The Monthly filer packages for M1 and M2 classifications are made up of seven 11" x 17" sheets. The first sheet is the cover and annual return which is the same as the "Annual Filer" package. This ply (4-page) is a 20# register bond and printed in black with the same perforations and the filer specific data fields imaged as the "Annual Filers". These Monthly filers also receive six additional 11" x 17" sheets of 24# white OCR stock that is printed on both sides in two colors. These coupon sheets are printed with Combined Returns on one side of the sheet and Discount Vouchers on the other. Both coupons require printing in black and PMS Green (drop out) ink and special perforations to allow easy removal of the coupons with sufficient strength to remain in the book for a minimum of 13 months with repeated use. The perforations create coupons that are 4" x 8.5" when torn out for processing and payment by the filer. On each coupon is a 2-1/2" stub that is personalized with the payment due date information and is removed prior to processing. The coupons themselves are imaged with the filer's specific data and a bank scan line containing the account number, tax year, month of payment, and several check digits throughout. The data used to complete the coupons is supplied by Treasury including the scanline which is imaged in an OCR A font at the bottom of each coupon within the read window of the bank scanners based on the leading and aligning edges. These seven sheets are then gathered, folded and saddled stitched to create a 28-page booklet. This process is completed in-line on the laser printer ensuring that each book is complete and contains information specific only for that individual filer. The tax filer booklet is then inserted into the outbound window envelope with any additional required book or books required based on a flag within the data files supplied by Treasury.



**Monthly Filer (M3 or M4 type):**

**16-page booklet with 12 Combined Returns and an Annual Return**

*The Monthly filer packages for M1 and M2 classifications are made up of four 11" x 17" sheets. The first sheet is the cover and annual return which is the same as the Annual Filer package. This ply (4-page) is on 20# register bond and printed in black with the same perforations and the filer specific data fields imaged as the "Annual Filers". These monthly filers also receive three additional 11" x 17" sheets of 24# white OCR stock which is printed both sides in two colors. These sheets are printed with Combined Returns on both sides of the sheet and require black and PMS Green (drop out) ink and special perforations to allow easy removal of the coupons with sufficient strength to remain in the book for a minimum of 13 months with repeated use. The perforations create coupons that are 4" x 8.5" when torn out for processing and payment by the filer. On each coupon is also a 2-1/2" stub that is personalized with the payment due date information and require to be removed prior to processing. The coupons themselves are imaged with the filer specific data and bank scan line containing the account number, tax year, month of payment, and several check digits throughout. The data that we use to complete the coupons is supplied by Treasury including the scanline which imaged in an OCR A font at the bottom of each coupon within the read window of the bank scanners based on the leading and aligning edges. These four sheets are then gathered, folded, and saddled stitched to create a 16-page booklet. This process is completed in-line on the laser printer ensuring that each book is complete and contains information specific only for that individual filer. The tax filer booklet is then inserted into the outbound window envelope with any additional required book or books required based on a flag within the data files supplied by Treasury.*

**2. Quality Control**

- a. The distance from the bottom of the coupon to the middle of the scanline is critical. The bottom edge trim must be accurate. If Contractor uses continuous or offset web forms production methods for the litho portion of this project must trim in smaller stacks and implement necessary procedures to assure quality control standards on form size. Trim may not vary by more than 1/16."
- b. Image quality for OCR-A lines must be a minimum resolution of 300 dpi.

**Contractor Response:**

*The position of the scanline in relation to the leading and aligning edge is critical to the readability of the scanline the banks equipment. The books are imaged on a Xerox laser printer which prints the scanline in an OCR-A font at a minimum of 300 dpi and maintains the print position for readability. To assist the operator in verifying the print position we have an acetate overlay visually indicating the readable window on the scanner to confirm the scanline falls within tolerance.*

*The base stock is produced on a web press which holds the tolerance to a (+/-) 1/64" well under the 1/16" maximum variance.*

**3. Inserting and Envelopes**

Once the forms package is complete, each forms package must be inserted into an envelope such that the taxpayer address printed on the forms package is visible for postal delivery. A generic tax instruction book (8.5" x 11") and in some cases a Withholding Guide (8.5" x 11") must also be inserted into this envelope. The envelope must then be prepared for delivery to the USPS according to USPS requirements for Presort Standard A automation rate mail with an *Address Service Requested* endorsement. Both the forms package and the instruction book(s) must mail together to reduce postal costs. Bidders must be very specific as to how they will meet postal requirements for mailing these items. Instruction booklets will be shipped to contractor by common carrier on wrapped pallets.

- a. Since inserting equipment varies, the contractor will be responsible for providing a window envelope for the form packages.



**Contractor Response:**

*RMI will take each tax payer's booklet and insert it with any additional booklets that are required into the outbound envelope. This envelope is a 9" x 12" window envelope printed in black ink on a 28# Kraft with the endorsement "Address Service Requested". The window position is in the top half of the envelope to meet USPS regulations and allows the inserting to be processed on automated machines increasing both speed and efficiency. The plant has several oversized inserters capable of processing this product allowing for accelerated turn around times if needed. Any additional books that are required to be inserted with the tax payer books will be supplied by Treasury or another vendor packaged bulk on pallets for processing and storage.*

*The envelopes will be processed on Jumbo inserters where each station holds a different booklet/product. The first station will hold the imaged tax payer booklet and is placed into the envelope first. The second station will hold the generic instruction booklet and is inserted on top of the imaged taxpayer's booklet. If the Withholding Guide is required it will then be placed in the third station and inserted on the generic instruction booklet and the envelope sealed. The completed package will then be packed in postal sequence in bags meeting all postal requirements for automated mail and delivered to the USPS.*

**4. Warehousing**

The contractor shall store form materials as necessary to fulfill contract obligations. The contract must store the following form materials:

- Envelopes
- 4 years of instruction books (current year (approximately 45,000 books) plus three prior years – 20,000 books combined)
- Withholding Guides (current year only – approximately 20,000 books)

Depending on the contractor's manufacturing process, the following form materials may also require storage:

- Combined Return page stock – Form 160
- Discount Voucher page stock – Form 161
- Forms package covers (if applicable)
- Sales Tax License page stock – Form 164
- Notice of Change or Discontinuance page stock – Form 163
- Paper

**Contractor Response:**

*RMI understands that as the holder of this contract they will be required to store a variety of products to be used for both the annual and weekly processes. The warehouse at the print facility has over 30,000 square feet of storage and we maintain a real time inventory system for items in stock.*

*This project based on our manufacturing process will require us to store the following items:*

1. Cover Stock (11" x 17")
2. Combined Returns/Combined Returns (11" x 17")
3. Combined Returns/Discount Vouchers (11" x 17")
4. Outer Envelopes
5. Current Tax year Withholding Guides
6. Instruction Booklets for the current Tax year and the three (3) prior tax years.



## 5. Legislative or Treasury Delays

The Contract Compliance Inspector cannot authorize printing or mailing until legislation is complete. If pending legislation delays Treasury's ability to authorize printing (via a purchase order), or Treasury delays production, the printer is not relieved of the obligation to provide service in the number of days originally estimated for each item. Treasury is not liable for the cost of any downtime incurred if legislative delays make it impossible for the Contract Compliance Inspector to authorize production.

### **Contractor Response:**

*RMI understands that no printing or mailing can start until all legislation is complete, and any delay due to legislation does not relieve RMI to meeting the number of days estimated for each item. Treasury is not liable for any downtime incurred because of legislation delays that keeps the contract compliance inspector from authorizing production.*

## 6. Quality Assurance

The Contractor must maintain and demonstrate a thorough quality assurance program. The quality assurance program must include: (1) reports to be provided, (2) production checks, (3) data verification, (4) specific quality checkpoints, etc.

**Reconciliation:** The reconciliation process must document the process from receipt of the file to mailing of the forms, i.e., the number of taxpayers on the input data file must match the number of forms mailed plus/minus forms that were added or subtracted during the run for address errors, etc.

**Accuracy of Printed Information:** The contractor must account for accuracy of data personalized on each form.

**Disposal and Reproduction:** Any damaged, mutilated, illegible forms, or forms that do not meet contract specifications (if applicable) **MUST** be shredded immediately after printing. Forms that do not meet contract specifications must be reproduced, and mailed (if applicable) at the Contractor's expense. See Appendix E for form destruction requirements.

### **Contractor Response:**

#### *SUW Quality Assurance Process*

*The quality assurance process for the State of Michigan SUW Process is broken down into four primary components:*

#### *1.) Pre-Flight:*

- a.) Data is analyzed through a customized front-end that validates the positions of incoming data.*
- b.) Data is visually inspected by the data analyst assigned to the project.*
- c.) Data issues are communicated back to the customer.*
- d.) Internal proofs are generated and reviewed. During this process, an Internal Approval Document is completed (see Attachment A).*
- e.) During the annual process, and after any changes have been made to the data format or variable data set, hard copy proofs are sent to the customer for approval, along with approval documentation (see Attachment B).*

#### *2.) Production*

- a.) After internal/external approvals have been granted, a Production Run Document is generated (see Attachment C). This document tracks the following elements:*
  - i. Specific Job Information*
  - ii. Location of Production Files*
  - iii. Format Instructions*
  - iv. Production Counts by File*



- v. *Sequence Numbers by File*
    - vi. *Locations for Operator Initials for each element*
  - b.) *At the beginning of each file, the operator verifies the following:*
    - i. *Stock orientation*
    - ii. *Data elements based on a provided dump sheet.*
  - c.) *During production every 25<sup>th</sup> (+/-5) is pulled from production, review for content and form position, and placed back into the production stream.*
  - d.) *At the end of each production file, expected print counts are compared to print logs, prior to release of forms to production.*
  - e.) *As books are being inserted, starting and ending sequence numbers per postal tub are validated.*
- 3.) *Reprints and Destruction*
- a.) *If, during the production process, forms are damaged in any way, reprints are requested.*
    - i. *Operators from any functional department can request reprints by completing a reprint request for and submitting it to the IT Department, along with the damaged document(s).*
    - ii. *The IT Department cross-checks the requested information against the damaged forms, and supplies print files to replace them.*
    - iii. *Damaged forms, once validated, are shredded.*
- 4.) *Post Inspection*
- a.) *At the end of processing each cycle, the following elements are validated*
    - i. *Counts by each postal tub have been verified.*
    - ii. *Weigh counts by skid are compared to expected weigh counts based on a formula that accounts for exterior elements such as tar and container weights.*
- 5.) *Exterior Inspection*
- a.) *As required by the USPS, all jobs presented for mailed with a Manifested sortation must pass internal testing:*
    - i. *Up to 30 random envelopes are chosen from the provided Manifest.*
    - ii. *All elements of this sealed document are compared to what has been presented; including, printed sequence number, piece weight, and the individual postage rate applied (all appear through the envelope window in a keyline).*
- 6.) *Documentation*
- a.) *Copies of any and/or all internal/external documentation can be made available upon request.*
    - i. *All documentation is maintained within production records.*

## **7. Confidentiality**

Final forms package must be assembled and sealed such that a casual observer or mail handler cannot see personalized information excluding names and addresses.

To preserve the confidentiality of the data provided by Treasury, all work must be produced in the Contractor's plant or in a subcontractor's plant. Subcontractors are subject to the same confidentiality provisions as the Contractor (Appendix E).

All data provided by Treasury must be protected from unauthorized release. Any duplicates of electronic data (backup tapes, cartridges, CD, diskettes, etc.) must be erased immediately upon completion of the project. All electronic data must be kept under reasonable security to prevent their release to any unauthorized person (see Appendix E). UNDER NO CIRCUMSTANCES SHOULD ANY DATA (ELECTRONIC, TAPE OR CARTRIDGE) BE REPRODUCED WITHOUT PRIOR WRITTEN APPROVAL FROM THE CONTRACT COMPLIANCE INSPECTOR. All magnetic media must be returned to the Contract Compliance Inspector within thirty (30) days of completion of the work. All electronic data files must be erased/destroyed upon completion of the project and written notification must be provided to the Contract Compliance Inspector verifying data was erased/destroyed.



Contractor and subcontractor personnel handling or that have access to confidential tax data will be required to sign a *Vendor, Contractor, Subcontractor Confidentiality Agreement* (Form 3337) provided by Treasury (Appendix H).

**Contractor Response:**

*All packages will be sealed keeping all personalized information hidden from any casual observer or mail handler. The only information that will be visible will be the address information that is displayed in the window of the outbound envelope.*

*All files containing DATA will be held until the project is complete and then all files erased including any backup or working files. RMI will supply the Contract Compliance Officer with a written conformation of the file erased/destroyed.*

*See Appendix H for signed Confidentiality Agreements.*

*If RMI is supplied DATA on a cartridge or tape RMI will return it to the Contract Compliance Officer within 30 days of the completion of the job.*

**8. Pricing**

See Appendices C, J and M for pricing. Prices for the estimated quantity must be valid to within +/- 10 percent of the quantity. Unit prices in Appendices C and J are exclusive of paper costs and must be valid for three years. Paper prices must be valid for one (1) year and will be reviewed annually with the contractor (Appendix M). Paper price changes will be subject to State approval (See Section 2.024).

a. Envelopes

The contractor must produce a sufficient supply of envelopes to complete the annual process, and to fulfill the weekly coupon book needs for the following year. Treasury reserves the right to provide envelopes if contractor's cost is prohibitive.

**Contractor Response:**

*All pricing has been completed for the quantities listed up to a variance of 10%. These prices can be found on appendices C, J, and M. The prices are exclusive of paper and will be valid for three years. The paper prices on appendix M is valid for one year and can be reviewed annually for modification subject to the state's approval. The envelopes prices attached also include a variance of 10% in quantity.*

*RMI will produce enough envelopes to complete the annual process as well as the weekly process for the following year. RMI understands Treasury has the right to supply the envelopes in the event our cost is prohibitive.*

**C. ANNUAL PROCESS**

The Annual forms package is mailed to approximately 330,000 SUW taxpayers each year. Materials are mailed starting in mid-November through early January. Purchase orders (contract releases) will be issued to authorize work to begin along with the required quantities.

**Forms Package Definitions and Annual Quantity Estimates**

The contractor must construct one forms package for each taxpayer record supplied by Treasury through a File Transfer Protocol (FTP) site. The file layouts and FTP requirements will be provided to the contractor after contract award. The contractor must work with a Department of Information Technology (DIT) Agency Services analyst to establish the FTP connection to the State of Michigan Data Exchange Gateway (MDEG).



MDEG Connection Options: Vendor net or Internet  
MDEG Security Options: SSL/FTP or HTTPS Web page

Treasury will pay only for the number of form packages actually manufactured and mailed as evidenced by the reconciliation process and the USPS 3602 forms. Treasury will provide a separate file for the variable information and addressing of each group.

The annual process includes coupon books in all 8 groups shown below.

<u>Group</u>	<u>Definition</u>	<u>Estimated Annual Quantity</u>
M1	Monthly Sales - High Volume	39,000
M2	Monthly Use	43,000
M3	Monthly Withholding	45,000
M4	Monthly Sales - Low Volume	31,000
Q1	Quarterly Sales	24,000
Q2	Quarterly Withholding	39,000
A1	Annual Sales	64,000
A2	Annual Withholding	84,000
		<b>330,000</b>

## 1. Testing

- a. Test 1: Using the test data provided by the Treasury, contractor must produce 50 personalized testing forms for months January through December of Form 160. Contractor must produce 50 personalized testing forms for months January through December of Form 161 (note this is a total of 100 test coupons: 50 of form 160 and 50 of form 161). These coupons must include a scanline and duplicate final production as closely as possible. Test documents will be provided to the Contract Compliance Inspector and the financial depository institution (lockbox) responsible for processing the forms. This test will be repeated until forms are read successfully at the lockbox. Production data will not be released until a successful test is completed. This test must be completed for all groups.
- b. Test 2: Contractor must duplicate the first 10 records of each group. The forms must be personalized and collated at the beginning of each group, then sent by overnight mail, on the same day they are collated, to the Contract Compliance Inspector for approval. The State reserves the right to alter production if these test samples are unsatisfactory. No forms packages are to be mailed until the Contract Compliance Inspector has approved the run.
- c. Test 3: In the production environment, for every 1000<sup>th</sup> forms package of each group, the contractor will create a dummy form (Z-filled or other method). The books should complete the production cycle as if they were being mailed (except envelope inserting), then pulled before mailing. Contractor must use Test 3 packages to verify the quality of the imaging and the accuracy of the data. These packages must be forwarded to the Contract Compliance Inspector via overnight mail on the day the packages are produced.

## **Contractor Response:**

*RMI understands that they must construct one complete package for each taxpayer record that is supplied by Treasury on the FTP site. If there are changes in the FTP requirements or file layouts Treasury will provide the updates after the contract has been issued. If changes have been made RMI will work with the department of information technology to establish a connection to the state's data exchange gateway.*



*It is understood that Treasury will only pay for packages that are manufactured, mailed, and reconciled with the postal 3602 forms. Treasury will supply a separate file containing all the variable information for each group for the annual process. Annual process contains eight different groups of filers; monthly M1 through M4, quarterly Q1 and Q2, and annual A1 and A2. These are then broken down into two additional classifications based on whether the filers receive a withholding guide or not which is determined by a flag within the data.*

*The Annual Process has an anticipated quantity of 330,000 packages that must be mailed over a three month period. The first group to be manufactured is the annual filers and they need to be delivered to the post office by November 20th of each year. The next groups manufactured are the monthly filers and are to be delivered complete to the post office by December 15th of each year. The final groups, which are the quarterly filers, are required to be delivered to the post office by January 10<sup>th</sup> of each year.*

*There are several tests required each year that are to be supplied to the contract compliance inspector for review and approval. The first test requires the production of 50 personalized packages that contain both the Combined Return 160 and Discount Voucher 161. These completed packages must have coupons that range across all 12 months and match the final production as close as possible. The forms will be tested at Treasury's processing center and will not be approved until we have a 100% read rate. Production data will not be released for the group until we have successfully completed the test for that group and classification of tax filers.*

*Once RMI has production data and completed all the necessary postal sorting they will duplicate the first 10 records of each group and overnight them to the contract compliance inspector for approval. Production will not begin until we receive approval from the contract compliance inspector. RMI understands Treasury reserves the right to alter production if these test samples are unsatisfactory.*

*During the production we will create a dummy record to be imaged every 1000th record to use as verification that the book construction and data are correct. These books will be completed but not inserted or mailed and will be sent to the contract compliance inspector the same day they are produced.*

## 2. Production Schedule

July 15	Contractor works with Department of Information Technology to establish and test FTP transmission
August 4	Test data released by Treasury
October 1	Test 1 due to Treasury
October 15	Production files for <u>A1/A2</u> filers released by Treasury*
October 18	Production files for <u>M1/M2/M3/M4</u> filers and <u>Q1/Q2</u> filers released by Treasury*
October 30	Generic instruction books and Withholding Guides delivered to contractor
November 20	Delivery of A1 & A2 forms packages to USPS
December 15	Delivery of M1, M2, M3 & M4 forms packages to USPS
January 10	Delivery of Q1 & Q2 forms packages to USPS

\*Note that extra time is allowed between testing and production to accommodate failed testing.



**Contractor Response:**

*RMI has reviewed the above production schedule and can meet all the dates and time lines as stated above. RMI has in the past several years demonstrated that they can accelerate the production to still meet completion dates listed. The situations have included postal regulation changes for addressing of mail, address list services, changes to legislation, and rate changes of taxes after print of materials.*

*RMI has worked to streamline this process to offer Treasury the quickest turn around time at the most economical rate. RMI has over the years made modifications or changes to the packages which have offered the state of significant savings from postage to print.*

**3. Postal Sorting**

- a. Each of the eight (8) Annual Process forms packages groups creates its own postal stream. Using CASS-certified software, the successful contractor must sort and postal qualify each group for 3/5-digit Automation Rate Presort Standard A mail. Payment is made by postal indicia.
- b. Given the location of the contractor, Treasury will evaluate the advantages of postal entry discounts for the annual form packages only. Contractor must be able to sort mail for Bulk Mail Center (BMC) and Sectional Care Facility (SCF) delivery upon request.
- c. Contractor must prepare/provide all forms, reports, bag tags and labels required by the post office to make the mailing automation-rate compatible.

**Contractor Response:**

*The data supplied for the annual process contains eight (8) different files, one for each book type. The eight files are further broken down into 2 additional classifications, filers that receive Withholding Guides and ones that don't. We will then process all 16 files through BCC's postal sorting software to achieve the most economical postage sort and classification for all groups.*

*The BCC software will complete the postal and DPV sorting and generate all the needed bag tags and reports necessary for automation rate discounts required by the USPS.*

*The sorts can be broken down to SCF and BMC entry points to achieve the best possible postage rate for Treasury. We currently deliver to The Allen Park BMC, Detroit SCF, and Royal Oak SCF for these items and will review the costs of trucking product to other SCF versus the additional freight to determine if additional savings can be achieved.*

**4. Postage Payment**

A minimum of three (3) days before mail is delivered to a post office, the contractor must fax to the Contract Compliance Inspector a completed *Notice of Mail Drop to Treasury USPS Permit* (Form 2562, Appendix F). All mail must be verified at the plant before being trucked to the USPS. All postage will be paid from a single Treasury postal permit. Permits established by Treasury at USPS offices may be used for Treasury mail only. Any unauthorized use of these permits will be considered a breach of contract, the contract may be canceled and the contractor held liable for any unauthorized charges against the permit.

**Contractor Response:**

*RMI will submit the notice of drop to the contract compliance inspector at least 3 days prior to the mail dropping at the post office. The plant has onsite verification and MERLIN for postal employees to verify counts and compliance of mail prior to entering the mail stream.*

*RMI understands that only Treasury mail can use the permit and any unauthorized use is a breach of the contract.*



## 5. Postage Verification Records

The contractor will provide Treasury's Contract Compliance Inspector with a copy of all USPS Forms 3602 (Appendix G), "Statement of Mailing with Permit Imprints" as soon as delivery of each item is complete. Do not mix groups of different weights on the statements (except for the Weekly Process). Each USPS 3602 (Appendix G) must be **clearly identified** with the group being mailed (e.g.M1, etc., see Section 1.022-C.1).

### Contractor Response:

*RMI will process the data files by filer type and if a withholding guide is required or not. These groups are processed separately keeping all paperwork separate based on the filer type and withholding status giving us a total of 16 different groups that we will supply 3602 reports for.*

*Each 3602 will be marked clearly with the book type and if it includes a withholding guide or not. These forms will be completed and faxed to the contract compliance officer as it group is mailed at the USPS.*

## 6. Pricing

- a. See Appendix C for pricing.

### Contractor Response:

*RMI has completed all the pricing on Appendix C including the additional thousands and Withholding Guide charges.*

## D. WEEKLY PROCESS

Forms packages are sent weekly throughout the year (a weekly average of 1,200) to newly registered SUW taxpayers or SUW taxpayers who request a new booklet of returns. A newly registered SUW taxpayer designated by Treasury for an *annual* filing frequency will receive an Instruction Book, Pre-identified Annual Return, a Notice of Change or Discontinuance Form and a Sales Tax License (if applicable). SUW taxpayers may be designated by Treasury for *monthly* or *quarterly* filing frequency. The *monthly* and *quarterly* filing taxpayers will also receive returns for filing for the remainder of the calendar year, based on the file date in the record. Weekly forms packages are assembled based on data sent to the contractor each week. Also, weekly forms packages are created based on taxpayer demand. Because of this, the number of documents in each forms package each week varies and is highly unpredictable. This process runs January 1 through December 31.

### 1. Estimated Quantity

Weekly average: 1,200

Annual Estimate: 62,400

Weekly forms package production generally ranges from 800 to 15,000/week with January - June being the heaviest period.

The contractor must construct one forms package for each taxpayer record on the FTP file provided. Treasury will pay only for the number of forms packages actually manufactured and mailed within specifications as evidenced by the USPS Form 3602 (Appendix G).

### Contractor Response:

*RMI understands that each week they will receive a file via FTP and the quantity will range depending on the week and time of year. The quantity can have the range from several hundred packages up to multiple thousands within the various weekly files. No matter the count, a package will be created for each record that is in the FTP file and mailed to the tax payer. Treasury will only pay for the records that have been completed, mailed, and verified with the 3602 reports.*



## 2. Data Requirements: Management and Technology

- a. Treasury will FTP data each week directly to the contractor. Files will be fixed ASCII. Files can be retrieved every Wednesday morning. Within one (1) day of data retrieval, contractor must provide a report to the Contract Compliance Inspector including the following: (1) Quantity of files received, including a breakdown with the number of records per year (current plus three previous years, plus number records beyond the three years); (2) Quantity of each group of request (A1, M2, Q1, etc.) for all 8 group types; (3) Number of foreign records that require First Class postage, and, (4) Number of new businesses identified.
- b. Contractor will divide data records into eight (8) form package categories each, based on code fields for four running group years. Each category determines image artwork and specific year inserts. Through individual data record analysis the number of pages in the forms package will need to be determined.

### **Contractor Response:**

*The data is currently placed in an FTP file and RMI logs in (User Name and Password) and grab the data, but if Treasury would like to push the data to us that will not be a problem. All data that is received from Treasury will be broken down to the book type and tax year. In addition the number of foreign record and the total number of new companies as indicated by the flags within each record are also tracked. This information will be used to create a report that is sent each week to the Contract Compliance Officer.*

*The report is broken down into two groups:*

*The first group contains the data file totals indicating the total number of records within the transmission including any requests that are outside the four year print window. This group gives the total number of books (no matter the filer type) by "Tax Year" and indicates how many current tax year filers will be receiving Withholding guides.*

*The second group contains the data broken down into the various book types that are with-in the four year window of mail able books. This lists by filer type (no matter the "Tax Year") and the total number of records within each.*

*In addition to the two groups there will be a total of all new businesses that would qualify for the New Business Seminar postcards and total number of "Foreign" packets to be mailed.*

## 3. Testing

A full test of FTP transmissions must be completed at a time mutually agreeable to the contractor and Treasury but at least three weeks before the target date for the first live transmission. Contractor must complete a full set of form packages for the entire test, which will not include more than 30 records. This test must be successful before production data transmissions begin.

### **Contractor Response:**

*RMI understands that there will be an FTP transmission test at least three weeks before the first live transmission. RMI will complete the manufacturing of all records supplied to verify the data was received correctly. RMI understands this test must be approved prior to any production data being sent.*

## 4. Production Schedule

All data received every Wednesday morning must be processed and delivered to the USPS no later than Friday of the same week. Contractor must provide a weekly report of annual, monthly and quarterly filer types processed to the Contract Compliance Inspector and the quantity of form packages sent out for each year.



Camera-ready copy released to contractor by November 1 of the preceding year of use.

**Contractor Response:**

*RMI understands that they will receive data weekly, each Wednesday, and must complete the entire print/manufacturing process and deliver the completed packages to the USPS no later than Friday of that week. RMI's weekly report will be sent to the contract compliance officer and will include the breakdown of filer types that are included with and that weekly transmission.*

*RMI understands that that copied will be ready by November 1 of the year for next year's process.*

**5. Postal Sorting**

To meet Presort Standard A mail criteria of 200 pieces, these groups are combined into a single postal stream despite their weight differences (see Mail Manifest System (MMS) in the Domestic Mail Manual Section P710). Using CASS-certified software, the contractor must sort and postal qualify the mail for 3/5-digit Automation Rate Presort Standard A. Payment is made by postal indicia. Given the location of the contractor, Treasury will evaluate the advantages of postal entry discounts for the weekly books. Contractor must be able to sort mail for BMC and SCF delivery upon request. Contractor must prepare/provide all forms, reports, bag tags and labels required by the post office to make the mailing automation-rate compatible.

**Contractor Response:**

*All data is received weekly will be processed using postal sorting software from BCC and will manifest the entire data file no matter what the filer type into one single mail stream. The software has the capability of the sorting to a variety of entry points to achieve the test postal discounts.*

*The software has the capability of generating all required forms, reports, that tags, and labels required by the post office to achieve automation rate compatible mail.*

**6. Postage Payment**

All postage will be paid from a single Treasury postal permit. Permits established by Treasury at USPS offices may be used for Treasury mail only. Any unauthorized use of these permits will be considered a breach of contract, the contract may be canceled and the contractor held liable for any unauthorized charges against the permit.

**Contractor Response:**

*RMI understands all postage will be paid from a single postal permit held by Treasury. These permits will only be used for Treasury mail and any unauthorized use will be considered a breach of contract. If this permit is used in any unauthorized manner by RMI we will be held liable for any unauthorized charges and the contract may be canceled.*

**7. Postage Verification Records**

The contractor will provide Treasury's Contract Compliance Inspector with a copy of all USPS Forms 3602 (Appendix G), "Statement of Mailing with Permit Imprints" as soon as delivery of each item is complete. Different weights may be mixed on the statements for the weekly process. Each USPS 3602 must be **clearly identified** with the group being mailed (e.g.M1, A2, etc.)

**Contractor Response:**

*RMI will supply the contract compliance inspector a copy of all 3602 reports as soon as delivery is complete for each item. For the annual process RMI will keep each filer type separate. During the weekly process the statement will have multiple filer types to achieve the best possible postage. All 3602 reports will be clearly identified with the group type mailed and if it included a withholding guide on the annual process reports.*



## 8. Pricing

See Appendix J for pricing.

### **Contractor Response:**

*All prices are on Appendix J. Prices supplied are per 1000 and additional prices for quantities that go beyond the 10% requested are also listed. RMI understands some packages will require an additional insert of the withholding guide and those prices are also included.*

## **E. SPECIALIZED FORMS AND PRINTING**

### **1. Form 412: Delinquent SUW Tax Notice**

#### a. Background:

Treasury prints monthly letters (Form 412) at Treasury's print center addressed to delinquent taxpayers who have not submitted their monthly or quarterly Form 160. These letters include a blank Form 160 at the bottom of an 8.5" x 11" sheet of paper. This job is typically printed in June or July each year. Authorization for printing and exact quantities will be authorized via purchase order release.

See Appendix K for pricing. Total pricing shall include paper costs.

#### b. Printing Specifications:

Annual Quantity: 60,000

Top 7" of 8.5" x 11" page contains blank white paper, bottom 4" contains exact replica of Form 160 (see Appendix B)

Printed on one (1) side

Printed on 24# white OCT long-grain bond paper

Horizontal microperf 7" from top

Wrapped: 250/package

Ship to: Management and Budget Warehouse, 7461 Crouner Drive, Lansing, MI 48913

#### c. Proofs:

The contractor must provide the Contract Compliance Inspector an electronic proof (PDF or other format acceptable to the Contract Compliance Inspector), prior to production.

Production must not begin until acceptance of the proof by the Contract Compliance Inspector.

### **2. New Business Seminar Postcards**

#### a. Background:

Treasury bi-annually hosts a series of New Business Seminars for new businesses to learn more about the Department of Treasury's tax process.

Within each weekly transmission is an identifier which indicates new registered businesses. Contractor must have the capability to sort out these new businesses based on the identifier within the file and retain them for up to a year for future mailings. Authorization for printing and exact quantities will be authorized via purchase order releases issued in March and August of each year. Layout will be provided by the Contract Compliance Inspector by February 1.

See Appendix K for pricing. Total pricing shall include paper costs.

#### b. Printing Specifications:

Annual Quantity: 15,000 (about 7,500 cards produced in spring and fall of each year – separate copy)

Size: 8.5" x 11", folded to 8.5" x 5.5" and tabbed closed.



Personalization: Business name and address printed on outside of postcard.  
 Stock: Yellow card, 75#  
 Print: Two (2) sides  
 Ink: Black  
 Perforation: Perforate at 5.5" with a microperf  
 Shipped to: US Post Office

c. Proofs:

The contractor must provide the Contract Compliance Inspector an electronic proof (PDF or other format acceptable to the Contract Compliance Inspector), prior to production. Production must not begin until acceptance of the proof by the Contract Compliance Inspector.

Contractor must duplicate the first 10 records of the production run. The forms must be personalized and then sent by overnight mail, on the same day they are produced, to the Contract Compliance Inspector for approval.

## **F. MET COUPON BOOKS**

### **1. Forms Package**

1. Personalized front cover with contract purchaser name and address
2. Personalized Change of Address form
3. Generic instruction sheet
4. Pre-identified Payroll Deduction Option form
5. 48, 84, 120 or 180 monthly coupons (depending on the length of MET contract)
6. Back cover – printed on one side

Window envelope must be capable of holding two coupon books in one envelope and designed so the name/address on the front cover shows through the window envelope.

The forms package materials (items 1-6 listed above) will be printed, personalized (if applicable), collated into a bound personalized coupon book (7 3/4"x 2 3/4"), inserted into a window envelope with name and address showing through and delivered to the USPS in postal sort order (automation rate Presort Standard A).

Currently, MET sends out the coupon books three times a year. These coupon books will be for new contracts or for existing customers needing reprinted materials. Quantity of books can vary between 10 and 250 coupon books.

Each new MET contract purchaser will receive enough coupons to fulfill either a four, seven, ten or fifteen-year contract.

Customers requesting reprinted materials will receive only the remaining coupons left on their contract.

In the past, mailings have been sent to MET purchaser in September, February and May, which concurred with enrollment periods. Enrollment periods can fluctuate each year and the Contractor must be flexible with their production schedules. Additional mailings may be necessary to send coupon books to new MET purchasers who enrolled outside of the enrollment period and to existing purchasers who misplaced their books. In past years, MET has averaged 100-200 coupon books in September, February and May. Contractor must have the ability to produce coupon books during enrollment periods as well as up to as frequently as once per month.

Purchase orders (contract releases) will be issued annually to authorize quantities.



**Contractor Response:**

*RMI understands there are three additional products that will be supplied in addition to the SUW tax filer booklets under this contract.*

***Form 412: Delinquent SUW Tax Notification***

*The first item is Form 412: Delinquent SUW Tax Notice, which is an 8.5" x 11" sheet-printed one side in black and a drop out green OCR ink. The form also requires a full perforation 4" inches from the bottom of the sheet to create a payment coupon. This form is used by Treasury to collect delinquent taxes and is typically printed in June or July of each year in a quantity of 60,000. The forms are to be shrink-wrapped 250 sheets per package and deliver to the warehouse on Crouner drive in Lansing. RMI will supply a proof to the contract compliance officer prior to any print production for approval.*

***New Business Seminar Postcard***

*The second item is postcards for the new business seminars that are put on by Treasury. These postcards are mailed bi-annually to new businesses that have specific flags within the data that is supplied for the weekly SUW process. The postcard stock is an 8.5"x 11" sheet printed on a mail able yellow stock in black ink on both sides. The sheet has a full perforation at 5 1/2 inches creating a reply card to be completed by the recipient and returned to Treasury for registration. RMI will supply a proof to the Contract Compliance Officer to review and approve prior to the printing of the base stock. The base stock is printed, folded, tabbed, and it is ink jet addressed. The completed packages are delivered to the US post office.*

*The typical quantity is 7500 cards which RMI will process every few weeks minimizing cost. RMI will duplicate the first 10 records and send it overnight to the contract compliance officer for review and approval prior to live production. The final package is mailed using the Treasury permit and a 3602 is completed and sent to Treasury for verification of the total number of pieces mailed.*

***MET Payment Coupon Books***

*The third item under this RFP is the MET payment coupon books. These books are made up of six different base components ranging from covers to the payment coupons each policyholder must use to make payments. The books can be purchased for up to a 15-year term with the production runs ranging from 10 to 250 coupon books. The books, once printed and assembled are inserted into an outbound window envelope capable of holding two coupon books. The envelopes are manufactured with a window to allow us post office to read the address and process the envelope while keeping all data secure.*

*The books are imaged and assembled on a Xerox laser printer and the base stock including the envelopes will be manufactured on litho presses. The base stock for each of the components is produced as a 7-3/4" x 11" sheet which allows for 4 individual books to be imaged at the same time. The covers are 8pt white paper the front cover is printed two sides in black and PMS blue and black only for the back cover. The change of address and instruction sheets are produced on 20# white register bond and require black copy on the face, and on the back of the instruction sheets only. The payroll deduction and coupons are printed in black on a 24# MOCR bond. The reason for the MOCR stock is that the coupons are imaged with a scan line that needs to read properly to apply payment credit to the proper account.*

**2. Coupon Book Construction**

Construction of the plies is defined in Appendix D. The contractor's manufacturing method is described below.



**Contractor Response:**

*The process begins with RMI getting copy for the base stock for all the components and working on any programming needed. RMI starts the process by making proofs of each component and submitting the contract compliance inspector for approval. Once the approval has been given all the base components will be manufactured and stored and at the imaging/mail house. If any programming is required we complete and submit proofing of the printed product for the contract compliance inspector to review and submit to their financial institution for approval.*

*The live data, once received will be uploaded from the state supplied cartridge and a quick count is generated for verification. These counts are then forwarded to the contract compliance officer for internal verification with MET. The data is then processed through CAS sorting software which validates the addresses given on the cartridge and prepares the file to achieve automation rate.*

*The printer has multiple paper trays, in the first tray is the cover, second tray is the notice of change, third tray is the instruction sheet, the fourth sheet is the automatic payroll deduction of form, the fifth tray contains the coupon stock, and the last tray holds the back cover.*

*Tray configuration and base stock in each tray:*

<b>Tray 1</b>	Cover
<b>Tray 2</b>	20# Notice of change / Instruction
<b>Tray 3</b>	24# Automatic Payroll Deduction
<b>Tray 4</b>	24# Coupon stock
<b>Tray 5</b>	Back Cover

*The printer grabs the proper component and images the variable data on it from the file sent by Treasury for that individual. The plies that require variable imaging are the cover, notice of change, automatic payroll deduction, and payment coupons. All the pages, including non-variable data pages, are assembled within the printer making the complete book ensuring and all pages are for the same individual. These books are then tape bound similar to a perfect bound book and taken to the cutter where the 11 inch sheet is cut down into the four individual 2¾" inch books.*

*The maximum number of sheets per book using this type of binding is 124 pages. RMI will break files that exceed this page count into two booklets. Both booklets will be inserted into the expansion envelope with the outbound address of the first book that exposed through the window. Once all books are inserted into the envelopes in the envelopes are sealed they are metered and deliver to the post office for processing.*

**3. Binding**

Coupon books must be bound on the left with a perforated stub. Binding must be sufficient to hold all plies together during mail handling and MET purchaser use (up to 182 pages). The contractor has the option to split the seven, ten and fifteen-year coupon booklets into two separate coupon books (mailed at the same time).



**Contractor Response:**

*The individual met coupon books are bound on the Xerox laser printer with special binding tape that uses heat to glue the books together similar to perfect binding. This is the same construction we are currently using to assemble these books. This binding tape has a maximum page count of 124 pages and any files that exceed 120 total pages will be broken into two books and both will be inserted into one envelope for that filer.*

**4. Inserting and Envelopes**

- a. Once complete, each coupon book must be inserted into a window envelope such that the MET purchaser address printed on the Front Cover is visible for postal delivery. The envelope must then be prepared for delivery to the USPS according to USPS requirements for Presort Standard A automation rate mail with an *Address Service Requested* endorsement.
- b. The contractor shall be responsible for providing an envelope with a proper die cut for the coupon books.

**Contractor Response:**

*Each MET book has the address imaged on the cover which is exposed through the window of the expansion envelope. The address is formatted to meet the guidelines required by the United States Post office to qualify for automation rate. These packages mail at a First Class rate because they are payment coupons for specific amounts and for specific individual accounts.*

*RMI will be using the same expansion envelope that they have been using for the last four years.*

**5. Coupon Book Definitions and Annual Quantity Estimates**

The contractor must construct one coupon book for each MET contract holder record on the magnetic cartridges provided. Treasury will pay only for the number of coupon books actually manufactured and mailed as evidenced by the USPS 3602 forms (Appendix G).

<u>Mailing Group</u>	<u>Number of Plies</u>	<u>Estimated Annual Quantity</u>
September	Varies	100-250
February	Varies	100-250
May	Varies	100-250
Monthly	Varies	30
<b>TOTAL ESTIMATED ANNUAL QUANTITY: 330-780</b>		

**Contractor Response:**

*It's understood that RMI is to manufacture a book for each record holder on the magnetic cartridge. Records that exceed 124 total pages will receive two books within their envelope that covers the entire length of their contract. RMI will supply all documentation necessary to the contract compliance officer to verify all the books or manufactured and mailed to the record holder.*

*There are three major mailing enrollment cycles one in September, February, and May. These mailing groups have an estimated quantity ranging from 100 to 250 books per production cycle. In addition to these major printing cycles we can also expect some additional monthly production of books ranging up to 30 books. Taking all of the anticipated production the annual estimated volume will be between 330 and 780 books annually.*



## 6. Data Requirements

The Contract Compliance Inspector will provide a separate magnetic cartridge for the variable information and addressing of each group. The cartridge will be prepared on a Unisys A18 computer and will be formatted in 38,000 bpi, 18-track, phase encoded, EBCDIC odd parity, labeled.

### Contractor Response:

*All the data for the MET payment coupons will be supplied on magnetic cartridges for each production run. These cartridges are prepared on a Unisys A18 computer and formatted and 38,000 BPI, 18-track encoded EBCDIC odd parity.*

*All translations of these cartridges are handled within the mailing house listed within the bid.*

## 7. Production Schedule

November 1	Test tape released
February 1	Camera-ready copy released to contractor
Upon purchase order issuance	Test 1 due
Ten business days after purchase order issuance	Production tapes released
Twenty business days after purchase order issuance	Coupon books delivered to USPS

- a. Test 1: Using the test data provided by Treasury, contractor must produce 25 personalized test coupons. These coupons must include a scanline and duplicate final production as closely as possible. Testing will be done at Treasury and the current financial depository institution (lockbox). This test will be repeated until forms are read successfully at the lockbox. Production data will not be released until a successful test is completed.
- b. Test 2: Using production data, contractor must duplicate the first 10 records. The coupon books must be personalized and bound, then sent by overnight mail, on the same day they are bound, to the Contract Compliance Inspector for approval. The State reserves the right to alter production if these test samples are unsatisfactory. No forms packages are to be mailed until the Contract Compliance Inspector has approved the samples. The Contract Compliance Inspector may elect to reduce the number of records or rescind Test 2 requirements.

During the time from release of production tapes to mailing, MET purchaser may switch from coupon book payments to electronic fund transfer payments. The Contract Compliance Inspector will notify the contractor of those MET purchasers that have recently switched payment methods. The contractor must pull those MET purchasers for which the coupon books are not to be printed and/or mailed.

### Contractor Response:

*RMI understands and agrees to the production schedule listed above.*

*The testing phase will require RMI to supply 25 personalized test coupons which includes the scanline and matches the final production process. Treasury will submit the samples to their depository institution to be tested and upon completion and approval Treasury will release production data.*



*RMI after receiving production data will produce the first 10 records completely as if they were going to be mailed in overnight them to the contract compliance officer. The contract compliance officer will review and approve or request modifications and additional samples. Production will not begin until after RMI receives approval from the contract compliance officer. RMI also understands contract compliance officer may elect to reduce the number of records or rescind this second test.*

*From the time Treasury has created the tape and individual has elected to pay via electronic funds transfer. The Contract Compliance Officer can notify RMI to remove that individual's booklet from production after we receive the tape. Any file removed prior to production will not print or mailed. If production has started the booklet will be completed and the disposition of that book will be determined by the contract compliance officer.*

## **8. Postal Sorting**

- a. Using CASS-certified software, the contractor must sort and postal qualify the mailings for 3/5-digit Automation Rate Presort Standard A mail, where applicable. Payment is made by postal indicia.
- b. Given the location of the contractor, the State will evaluate the advantages of postal entry discounts for the MET coupon books. The contractor should be prepared to sort mail for BMC and SCF delivery upon request.

### **Contractor Response:**

*The data files received from Treasury will be processed on CASS certified software manufactured by BCC. The software formats the file into a format that qualifies the address to achieve the best possible postage in the classification rate. If the production is large enough RMI will use entry discounts to further reduce postage.*

*All postage is paid through Treasury's permit using their indicia and a 3602 will be sent to the permit holder.*

## **9. Price**

See Appendix L for pricing for coupons, envelopes and collating/inserting. Unit prices must be exclusive of paper costs and be valid for three years. Current paper prices must be valid for 12 months and will be reviewed annually with the contractor. Paper price changes will be subject to State approval (See Section 2.024).

### **Contractor Response:**

*RMI's pricing for the MET portion is on appendix L. These prices are for the manufacturing only and do not include postage or paper and will be held firm for three years. The paper portion of the pricing can be reviewed annually for either increases or decreases based on the pricing from the paper mills.*

## **10. Quality Assurance**

The Contractor must maintain and demonstrate a thorough quality assurance program. The quality assurance program must include: (1) reports to be provided, (2) production checks, (3) data verification, (4) specific quality checkpoints, etc.

Reconciliation: The reconciliation process must document the process from receipt of the production file to mailing of the coupon books.

Accuracy of Printed Information: The contractor must account for accuracy of data personalized on each coupon.



Disposal and Reproduction: Any damaged, mutilated, illegible coupons, or coupons that do not meet contract specifications (if applicable) MUST be shredded immediately after printing. Coupons that do not meet contract specifications must be reproduced, and mailed (if applicable) at the Contractor's expense. See Appendix I for coupon destruction requirements.

## **Contractor Response:**

### *Quality Assurance Process*

*The quality assurance process for the State of Michigan is broken down into four primary components:*

#### *1.) Pre-Flight:*

- a.) Data is analyzed through a customized front-end that validates the positions of incoming data.*
- b.) Data is visually inspected by the data analyst assigned to the project.*
- c.) Data issues are communicated back to the customer.*
- d.) Internal proofs are generated and reviewed. During this process, an Internal Approval Document is completed (see Attachment A).*
- e.) During the annual process, and after any changes have been made to the data format or variable data set, hard copy proofs are sent to the customer for approval, along with approval documentation (see Attachment B).*

#### *2.) Production*

- a.) After internal/external approvals have been granted, a Production Run Document is generated (see Attachment C). This document tracks the following elements:*
  - i. Specific Job Information*
  - ii. Location of Production Files*
  - iii. Format Instructions*
  - iv. Production Counts by File*
  - v. Sequence Numbers by File*
  - vi. Locations for Operator Initials for each element*
- b.) At the beginning of each file, the operator verifies the following:*
  - i. Stock orientation*
  - ii. Data elements based on a provided dump sheet.*
- c.) During production every 25<sup>th</sup> (+/-5) is pulled from production, review for content and form position, and placed back into the production stream.*
- d.) At the end of each production file, expected print counts are compared to print logs, prior to release of forms to production.*
- e.) As books are being inserted, starting and ending sequence numbers per postal tub are validated.*

#### *3.) Reprints and Destruction*

- a.) If, during the production process, forms are damaged in any way, reprints are requested.*
  - i. Operators from any functional department can request reprints by completing a reprint request for and submitting it to the IT Department, along with the damaged document(s).*
  - ii. The IT Department cross-checks the requested information against the damaged forms, and supplies print files to replace them.*
  - iii. Damaged forms, once validated, are shredded.*

#### *4.) Post Inspection*

- a.) At the end of processing each cycle, the following elements are validated*
  - i. Counts by each postal tub have been verified.*
  - ii. Weigh counts by skid are compared to expected weigh counts based on a formula that accounts for exterior elements such as tar and container weights.*

#### *5.) Exterior Inspection*

- a.) As required by the USPS, all jobs presented for mailed with a Manifested sortation must pass internal testing:*
  - i. Up to 30 random envelopes are chosen from the provided Manifest.*



- ii. *All elements of this sealed document are compared to what has been presented, including, printed sequence number, piece weight, and the individual postage rate applied (all appear through the envelope window in a keyline).*

6.) *Documentation*

- a.) *Copies of any and/or all internal/external documentation can be made available upon request.*
  - i. *All documentation is maintained within production records.*

**11. Confidentiality**

Final forms package must be assembled and sealed such that a casual observer or mail handler cannot see personalized information excluding names and addresses.

To preserve the confidentiality of the data provided by Treasury, all work must be produced in the Contractor's plant or in a subcontractor's plant. Subcontractors are subject to the same confidentiality provisions as the Contractor (Appendix I).

All data provided by Treasury must be protected from unauthorized release. Any duplicates of electronic data (backup tapes, cartridges, CD, diskettes, etc.) must be erased immediately upon completion of the project. All electronic data must be kept under reasonable security to prevent their release to any unauthorized person. UNDER NO CIRCUMSTANCES SHOULD ANY DATA (ELECTRONIC, TAPE OR CARTRIDGE) BE REPRODUCED WITHOUT PRIOR WRITTEN APPROVAL FROM THE CONTRACT COMPLIANCE INSPECTOR. All magnetic media must be returned to the Contract Compliance Inspector within thirty (30) days of completion of the work. All electronic data files must be erased/destroyed upon completion of the project and written notification must be provided to the Contract Compliance Inspector verifying data was erased/destroyed.

**Contractor Response:**

*All packages will be sealed keeping all personalized information hidden from any casual observer or mail handler. The only information that will be visible will be the address information that is displayed in the window of the outbound envelope.*

*All files containing Treasury's DATA will be held until the project is complete and then all files erased including any backup or working files. RMI will supply the Contract Compliance Officer will a written conformation of the file erased/destroyed.*

*See Appendix H for signed Confidentiality Agreements.*

*If RMI is supplied DATA on a cartridge or tape, it will be returned it to the Contract Compliance Officer within 30 days of the completion of the job.*

*Data Security Policy submitted with bid.*

**1.030 Roles and Responsibilities**

**1.031 Contractor Staff, Roles, and Responsibilities**

The Contractor must identify an individual specifically assigned to State of Michigan accounts to act as a project manager (Section 1.022-A.3).

Any supplies and services to be furnished under the contract shall be ordered by issuance of a purchase order, unless otherwise defined within the contract.



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 State deposits the order in the mail. Orders may be issued orally, by facsimile, or by electronic commerce methods.

**Contractor Response:**

*The individual assigned to the State of Michigan account is Bill Condon. Bill will be the project manager for this program and can be contacted by:*

*Cell (586) 292-2059*

*Office (586) 582-3440 direct line  
(586) 558-7960 main line  
(800) 762-5644 toll free  
(586) 558-7959 fax*

*Email bcondon@rmi-printing.com*

*All products and services to be furnished for this contract will be placed via a purchase order. If there is a conflict between the P.O. and the contract, the contract shall supersede. Orders can be placed orally, by facsimile, or by electronic commerce methods.*

**1.040 Project Plan**

**1.041 Project Plan Management**

The contractor will carry out this project under the direction and control of the Department of Treasury.

Although there will be continuous liaison with the contractor team, the Contract Compliance Inspector will meet within 15 days after award of the contract, with the contractor’s project manager for the purpose of reviewing time lines and production schedules.

Within thirty (30) working days of the award the contract, the contractor will submit to the Contract Compliance Inspector for final approval a work plan, which must include the following:

The contractor’s project organizational structure.

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

**Contractor Response:**

*RMI understands that this program will under the direction and control of Treasury and the program manager will meet with the Contract Compliance Inspector to go over all time lines and production schedules.*

*RMI has added to this package their staffing table for the personnel assigned to this project. Treasury must be in agreement with our team and in the event we need to make a change in personal it can only be with Treasury’s approval.*

**1.042 Reports—Deleted, Not Applicable**



**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 SOW:

Approval by the Contract Compliance Inspector of all tests and required mailing verification forms.

**1.052 Final Acceptance**

Final acceptance is expressly conditioned upon approval of all tests, production and delivery of all forms, and the certification by the Contract Compliance Inspector that the Contractor has met the defined requirements.

**1.060 Contract Pricing**

**1.061 Contract Pricing**

For authorized Services and Price List, see Appendices C, J, K, L and M.

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](http://www.michigan.gov/dmb) for current rates.

**1.062 Price Term**

( X ) Firm Fixed Price for all production and printing.

Prices are firm for the entire length of the Contract for all production, printing, and paper for all forms, except paper for SUW forms.

and

( X ) Fixed with prospective re-determination at an agreed upon time

Prices are the maximum for a period of 365 days from the date the Contract becomes effective for paper for the SUW forms only.

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. Purchasing Operations 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). Purchasing Operations 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 THIRTY 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—Deleted, Not Applicable**

**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 Contract and/or copies of specifications attached.

**1.0702 Alternate Bids—Deleted, Not Applicable**

**1.0703 Research and Development**

Contractor's ability to invest in new product development and research to stay current with ongoing demands is as follows:

**Contractor Response:**

*RMI and their partners are constantly reviewing products and processes to stay current with both customer's demands and the ever changing markets we serve. If RMI determines there is a better method/product they will invest in the new technology to offer their clients reduced costs and/or a better product.*

**1.0704 Quality Assurance Program**

Contractor's Quality Assurance Program that is currently in place within their organization.

**Contractor Response:**

*RMI utilizes a continuous quality improvement process where each operation inspects and verifies the quality of the product from the previous operation.*

*See Quality Assurance Process listed in RFP sections of SUW and MET.*

**1.0705 Warranty for Products or Services**

Contractor's warranty is below:

**Contractor Response:**

*RMI follows industry standards for warranty issues on both products and services they offer. If the issue is due to production/manufacturing RMI will address the issue and work to correct or meet the approved correction agreed upon. To initiate an investigation Treasury should contact RMI with the specific concern.*

**1.0706 Training—Deleted, Not Applicable**



**1.0707 Special Programs—Deleted, Not Applicable**

**1.0708 Security—Deleted, Not Applicable**

**Delivery Capabilities**

**1.0709 Time Frames—Deleted, Not Applicable**

**1.0710 Minimum Order—Deleted, Not Applicable**

**1.0711 Packaging**

The Contractor is requested to provide packaging that most closely meets these packaging sizes. The State reserves the right of final approval on packaging offered by the Contractor.

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.

**Contractor Response:**

*RMI's packaging will match last year's, but if RMI can offer a savings the Contract Compliance Officer will be notified of the option for a determination. All packaging and containers will meet all requirements of the D.O.T. to allow 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.

- Maximum height: 5'6"; including pallet.
- Maximum weight: 3500 pounds; including pallet.
- Pallets are to be securely banded or shrink-wrapped.
- The cost of palletizing must be included in the unit price

**Contractor Response:**

*RMI understands the pallet requirements and will use pallets that meet these when they are required.*

**1.0713 Delivery Term**

Prices are "F.O.B. Delivered" with transportation charges prepaid on all orders.

Prices are FOB Destination (freight prepaid) on orders to the USPS Bulk Mail Center (BMC) or Treasury. All orders must be delivered within the specified time frames for each book/form. All orders delivered to USPS facilities must be palletized according to USPS requirements and all forms or documents required by the BMC must be completed as required by that facility. Exceptions include orders sent First Class that do not qualify for BMC mailing (mail that does not meet quantity minimums, bad addresses, CASS errors, foreign mail, etc.). These orders must be itemized by quantity and cost on invoice. The Contractor will pay the costs for the First Class shipments and invoice Treasury for actual postage costs.

**Contractor Response:**

*All prices are based on FOB delivered.*

*If any First Class Postage is required RMI will pay and add to the invoice with backup documentation for payment form Treasury.*



**1.0714 Contract Performance**

Indicate if the Contractor has had a contract terminated for default in the last three years. Termination for default is defined as notice to stop performance which was delivered to the Contractor due to the Contractor's non-performance or poor performance and the issue of performance was either (a) not litigated due to inaction on the part of the Contractor, or (b) litigated and determined that the Contractor was in default. If the Contractor has not had a contract terminated for default, the Contractor must affirmatively state this under "Reason" below.

If no terminations exist, the Contractor must affirmatively state this.

**Note:** If the Contractor has had a contract terminated for default in this period, the Contractor must submit full details including the other party's name, address, and phone number Purchasing Operations will evaluate the facts and may, at its sole discretion, reject the proposal on the grounds of past experience.

**Termination:** RMI has never had a contract terminated for performance  
**Reason:** \_\_\_\_\_  
 \_\_\_\_\_

**1.0715 Place of Performance**

The Contractor, in the performance of the contract, must state if they intend to use one or more plants or facilities located at a different address from the address indicated in section 4.011. The following information must be provided for these plants or facilities:

<b>Place of Performance Full address</b>	<b>Owner/Operator of facility to be used</b>	<b>Percent (%) of Contract value to be Performed at listed Location</b>
Wolverine Solutions 1601 Clay Street Detroit, MI 48211	Robert Tokar	62%
Stylecraft Printing 8472 Rhonda Dr Canton, MI 48187	Andrea Pesci-Jones	12%
Envelope Printery 8979 Samuel Barton Dr Van Buren Twp, MI 48111	Ken Hamilton	18%

**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. 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 bidder 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
NONE	

- (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 bidder 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 bidder is the actual manufacturer of these items. Failure to submit the Material Safety Data Sheet prior to award may result in the apparently successful bidder 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. Bidders 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, bidders shall offer the lowest mercury content available for a given application. Bidders 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 Bidder 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.  
BIDDERS 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](http://www.michigan.gov/deq/0,1607,7-135-3307_29693_4175-160230--,00.html)

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

( X ) Product does not contain BFR's

( ) Product does contain BFR's (attach an explanation)



#### 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.’

#### D. 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.

BC (Initial)

E. Emergency Planning and Community Right-to-Know Reporting - By signing this offer, the bidder 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.

BC (Initial)

F. Bidders shall identify the percentage of ink derived from renewable resources. Identify Volatile Organic Compound (VOC) content in ink.

G. Bidders shall identify the recycled content percentage for paper used.

#### **Contractor Response:**

*The ink used is a Soy Based ink and contains no V.O.C.s*

*The paper due to the OCR scanning property is a non-recycled stock*



**1.0717 Subcontractors**

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

<b>Description of Work to be sub-contracted</b>	<b>Percent (%) of total contract value to be sub-contracted</b>	<b>Sub-contractor's name and principal place of business (City and State)</b>
Data work, postal sorting, laser printing, book assembly, inserting into envelope, and delivery to USPS	62%	Wolverine Solutions 1601 Clay Street Detroit, MI 48211
Printing of base stock for SUW and, MET books and Form 412 and New Business Seminars	12%	Stylecraft Printing 8472 Rhonda Dr Canton, MI 48187
Manufacture and Print Envelopes	18%	Envelope Printery 8979 Samuel Barton Dr Van Buren Twp, MI 48111

**1.0718 Reports and Meetings—Deleted, Not Applicable**

**1.0719 Samples/Models—Deleted, Not Applicable**

**1.080 Additional Requirements**

**1.081 Additional Terms and Conditions Specific to this RFP – Deleted, Not Applicable**



## **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 January 20, 2010, through January 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 them 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 State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under 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 State is not obligated to purchase in these or any other quantities.

#### **2.006 Order of Precedence**

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

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



**2.007 Headings**

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

**2.008 Form, Function & Utility**

If the Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

**2.009 Reformation and Severability**

Each provision of the Contract is severable from all other provisions of the Contract and, if one or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.

**2.010 Consents and Approvals**

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

**2.011 No Waiver of Default**

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

**2.012 Survival**

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

**2.020 Contract Administration**

**2.021 Issuing Office**

This Contract is issued by the Department of Management and Budget, Purchasing Operations and Treasury (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. Purchasing Operations **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 Purchasing Operations for this Contract is:

Joan Bosheff, Buyer Specialist  
Purchasing Operations  
Department of Management and Budget  
Mason Bldg, 2nd Floor  
P.O. Box 30026  
Lansing, MI 48909  
Email: [bosheffj@michigan.gov](mailto:bosheffj@michigan.gov)  
Phone: (517) 373-7374



**2.022 Contract Compliance Inspector (CCI)**

After DMB-PurchOps receives the properly executed Contract, it is anticipated that the Director of Purchasing Operations, in consultation with Treasury, 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 DMB Purchasing Operations.** The Contract Compliance Inspector for this Contract is:

Darron Birchmeier  
Michigan Department of Treasury  
430 W. Allegan Street  
Lansing, MI 48922  
Email: [birchmeierd@michigan.gov](mailto:birchmeierd@michigan.gov)  
Phone: 517-241-3548  
Fax: 517-373-6941

**2.023 Project Manager**

The following individual will oversee the project:

Darron Birchmeier  
Michigan Department of Treasury  
430 W. Allegan Street  
Lansing, MI 48922  
Email: [birchmeierd@michigan.gov](mailto:birchmeierd@michigan.gov)  
Phone: 517-241-3548  
Fax: 517-373-6941

**2.024 Change Requests**

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

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

Change Requests:

- (a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under 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 Department of Management and Budget, Purchasing Operations.
- (c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the



requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

**2.025 Notices**

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

State:  
State of Michigan  
Purchasing Operations  
Attention: Joan Bosheff  
P.O. Box 30026  
530 West Allegan  
Lansing, Michigan 48909

Contractor:  
Name: Rotary Multiforms, Inc.  
Attention: Bill Condon  
Address: 2104 East 11 Mile Road, Suite 400  
Warren, Michigan 48091

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 State 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 State 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 State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the Contract. The State may withhold consent from proposed



assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

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

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

### **2.030 General Provisions**

#### **2.031 Media Releases**

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

#### **2.032 Contract Distribution**

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

#### **2.033 Permits**

Contractor must obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

#### **2.034 Website Incorporation**

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

#### **2.035 Future Bidding Preclusion**

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any Bidder if the State determines that the Bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a competitive advantage on the RFP.

#### **2.036 Freedom of Information**

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

#### **2.037 Disaster Recovery**

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



## **2.040 Financial Provisions**

### **2.041 Fixed Prices for Services/Deliverables**

Each Statement of Work or Purchase Order issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor 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 State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

### **2.043 Services/Deliverables Covered**

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under this Contract, the State 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 State'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 State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.

(c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the State 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 Purchasing Operations, Department of Management & Budget. This activity will occur only upon the specific written direction from Purchasing Operations.

The specific payment schedule for any Contract(s) entered into, as the State 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.

### **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 State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

**2.047 Final Payment**

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor 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 State under this Contract shall constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

**2.048 Electronic Payment Requirement**

Electronic transfer of funds is required for payments on State Contracts. Contractors are required to register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in Public Act 431 of 1984, all contracts that the State enters into for the purchase of goods and services shall provide that payment 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 State 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 State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will 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.
- (d) Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.
- (e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

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

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service 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 State facilities. Without limiting the generality of the foregoing, Key Personnel will, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

**2.065 Contractor Identification**

Contractor employees must be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.



**2.066 Cooperation with Third Parties**

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor will provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impede 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 State 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 State reserves the right to approve Subcontractors and to require the Contractor to replace Subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the Subcontractor to all provisions of the Contract. Any change in Subcontractors must be approved by the State, in writing, prior to such change.

**2.068 Contractor Return of State Equipment/Resources**

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

**2.070 Subcontracting by Contractor**

**2.071 Contractor Full Responsibility**

Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State 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 State Consent to Delegation**

Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Management and Budget, Purchasing Operations has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work will not be counted 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 State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary



information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor 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 State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under 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 State as of the execution of this Contract, together with a copy of the applicable subcontractor.

#### **2.074 Flow Down**

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

#### **2.075 Competitive Selection**

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

#### **2.080 State Responsibilities**

##### **2.081 Equipment**

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

##### **2.082 Facilities**

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

#### **2.090 Security**

##### **2.091 Background Checks**

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

All Contractor personnel 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 State. It is expected the



Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State 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 State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

**2.093 PCI Data Security Requirements—Deleted, Not Applicable**

**2.100 Confidentiality**

**2.101 Confidentiality**

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

**2.102 Protection and Destruction of Confidential Information**

The State and Contractor 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 State 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 State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

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



### **2.103 Exclusions**

Notwithstanding the foregoing, the provisions of **Section 2.100** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.100** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

### **2.104 No Implied Rights**

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

### **2.105 Respective Obligations**

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

### **2.110 Records and Inspections**

#### **2.111 Inspection of Work Performed**

The State'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 State'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 State's representatives.

#### **2.112 Examination of Records**

For seven years after the Contractor provides any work under this Contract (the "Audit Period"), the State may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules. The State must notify the Contractor 20 days before examining the Contractor's books and records. The State does not have the right to review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

#### **2.113 Retention of Records**

Contractor 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 State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the



Audit Period, the records 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 State 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 State 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 State, 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 State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under this Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

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

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

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



- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other Bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other Bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.
- (l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.
- (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.
- (n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Management and Budget, Purchasing Operations.

**2.122 Warranty of Merchantability**

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

**2.123 Warranty of Fitness for a Particular Purpose**

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



**2.124 Warranty of Title**

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

**2.125 Equipment Warranty—Deleted, Not Applicable**

**2.126 Equipment to be New—Deleted, Not Applicable**

**2.127 Prohibited Products**

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

**2.128 Consequences For Breach**

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

**2.130 Insurance**

**2.131 Liability Insurance**

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims 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](http://www.michigan.gov/dleg).

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



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

- ☒ 1. Commercial General Liability with the following minimum coverage:

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

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED 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 INSURED 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 State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) must fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

### **2.133 Certificates of Insurance and Other Requirements**

Contractor must furnish to DMB-PurchOps, 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 NUMBER MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) must contain a provision indicating that 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 Director of Purchasing Operations, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional 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 State's written consent, then the State may, after the State has given the Contractor at least 30 days written notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.

### **2.140 Indemnification**



**2.141 General Indemnification**

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

**2.142 Code Indemnification**

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

**2.143 Employee Indemnification**

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

**2.144 Patent/Copyright Infringement Indemnification**

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its Subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if the option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

**2.145 Continuation of Indemnification Obligations**

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



**2.146 Indemnification Procedures**

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

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

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

(c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

**2.150 Termination/Cancellation**

**2.151 Notice and Right to Cure**

If the Contractor breaches the contract, and the State in its sole discretion determines that the breach is curable, then the State 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 State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.



**2.152 Termination for Cause**

- (a) The State may terminate this contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State
- (b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.
- (c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.
- (d) If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in this Contract for a termination for convenience.

**2.153 Termination for Convenience**

The State may terminate this Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for 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 State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).
- (b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect.



The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

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

**2.155 Termination for Criminal Conviction**

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

**2.156 Termination for Approvals Rescinded**

The State may terminate this Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State 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 State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

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



**2.158 Reservation of Rights**

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

**2.160 Termination by Contractor**

**2.161 Termination by Contractor**

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

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

**2.170 Transition Responsibilities**

**2.171 Contractor Transition Responsibilities**

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 60 days. These efforts must include, but are not limited to, those listed in **Sections 2.141, 2.142, 2.143, 2.144, and 2.145.**

**2.172 Contractor Personnel Transition**

The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's Subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's Subcontractors or vendors. Contractor will notify all of Contractor's Subcontractors of procedures to be followed during transition.

**2.173 Contractor Information Transition**

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

**2.174 Contractor Software Transition**

The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This must include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any



software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

#### **2.175 Transition Payments**

If the transition results from a termination for any reason, 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 State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

#### **2.176 State Transition Responsibilities**

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

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

#### **2.180 Stop Work**

##### **2.181 Stop Work Orders**

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under **Section 2.180**.

Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.150**.

##### **2.182 Cancellation or Expiration of Stop Work Order**

The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract must be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment 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 2.153**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.180**.

#### **2.190 Dispute Resolution**

##### **2.191 In General**

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an



increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

#### **2.192 Informal Dispute Resolution**

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

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

(ii) During the course of negotiations, all reasonable requests made by one 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 State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.

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

(b) This Section 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 2.193**.

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

#### **2.193 Injunctive Relief**

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

#### **2.194 Continued Performance**

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

### **2.200 Federal and State Contract Requirements**

#### **2.201 Nondiscrimination**

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of



employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, 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 State, the Contractor must comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor must comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

#### **2.204 Prevailing Wage**

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its Subcontractors, their Subcontractors, and all persons involved with the performance of 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 State upon request for reasonable inspection.

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

#### **2.210 Governing Law**

##### **2.211 Governing Law**

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

(b) Assurances. If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of 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 State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
  - (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 DMB PurchOps.
  - (2) Contractor must also notify DMB PurchOps 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 DMB PurchOps within 30 days whenever changes to company affiliations occur.

**2.232 Call Center Disclosure—Deleted, Not Applicable**

**2.233 Bankruptcy**

The State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the “Work in Process” and finish the Works in Process by whatever appropriate method the State may deem expedient if:

- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

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

**2.240 Performance**

**2.241 Time of Performance**

- (a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.
- (b) Without limiting the generality of **Section 2.241(a)**, Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.
- (c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to



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

(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 State 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)

(a) SLAs will be completed with the following operational considerations:

(i) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.

(ii) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.

(iii) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.

(iv) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:

1. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
2. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.

(b) Chronic Failure for any Service(s) will be defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service will not affect any tiered pricing levels.

(c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.

(d) All decimals must be rounded to two decimal places with five and greater rounding up and four and less rounding down unless otherwise specified.

#### 2.243 Liquidated Damages

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work and the State does not elect to exercise its rights under **Section 2.141**, the State is entitled to collect liquidated damages in the amount of:

1. Up to \$600/day for personnel costs incurred by the State for problem resolution if coupon packages do not meet specifications in section XX.

2. Difference in costs for not obtaining the lowest postage due or printing expenses due to contractor failure to meet contract specifications.



It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.141**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is \$25,000.00 per individual if the Contractor identifies a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.

If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 days, in addition to the \$25,000.00 liquidated damages for an Unauthorized Removal, Contractor must pay the amount of \$833.33 per day for each day of the 30 day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide 30 days of shadowing must not exceed \$50,000.00 per individual.

#### **2.244 Excusable Failure**

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

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

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

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are



caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

## **2.250 Approval of Deliverables**

### **2.251 Delivery Responsibilities**

Unless otherwise specified by the State 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 State or upon issuance of individual purchase orders.
- (c) Damage Disputes - At the time of delivery to State Locations, the State must examine all packages. The quantity of packages delivered must be recorded and any obvious visible or suspected damage must be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record the damage.

Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within 14 days of receipt. Any damage must be reported to the Contractor within five days of inspection.

### **2.252 Delivery of Deliverables**

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

### **2.253 Testing**

- (a) Before delivering any of the above-mentioned Statement of Work Physical Deliverables or Services to the State, Contractor 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 State, Contractor must certify to the State that (1) it has performed the quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during the quality assurance activities and testing, (4) the Deliverable or Service is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.
- (b) If a Deliverable includes installation at a State Location, then Contractor must (1) perform any applicable testing, (2) correct all material deficiencies discovered during the quality assurance activities and testing, and (3) inform the State that the Deliverable is in a suitable state of readiness for the State's review and approval. To the extent that testing occurs at State Locations, the State is entitled to observe or otherwise participate in testing.

### **2.254 Approval of Deliverables, In General**

- (a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, according to the following procedures. Formal approval by the State



requires the State to confirm in writing that the Deliverable meets its specifications. Formal approval may include the successful completion of Testing as applicable in **Section 2.253**, to be led by the State with the support and assistance of Contractor. The approval process will be facilitated by ongoing consultation between the parties, inspection of interim and intermediate Deliverables and collaboration on key decisions.

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

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

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

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

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

#### **2.255 Process For Approval of Written Deliverables**

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

**2.256 Process for Approval of Services**

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

**2.257 Process for Approval of Physical Deliverables**

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

**2.258 Final Acceptance**

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

**2.260 Ownership**

**2.261 Ownership of Work Product by State**

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

**2.262 Vesting of Rights**

With the sole exception of any preexisting licensed works identified in the SOW, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon



the State's request, the Contractor must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

#### **2.263 Rights in Data**

(a) The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of the Contractor. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

(b) The State is the owner of all State-specific data under the Contract. The State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

#### **2.264 Ownership of Materials**

The State and the Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

#### **2.270 State Standards**

##### **2.271 Existing Technology Standards**

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

##### **2.272 Acceptable Use Policy**

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

##### **2.273 Systems Changes**

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

#### **2.280 Extended Purchasing**



**2.281 MiDEAL—Deleted, Not Applicable**

**2.282 State Employee Purchases—Deleted, Not Applicable**

**2.290 Environmental Provision**

**2.291 Environmental Provision**

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

Environmental Purchasing Policy – The State of Michigan is committed to encouraging the use of products and services that impact the environment less than competing products. The State is accomplishing this by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution. Environmental components that are to be considered include: recycled content and 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 State must provide a safe and suitable environment for performance of Contractor’s Work. Before the commencement of Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor must immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.

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



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

#### ***2.301 Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials***

Equipment, materials, or supplies, that will be furnished to the State 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.



## **Appendix A: Sales, Use and Withholding Form Package Components**

The size of each component is listed below:

- Form 160 – Combined Return: 8.5”W x 4”H
- Form 161 – Discount Return: 8.5” W x 4”H
- Form 163 – Notice of Change or Discontinuance: 8.5”W x 4”H
- Form 164 – Sales Tax License: 8.5”W x 4”H
- Form 165 – SUW Annual Return – 8.5” W x 11” H – printed and personalized on both sides

### **A1 – Annual Sales**

Sales Tax License (Form 164)  
 Notice of Change or Discontinuance (Form 163)  
 Personalized Annual Return (Form 165)

### **A2 – Annual Withholding**

Notice of Change or Discontinuance (Form 163)  
 Personalized Annual Return (Form 165)

### **M1 – Monthly Sales, High Volume**

Sales Tax License (Form 164)  
 Notice of Change or Discontinuance (Form 163)  
 12 Combined Returns (Form 160)  
 12 Discount Vouchers (Form 161)  
 Personalized Annual Return (Form 165)

### **M2 – Monthly Use**

Notice of Change or Discontinuance (Form 163)  
 12 Combined Returns (Form 160)  
 12 Discount Vouchers (Form 161)  
 Personalized Annual Return (Form 165)

### **M3 – Monthly Withholding**

Notice of Change or Discontinuance (Form 163)  
 12 Combined Returns (Form 160)  
 Personalized Annual Return (Form 165)

### **M4 – Monthly Sales, Low Volume**

Sales Tax License (Form 164)  
 Notice of Change or Discontinuance (Form 163)  
 12 Combined Returns (Form 160)  
 Personalized Annual Return (Form 165)

### **Q1 – Quarterly Sales**



Sales Tax License (Form 164)  
Notice of Change or Discontinuance (Form 163)  
12 Combined Returns (Form 160)  
Personalized Annual Return (Form 165)

**Q2 – Quarterly Withholding**

Notice of Change or Discontinuance (Form 163)  
12 Combined Returns (Form 160)  
Personalized Annual Return (Form 165)



## APPENDIX B: SUW Forms Package Construction

Title	Total Estimated Quantity (Annual)	Paper Stock	Printing/sides	Perforations	Ink Color	Imaging/Personalization
Cover	392,400 Annual: 330,000 Weekly: 62,400	8 pt. cover	1-sided	No	1 Color - Black	Address block: Name, address, and USPS barcode/route information (max. 7 lines)
Sales Tax License (Form 159)	192,000 Annual: 158,000 Weekly: 34,000	20# white bond	1-sided	Yes	1 Color - Black	Name, address, account number, expiration date, and multiple tax codes (max. 7 lines)
Combined Returns (Form 160)	2,080,000 Annual: 1,700,000 Weekly: 380,000	24# white bond	1-sided	Yes	2 Colors: Black/PMS 347; Color to be a verified "drop out" ink	Taxpayer name, due date, return period, account number and scanline.
Discount Vouchers (Form 161)	570,000 Annual: 520,000 Weekly: 50,000					Scanline must be in OCR-A front scannable by Unisys DP500 equipment.
Notice of Change or Discontinuance (Form 163)	392,400 Annual: 330,000 Weekly: 62,400	20# white bond	2-sided	Yes	1 Color - Black	Taxpayer mailing address, legal address, account number
Annual Return (Form 165)	392,400 Annual: 330,000 Weekly: 62,400	20# white bond	2-sided	Yes	1 Color - Black	Page 1: Taxpayer name, Account number, Return Year, Due date Page 2: Account Name, Account Number

Note: All personalization must be done in black ink. Contractor may choose to not put a cover on the forms package if an alternative method can be used that meets USPS regulations for sending the package through the mail at the same postage rate.



## Appendix C: SUW Annual Coupon Books - Personalization & Assembly

Item	Estimated Quantity	Unit Price (\$/m)	Mfg Price (Qty x Unit Price)	Unit Price below estimated quantity \$/m	Unit Price above estimated quantity (\$/m)
M1	39,000	\$744.50	\$29,035.50	\$744.50	\$744.50
M2	4,000	\$744.50	\$2,978.00	\$744.50	\$744.50
M3	45,000	\$471.50	\$21,217.50	\$471.50	\$471.50
M4	31,000	\$471.50	\$14,616.50	\$471.50	\$471.50
Q1	24,000	\$290.00	\$6,960.00	\$290.00	\$290.00
Q2	39,000	\$290.00	\$11,310.00	\$290.00	\$290.00
A1	64,000	\$101.00	\$6,464.00	\$101.00	\$101.00
A2	84,000	\$101.00	\$8,484.00	\$101.00	\$101.00
Collating/Inserting	330,000	\$100.00	\$33,000.00	\$100.00	\$100.00
Inserting Withholding Guide	220,000	\$18.75	\$4,125.00	\$18.75	\$18.75
Envelopes	330,000	\$44.96	\$14,836.80	\$44.96	\$44.96
<b>TOTAL FOR 1-YEAR ANNUAL COUPON BOOKS</b>			<b>\$ 153,027.30</b>		
<b>TOTAL FOR 3-YEAR ANNUAL COUPON BOOKS</b>			<b>\$ 459,081.90</b>		



**APPENDIX D: MET Forms Package Construction**

Title	Total Estimated Quantity (Annual)	Paper Stock	Printing/sides	Perforations	Ink Color	Imaging/Personalization
Front Cover	300	8 pt. cover	2-sided	No	2 Color - Black & Dark Blue	Address block: Name, address, and USPS barcode/route information (max. 7 lines)
Change of Address Notice	300	20# white bond	2-sided	Yes	1 Color - Black	Purchaser name, mailing address, contract number
Instruction Sheet	300	20# white bond	2-sided	Yes	1 Color - Black	N/A
Automatic Payroll Deduction Form	300	20# white bond	1-sided	Yes	1 Color - Black	Purchaser name, contract number
Coupons	50,000	20# white bond	1-sided	Yes	1 Color - Black	Purchase name, contract number, due date, monthly purchase amount, scanline
Back Cover	300	8 pt. cover	1-sided	No	1 Color - Black	N/A

Note: All personalization must be done in black ink. Contractor may choose to not put a cover on the forms package if an alternative method can be used that meets USPS regulations for sending the package through the mail at the same postage rate.



## Appendix E

REVISED 10/14/08

### MICHIGAN DEPARTMENT OF TREASURY SAFEGUARD REQUIREMENTS OF CONFIDENTIAL DATA

*This section sets forth the safeguard requirements for handling, storage, and processing of confidential tax information for a Contractor and their subcontractor(s) and is incorporated as an integral part of the Contract. It will facilitate administration and enforcement of the laws of the State of Michigan applicable to State contractual agreements in a manner consistent with the applicable statutes, regulations, published rules and procedures or written communication.*

#### I. Authority

Authority for the Michigan Department of Treasury to require that this section be included in the Contract is contained in 1941 PA 122, as amended, MCL 205.28(1)(f), which states in part that subject to the same restrictions and penalties imposed upon department employees on the treatment of confidential information, a private contractor or its employees are strictly prohibited from disclosing taxpayer information to a third party. The prohibition against disclosure does not bar an employee of a private contractor with whom the State of Michigan (State) contracts that processes tax returns or payments pursuant to the Contract from having access to confidential information that is reasonably required for the processing or collection of amounts due this State. Private contractors and any subcontractors will follow Treasury guidelines for authorized representatives.

#### II. Confidentiality

*It is agreed that all information exchanged under this section will be kept confidential in accordance with the confidentiality provisions contained within section MCL 205.28(1)(f) and MCL 205.28(2) of the Michigan Department of Treasury Revenue Act, which state in part;*

“Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department will not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department.”

“A person who violates subsection (1)(e), (1)(f), or (4) is guilty of a felony, punishable by a fine of not more than \$5,000.00, or imprisonment for not more than 5 years, or both, together with the costs of prosecution. In addition, if the offense is committed by an employee of this state, the person will be dismissed from office or discharged from employment upon conviction.”

All information obtained by either Treasury or Contractor will not be disclosed except as necessary for the proper administration of and execution of the Contract. In the event, confidentiality statutes are amended, the State will notify Contractor of any changes.



No employee, agent, authorized representative or legal representative of Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department or unit within such governmental agency, to any other state or nation, or unauthorized third party. No tax returns or tax return information provided to Contractor will be duplicated or disseminated within or outside the company without the written approval of the Contract Compliance Inspector. Michigan's tax returns and tax return information remain the property of the Department of Treasury.

Contractor may use a taxpayer's name, address and Social Security number or employer identification number to the extent necessary in connection with the processing and mailing of forms for any report or return required in the administration of any tax in the performance of the Contract. The use of the Social Security number must be in accordance with the state Social Security Number Privacy Act 454 of 2004, as amended.

Information received by the Michigan Department of Treasury from the U.S. Internal Revenue Service, pursuant to section 6103(d) of the Internal Revenue Code or any other U.S. federal Agency will only be subject to the exchange if received as part of the State of Michigan tax return filing requirements.

### *III. Procedure for Security*

At a minimum, Contractor will safeguard any tax return information obtained under the Contract as follows:

- A. Access to the tax returns and tax return information will be allowed only to those authorized employees and Officials of Contractor who need the information to perform their official duties in connection with the uses of the information authorized in the Contract. The Contractor will be responsible for ensuring that each employee authorized to access Michigan tax information has signed the *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) and provide a copy to the Department of Treasury, Disclosure Officer and Contract Compliance Inspector.
- B. Any records created from tax returns and tax return information will be stored in an area that is physically safe from access by unauthorized persons during duty hours as well as off-duty hours or when not in use.
- C. All personnel who will have access to the tax returns and to any records created by the tax return information will be advised of the confidential nature of the information, the safeguards required to protect the information and the civil and criminal sanctions for noncompliance contained in MCL 205.28(1)(f) and (2) through disclosure awareness training.
- D. All confidential information, which includes, but is not limited to, data stored electronically and any related output and paper documents will be secured from unauthorized access and with access limited to designated personnel only. Michigan tax return information will not be commingled with other information. Further, when appropriate, Michigan tax return information will be marked as follows:



## **CONFIDENTIAL-MICHIGAN TAX RETURN INFORMATION**

**Protect at all times. Do not disclose.**

**MI tax information is exempt from disclosure  
under the Freedom of Information Act.**

- E. The records will be transported under appropriate safeguards as defined in the Contract.
- F. The Department of Treasury, Disclosure Officer or Contract Compliance Inspector may make onsite inspections or make other provisions to ensure that adequate safeguards are being maintained by the Contractor.
- G. The Michigan Department of Treasury, Disclosure Officer, may monitor compliance of systems security requirements during the lifetime of the Contract.
- H. Contractor will also adopt policies and procedures to ensure that information contained in their respective records and obtained from Treasury and taxpayers will be used solely as provided in the Contract.

### **IV. Computer System Security of Tax Data**

The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

Computer system security and physical security of tax data stored and processed by Contractor must be in compliance with the following security guidelines and standards established by the Michigan Department of Treasury as follows (these guidelines apply to any computer system developed by Contractor, either through its own systems staff, or through a contractor, subcontractor or vendor):

#### **A. Controlled Access Protection**

All computer systems processing, storing and transmitting Michigan tax information must have computer access protection controls. These security standards are delineated in the National Institute of Standards and Technology (NIST) Special Publications number 800-53 "Recommended Security Controls for Federal Information Systems" at <http://csrc.nist.gov/publications/PubsSPs.html>. To meet these standards, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance, and documentation.

- 1) **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.



- 2) **Accountability** – Computer systems processing Michigan tax information must be secured from unauthorized access. All security features must be available (audit trails, identification and authentication) and activated to prevent unauthorized users from indiscriminately accessing Michigan tax information. Everyone who accesses computer systems containing Michigan tax information is accountable. Access controls must be maintained to ensure that unauthorized access does not go undetected. Computer programmers and contractors who have a need to access databases, and are authorized under the law, must be held accountable for the work performed on the system. The use of passwords and access control measures must be in place to identify who accessed protected information and limit that access to persons with a need to know.

**a) On-line Access** –Users will be limited to any on-line functions, by limiting access through functional processing controls and organization restrictions.

**b) Operating Features of System Security**

*Contractor must meet the following levels of protection with respect to tax return information. Individual user accountability must be ensured through user identification number and password.*

- i. Access rights to confidential tax information must be secured through appropriate levels of authorization.*
- ii. An audit trail must be maintained of accesses made to confidential information.
- iii. All confidential and protected information must be cleared from a system before it is used for other purposes not related to the enforcement, collection or exchange of data not covered by this section or by an addendum to this Contract.
- iv. Hard copies made of confidential tax return information must be labeled as confidential information.
- v. Confidential Treasury tax information will be blocked or coded as confidential on system.
- vi. Any computer system in which Michigan tax return information resides must systematically notify all users upon log-in of the following disclosure penalties for improperly accessing or making an authorized disclosure of Michigan tax return information:

**NOTICE TO STATE AGENCY EMPLOYEES AND AUTHORIZED REPRESENTATIVES**

*This system contains Michigan Department of Treasury tax return information. **DO NOT DISCLOSE OR DISCUSS MICHIGAN RELATED TAX RETURN INFORMATION** with unauthorized individuals. The Michigan Department of Treasury Revenue Act, MCL 205.28(10)(f)(1), (2), prohibits such disclosure. A person making a willful unauthorized disclosure or inspection (browsing) of tax return information may be charged with the following Michigan penalties:*



***MICHIGAN PENALTIES***

*The Michigan Revenue Act imposes criminal penalties up to \$5,000 and/or imprisonment for 5 years, plus costs and dismissal from employment if it is found that an employee has made an unauthorized disclosure of a tax return or tax return information or divulged audit selection or processing parameters.*

This statement is subject to modification. A confidentiality statement, subject to modification, as needed, will be sent annually by the Security Administrator to all employees, contractors, and legal representatives of Contractor.

- 3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant enhancements or other changes to a security system must follow the process of review, independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.
  - a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Contract Compliance Inspector. Notice of the corrective action must be provided to the Contract Compliance Inspector. All non-conformities must be reported to the Contract Compliance Inspector with the following:
    - a. Duration of non-conformity/interruption
    - b. Reason for non-conformity/interruption
    - c. Resolution.
  - b) All non-conformities to the specifications/tasks of the Contract must be corrected within four (4) hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four (4) hours to the Contract Compliance Inspector for approval.
- 4) **Documentation** – Design and test documentation must be readily available to the state. The developer or manufacturer should initially explain the security mechanisms, how they are implemented and their adequacy (limitations). This information should be passed on to the security officer or supervisor. Test documentation should describe how and what mechanisms were tested and the results. If recognized organizations/tests/standards are used, then a document to that effect will suffice. For example, a system that has been tested and certified as meeting certain criteria may have a document stating this fact, without detailed tests/results of information. Contractor, however, must ensure the documentation covers the exact system and that it includes the specific computer system used by Contractor.



Additionally, documentation must include a security administrator's guide. The security administrator's guide is addressed to the System's Administrator and Security Officer and will describe the protection mechanisms provided by the security system, guidelines on their use and how they interact. This document will present cautions about security functions and describe privileges that should be controlled when running a secure system. The document will be secured and locked at all times with access rights only by the Systems Administrator and Security Officer.

**Note:** When a security system is designed or purchased for a specific computer or computer system, the security mechanisms must be reviewed by the State to ensure that needed security parameters are met. An independent test should be implemented on the specific computer or computer system to ensure that the security system meets the security parameters within this contract and developed with the computer system. The test may be arranged by the developer but must be done by an independent organization. Contractor must assign responsible individuals (Security Officers) with knowledge of information technology and applications to oversee the testing process. These individuals must be familiar with technical controls used to protect the system from unauthorized entry.

Finally, contingency and backup plans must be in place to ensure protection of Michigan tax information.

## V. Electronic Transmission of Michigan Tax Information

*The two acceptable methods of transmitting Michigan tax information over telecommunications devices are encryption and the use of guided media. Encryption involves the altering of data objects in a way that the objects become unreadable until deciphered. Guided media involves the use of protected microwave transmitting or the use of end to end fiber optics.*

The Department of Information Technology (DIT) has defined encryption standards in DIT Standard 1315.10 (Standard for Electronic Data Encryption) which must be used to provide guidance for encryption, message authentication codes or digital signatures and digital signatures with associated certification infrastructure.

Unencrypted cable circuits of fiber optics is an alternative for transmitting Michigan tax information. Adequate measures must be taken to ensure that circuits are maintained on cable and not converted to unencrypted radio transmission. Additional precautions will be taken to protect the cable, i.e., burying the cable underground or in walls or floors and providing access controls to cable vaults, rooms and switching centers.

### A. Remote Access

Accessing databases containing Michigan tax information from a remote location – that is, a location not directly connected to the Local Area Network (LAN) will require adequate safeguards to prevent unauthorized entry.

For dial up access, the system must require an identification security card that requires both PIN and card in possession. According to DIT- Procedure 1410.17 (4.1), dial in access into any connected state network will only be permitted after a dial-in user has been authenticated. Authentication is provided through ID and password.



**B. Portable Computer Devices**

Any entrusted confidential information collected or accessed during this Contract must be encrypted when stored on all storage devices and media. This includes, but not limited to, disk drives for servers and workstations, and portable memory media (PDAs, RAM drives, memory sticks, etc.).

*VI. Record Keeping Requirements for Information Received in a Paper Format*

Each Contractor employee or contractor requesting and receiving information will keep an accurate accounting of the information received. The audit trail will be required which will include the following information:

- a. Taxpayer's name
- b. Identification number (SSN, FEIN, etc.)
- c. Information requested
- d. Purpose of disclosure request
- e. Date information received
- f. Name of Agency/Division and employee making request
- g. Name of other employees who may have had access
- h. Date destroyed
- i. Method of destruction

**A. Electronic Media**

Contractor will keep an inventory of magnetic and electronic media received under the Contract.

Contractor must ensure that the removal of tapes and disks and paper documents containing Michigan tax return information from any storage area is properly recorded on charge-out records. Contractor is accountable for missing tapes, disks, and paper documents.

**B. Recordkeeping Requirements of Disclosure Made to State or Federal Auditor General**

When disclosures are made by Contractor to State or Federal Auditors, these requirements pertain only in instances where the Auditor General's staff extracts Michigan tax returns or tax information for further review and inclusion in their work papers. Contractor must identify the hard copies of tax records or if the tax information is provided by magnetic tape format or through other electronic means, the identification will contain the approximate number of taxpayers records, the date of inspection, the best possible description of the records and the name of the Auditor(s) making the inspection.

The Disclosure Officer must be notified, in writing, of any audits done by auditors, internal or otherwise, of Contractor that would involve review of Treasury processing parameters.



## VII. Contract Services

The following language will be included in any contract entered into by Contractor with a subcontractor if the subcontractor will process Michigan tax return information provided under this Safeguard Provision.

The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

### Definition of Treasury Tax Return Information

Treasury tax return information is defined in RAB 1989-39 as follows:

Taxpayer's identity, address, the source or amount of his/her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments whether the taxpayer's return was, is being or will be examined or subject to their investigation or processing, or any other data, received by, recorded by, prepared by, furnished to or collected by the agency with respect to a return or with respect to the determination of the existence, or liability (or the amount thereof) of any person under the tax laws administered by the Department, or related statutes of the state for any tax, penalty, interest, fine, forfeiture, or other imposition or offense. The term "tax return information" also includes any and all account numbers assigned for identification purposes.

An acknowledgment that a taxpayer has filed a return is known as a "fact of filing" and may not be disclosed. All tax return data made available in any format will be used only for the purpose of carrying out the provisions of the Contract between Contractor and the subcontractor. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract between Contractor and the subcontractor. In addition, all related output will be given the same level of protection as required for the source material.

*The subcontractor will certify that the data processed during the performance of the Contract between Contractor and the subcontractor will be completely purged from all data storage components of the subcontractor's computer facility, and no output will be retained by the subcontractor at the time the work is completed. If immediate purging of all data storage components is not possible, the subcontractor will certify in writing that any Michigan data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.*

Destruction of tax data, including any spoilage or any intermediate hard copy printout which may result during the processing of Michigan tax return information, will be documented with a statement containing the date of destruction, description of material destroyed, and the method used.

Computer system security and physical security of tax data stored and processed by the subcontractor must be in compliance with security guidelines and standards established by this contract. See section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.



The Contractor will be responsible for ensuring that each employee authorized to access Michigan tax information has agreed to abide by the confidentiality provisions of the Revenue Act by signing the *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) and provide a copy to the Department of Treasury, Disclosure Officer and Contract Compliance Inspector.

No work involving information furnished under the contract between Contractor and a subcontractor will be further subcontracted without the specific approval of the Michigan Department of Management and Budget. Contractor and approved subcontractors handling Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* provided by Treasury, (Form 3337, see Attachment A). The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Contract Compliance Inspector.

### **VIII. Transport of Tax Information**

In the event, it is necessary to transport confidential tax return information the Contractor is responsible for holding the carrier responsible for safeguarding the records. The Contractor must obtain a signed *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) for each carrier employee who has access to Michigan tax return information. The original agreements will be returned to the Department of Treasury, Disclosure Officer and a copy sent to the Contract Compliance Inspector.

If it is necessary to transfer records and responsibility for transport to a third carrier due to a mishap during transportation, the Contractor is responsible for ensuring safeguard standards remain enforce. This type of incident will be documented in accordance with the incident reporting guidelines in procedure PT-03253.

Any such incidents must be reported to the Contract Compliance Inspector immediately.

### **IX. Disposal of Tax Information**

Materials furnished to Contractor, such as tax returns, remittance vouchers, W-2 reports, correspondence, computer printouts, carbon paper, notes, memorandums and work papers will be destroyed by burning, mulching, pulverizing or shredding. If shredded, strips should not be more than 5/16-inch, microfilm should be shredded to effect a 1/35-inch by 3/8-inch strip, and pulping should reduce material to particles of one inch or smaller.

Disk media must be destroyed by overwriting all data tracks a minimum of three times or running a magnetic strip over and under entire area of disk at least three (3) times. If the CD or DVD cannot be overwritten it must be destroyed in an obvious manner to prevent use in any disk drive unit and discarded. Hand tearing, recycling, or burying information in a landfill are unacceptable methods of disposal. Electronic data residing on any computer systems must be purged based on Treasury's retention schedule.

Contractor and its subcontractor(s) will retain all confidential tax information received by Treasury only for the period of time required for any processing relating to the official duties



and then will destroy the records. Any confidential tax information that must be kept to meet evidentiary requirements must be kept in a secured, locked area and properly labeled as confidential return information. See Procedure for Security (Section V of this section) for more details.

#### X. Security Responsibility

Contractor will designate a security person who will ensure that each individual having access to confidential tax information or to any system which processes Michigan tax return information is appropriately screened, trained and executes a *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) before gaining access or transaction rights to any process and computer system containing Treasury tax return information.

Each Contractor or their subcontractor(s) employees' access and transaction rights will be reviewed periodically to ensure that there is a need to know Treasury tax return information displayed in any media.

Michigan tax return information will be made available only to individuals authorized by the Contract. State and Contractor will maintain a list of persons authorized to request and receive information and will update the list as necessary. A copy of the list must be furnished to the Michigan Department of Treasury Disclosure Officer and Contract Compliance Inspector.

#### XI. Effective Date

These Safeguard requirements will be reviewed whenever the Contract modifications include specifications or processes that affect tax data.



Michigan Department of Treasury  
3337 (Rev. 2-08)

Reset Form

## Vendor, Contractor or Subcontractor Confidentiality Agreement

The Revenue Act, Public Act 122 of 1941, MCL 205.28(1)(f), makes all information acquired in administering taxes confidential. The Act holds a vendor, contractor or subcontractor and their employees who sell a product or provide a service to the Michigan Department of Treasury, or who access Treasury data, to the strict confidentiality provisions of the Act. Confidential tax information includes, but is not limited to, information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the Michigan Department of Treasury for a tax administered by the department.

**INSTRUCTIONS.** Read this entire form before you sign it. If you do not complete this agreement, you will be denied access to Michigan Department of Treasury and federal tax information. After you and your witness sign and date this form, keep a copy for your records. Send the original to the address listed below.

Company Name and Address (Street or RR#, City, State, ZIP Code)			Last Name	First Name
			Driver License Number	
State of Michigan Department	Bureau	Division	Subcontractor Name if Product/Service Furnished to Contractor	
Describe here or in a separate attachment the product or service being provided to the State of Michigan Agency.				

**Confidentiality Provisions.** It is illegal to reveal or browse, except as authorized:

- All tax return information obtained in connection with the administration of a tax. This includes information from a tax return or audit and any information about the selection of a return for audit, assessment or collection, or parameters or tolerances for processing returns.
- All Michigan Department of Treasury or federal tax returns or tax return information made available, including information marked "Official Use Only". Tax returns or tax return information shall not be divulged or made known in any manner to any person except as may be needed to perform official duties. Access to Treasury or federal tax information, in paper or electronic form, is allowed on a **need-to-know** basis only. Before you disclose returns or return information to other employees in your organization, they must be authorized by Michigan Department of Treasury to receive the information to perform their official duties.
- Confidential information shall not be disclosed by a department employee to confirm information made public by another party or source which is part of any public record. 1999 AC, R 2005.1004(1).

**Violating confidentiality laws is a felony, with penalties as described:**

### Michigan Penalties

MCL 205.28(1)(f) provides that you may not willfully browse any Michigan tax return or information contained in a return. Browsing is defined as examining a return or return information acquired without authorization and without a **need to know** the information to perform official duties. Violators are guilty of a **felony** and subject to **fines of \$5,000 or imprisonment for five years, or both**. State employees will be discharged from state service upon conviction.

Any person who violates any other provision of the Revenue Act, MCL 205.1, et seq., or any statute administered under the Revenue Act, will be guilty of a misdemeanor and **fined \$1,000 or imprisonment for one year, or both**. MCL 205.27(4).

### Federal Penalties

If you willfully disclose federal tax returns or tax return information to a third party, you are guilty of a **felony with a fine of \$5,000 or imprisonment for five years, or both, plus prosecution costs** according to the Internal Revenue Code (IRC) §7213, 26 USC 7213.

In addition, inspecting, browsing or looking at a federal tax return or tax return information without authorization is a **felony violation** of IRC §7213A subjecting the violator to a **\$1,000 fine or imprisonment for one year, or both, plus prosecution costs**. Taxpayers affected by violations of §7213A must be notified by the government and may bring a civil action against the federal government and the violator within two years of the violation. Civil damages are the **greater of \$1,000 or actual damages** incurred by the taxpayer, plus the costs associated with bringing the action, 26 USC 7431.

Failure to comply with this confidentiality agreement may jeopardize your employer's contract with the Michigan Department of Treasury.

Certification		
By signing this Agreement, I certify that I have read the above confidentiality provisions and understand that failure to comply is a felony.		
Print name of employee signing this agreement	Signature of person named above	Date signed
Print Witness Name (Required)	Signature of Witness (Required)	Date signed

Submit your form to the following address:  
Technical Services Division, Disclosure Unit  
Michigan Department of Treasury  
P.O. Box 30698  
Lansing, MI 48909

For Express Deliveries, use:  
Technical Services Division, Disclosure Unit  
Michigan Department of Treasury  
430 W. Allegan Street  
Lansing, MI 48922

Questions, contact the **Technical Services Division, Disclosure Unit** by telephone, (517) 636-4239; fax, (517) 636-5340; or email: [Treas\\_Disclosure@michigan.gov](mailto:Treas_Disclosure@michigan.gov)



APPENDIX F

Michigan Department of Treasury  
2562 (Rev. 12-04)

Reset Form

**Notification of Mail Drop to Treasury USPS Permit**

This form is issued under the policies and procedures of the Michigan Department of Treasury. **It must be filed by all mailing vendors**, via facsimile machine or email, every time mail is delivered to the USPS for delivery under a Department of Treasury mail permit. It must be received by Treasury a **full THREE days** before delivery of mail to any USPS location, to ensure proper funds are available in the permit account before mail is sent.

Date	
To: Darron Birchmeier, Michigan Department of Treasury	Telephone Number (517) 241-3548
Fax Number (517) 373-6941	Email Address birchmeierd@michigan.gov
Vendor's Name (Include Contractor and Subcontractor)	
Contact Person	Telephone Number
Post Office Where Mail Will Be Dropped	Date Mail Dropped at USPS
Permit Number	<input type="checkbox"/> BMC Rate <input type="checkbox"/> SCF Rate
Title of Mail Piece	Weight of Mail Piece
Number of Pieces Mailed	Total Cost of Mailing

**You must file a copy of the USPS 3602 with the Michigan Department of Treasury within 3 days of mailing, as required by contract.**



United States Postal Service

# Postage Statement—Standard Mail

Post Office: Note Mail Arrival Date & Time  
(Do Not Round-Stamp)

Mailing	Permit Holder's Name and Address and Email Address, If Any		Telephone	Name and Address of Mailing Agent (If other than permit holder)		Telephone	Name and Address of Individual or Organization for Which Mailing is Prepared (If other than permit holder)	
	CAPS Cust. Ref. No. _____ Customer No. _____			Customer No. _____			Customer No. _____	
Mailing	Post Office of Mailing	Processing Category <input type="checkbox"/> Letters <input type="checkbox"/> CMM <input type="checkbox"/> Flats <input type="checkbox"/> NFM <input type="checkbox"/> Parcels - Machinable <input type="checkbox"/> Parcels - Irregular <input type="checkbox"/> Letters - Paid as Nonauto Flats <input type="checkbox"/> ECR Letters - Paid as ECR Flats		Mailing Date	Federal Agency Cost Code	Statement Seq. No.	No. & Type of Containers ____ Sacks ____ 1 ft. Letter Trays ____ 2 ft. Letter Trays ____ EMM Letter Trays ____ Flat Trays ____ Pallets ____ Other	
	Type of Postage <input type="checkbox"/> Permit Imprint <input type="checkbox"/> Precanceled Stamps <input type="checkbox"/> Metered	Weight of a single-piece 0 . _____ pounds		Total Pieces				
	Permit #	For Mail Enclosed Within Another Class <input type="checkbox"/> Periodicals <input type="checkbox"/> If Sacked, Based On <input type="checkbox"/> Bound Printed Matter <input type="checkbox"/> Library Mail <input type="checkbox"/> Media Mail <input type="checkbox"/> Parcel Post <input type="checkbox"/> 125 pcs <input type="checkbox"/> 15 lbs. <input type="checkbox"/> both		Total Weight				
	For Automation Price Pieces, Enter Date of Address Matching and Coding ____/____/____		For Enhanced Carrier Route Price Pieces, Enter Date of Address Matching and Coding ____/____/____		For Enhanced Carrier Route Price Pieces, Enter Date of Carrier Route Sequencing ____/____/____			
	Move Update Method: <input type="checkbox"/> Ancillary Service Endorsement <input type="checkbox"/> FASTforward <input type="checkbox"/> NCOALink <input type="checkbox"/> ACS <input type="checkbox"/> Alternative Method <input type="checkbox"/> Multiple							
Postage	Parts Completed (Select all that apply) <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F <input type="checkbox"/> G <input type="checkbox"/> H <input type="checkbox"/> I <input type="checkbox"/> J <input type="checkbox"/> K <input type="checkbox"/> L <input type="checkbox"/> S							
	Total Postage (Add parts Totals)							
	Price at Which Postage Affixed (Check one) Complete if the mailing includes pieces bearing metered or precanceled stamps. <input type="checkbox"/> Correct <input type="checkbox"/> Lowest <input type="checkbox"/> Neither _____ pcs. x \$ _____ = Postage Affixed							
	Net Postage Due (Subtract postage affixed from total postage)							
	Additional Postage Payment (State reason)							
Certification	For postage affixed add additional payment to net postage due; for permit imprint add additional payment to total postage.							
	Total Adjusted Postage Affixed							
	Postmaster: Report Total Postage in AIC 130 Total Adjusted Postage Permit Imprint							
USPS Use Only	The mailer's signature certifies acceptance of liability for and agreement to pay any revenue deficiencies assessed on this mailing, subject to appeal. If an agent signs this form, the agent certifies that he or she is authorized to sign on behalf of the mailer and that the mailer is bound by the certification and agrees to pay any deficiencies. In addition, agents may be liable for any deficiencies resulting from matters within their responsibility, knowledge, or control. The mailer hereby certifies that all information furnished on this form is accurate, truthful, and complete; that the mail and the supporting documentation comply with all postal standards and the mailing qualifies for the prices and fees claimed; and that the mailing does not contain any matter prohibited by law or postal regulation. I understand that anyone who furnishes false or misleading information on this form or who omits information requested on this form may be subject to criminal and/or civil penalties, including fines and imprisonment. Privacy Notice: For information regarding our Privacy Policy visit <a href="http://www.usps.com">www.usps.com</a> .							
	Signature of Mailer or Agent			Printed Name of Mailer or Agent Signing Form			Telephone	
	Weight of a Single Piece ____ . _____ pound			Are postage figures at left adjusted from mailer's entries? If yes, reason: <input type="checkbox"/> Yes <input type="checkbox"/> No				
	Total Pieces Total Weight			Round Stamp (Required) Date Mail Released				
	Total Postage							
Presort Verification Performed? (Check One) <input type="checkbox"/> Yes <input type="checkbox"/> No I CERTIFY that this mailing has been inspected concerning: (1) eligibility for postage prices claimed; (2) proper preparation (and presort where required); (3) proper completion of postage statement; (4) payment of annual fee; and (5) sufficient funds on deposit (if required)			Date Mailer Notified		Contact		By (Initials)	
USPS Employee's Signature			Print USPS Employee's Name		Time		AM PM	



Michigan Department of Treasury  
3337 (Rev. 2-08)

# Appendix H

Reset Form

## Vendor, Contractor or Subcontractor Confidentiality Agreement

The Revenue Act, Public Act 122 of 1941, MCL 205.28(1)(f), makes all information acquired in administering taxes confidential. The Act holds a vendor, contractor or subcontractor and their employees who sell a product or provide a service to the Michigan Department of Treasury, or who access Treasury data, to the strict confidentiality provisions of the Act. Confidential tax information includes, but is not limited to, information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the Michigan Department of Treasury for a tax administered by the department.

**INSTRUCTIONS.** Read this entire form before you sign it. If you do not complete this agreement, you will be denied access to Michigan Department of Treasury and federal tax information. After you and your witness sign and date this form, keep a copy for your records. Send the original to the address listed below.

Company Name and Address (Street or RR#, City, State, ZIP Code)			Last Name	First Name
			Driver License Number	
State of Michigan Department	Bureau	Division	Subcontractor Name if Product/Service Furnished to Contractor	
Describe here or in a separate attachment the product or service being provided to the State of Michigan Agency.				

### Confidentiality Provisions. It is illegal to reveal or browse, except as authorized:

- All tax return information obtained in connection with the administration of a tax. This includes information from a tax return or audit and any information about the selection of a return for audit, assessment or collection, or parameters or tolerances for processing returns.
- All Michigan Department of Treasury or federal tax returns or tax return information made available, including information marked "Official Use Only". Tax returns or tax return information shall not be divulged or made known in any manner to any person except as may be needed to perform official duties. Access to Treasury or federal tax information, in paper or electronic form, is allowed on a **need-to-know** basis only. Before you disclose returns or return information to other employees in your organization, they must be authorized by Michigan Department of Treasury to receive the information to perform their official duties.
- Confidential information shall not be disclosed by a department employee to confirm information made public by another party or source which is part of any public record. 1999 AC, R 2005.1004(1).

### Violating confidentiality laws is a felony, with penalties as described:

#### Michigan Penalties

MCL 205.28(1)(f) provides that you may not willfully browse any Michigan tax return or information contained in a return. Browsing is defined as examining a return or return information acquired without authorization and without a **need to know** the information to perform official duties. Violators are guilty of a **felony** and subject to **fines of \$5,000 or imprisonment for five years, or both**. State employees will be discharged from state service upon conviction.

Any person who violates any other provision of the Revenue Act, MCL 205.1, et seq., or any statute administered under the Revenue Act, will be guilty of a misdemeanor and **fined \$1,000 or imprisonment for one year, or both**, MCL 205.27(4).

#### Federal Penalties

If you willfully disclose federal tax returns or tax return information to a third party, you are guilty of a **felony with a fine of \$5,000 or imprisonment for five years, or both, plus prosecution costs** according to the Internal Revenue Code (IRC) §7213, 26 USC 7213.

In addition, inspecting, browsing or looking at a federal tax return or tax return information without authorization is a **felony violation** of IRC §7213A subjecting the violator to a **\$1,000 fine or imprisonment for one year, or both, plus prosecution costs**. Taxpayers affected by violations of §7213A must be notified by the government and may bring a civil action against the federal government and the violator within two years of the violation. Civil damages are the **greater of \$1,000 or actual damages** incurred by the taxpayer, plus the costs associated with bringing the action, 26 USC 7431.

Failure to comply with this confidentiality agreement may jeopardize your employer's contract with the Michigan Department of Treasury.

Certification		
By signing this Agreement, I certify that I have read the above confidentiality provisions and understand that failure to comply is a felony.		
Print name of employee signing this agreement	Signature of person named above	Date signed
Print Witness Name (Required)	Signature of Witness (Required)	Date signed

Submit your form to the following address:  
Technical Services Division, Disclosure Unit  
Michigan Department of Treasury  
P.O. Box 30698  
Lansing, MI 48909

For Express Deliveries, use:  
Technical Services Division, Disclosure Unit  
Michigan Department of Treasury  
430 W. Allegan Street  
Lansing, MI 48922

Questions, contact the **Technical Services Division, Disclosure Unit by telephone, (517) 636-4239; fax, (517) 636-5340; or email: Treas\_Disclosure@michigan.gov**



## Michigan Department of Treasury

### Security Requirements

#### Appendix I

On award of the contract, the contractor shall comply with State and Federal statutory and regulatory requirements, and rules; National Institute of Standards and Technology (NIST) publications; Control Objectives for Information and Related Technology (COBIT); all other industry specific standards; national security best practices and all requirements herein.

The Contractor must perform annual testing of all security control requirements to determine they are working as intended. Annual certification must be provided in writing to the Contract Compliance Inspector or designee in the form of a SAS70 report.

#### Governing Security Standards and Publications

The State of Michigan information is a valuable asset that must be protected from unauthorized disclosure, modification, use, or destruction. Prudent steps must be taken to ensure that its integrity, confidentiality, and availability are not compromised.

The contractor shall collect, process, store, and transfer Department of Treasury personal, confidential or sensitive data in accordance with the contractual agreement, State of Michigan policies and the laws of the State of Michigan and the United States, including but is not limited to the following:

- The Michigan Identity Theft Protection Act, MCL 445.61 et seq;
- The Michigan Social Security Number Privacy Act, MCL 445.82 et seq.
- Family Educational Rights and Privacy Act

#### 1. State of Michigan Policies

- The contractor must comply with the State of Michigan information technology standards <http://www.michigan.gov/dit/0,1607,7-139-34305---,00.html>.

#### Security Risk Assessment

*The contractor will be required to conduct assessments of risks and identify the damage that could result from unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems that support the operations and assets of the Department of Treasury. Security controls should be implemented based on the potential risks. The contractor shall ensure that reassessments occur whenever there are significant modifications to the information system and that risk assessment information is updated.*



## **System Security Plan**

The contractor shall develop and implement a security plan that provides an overview of the security requirements for the information system. If a security plan does not exist, the contractor shall provide a description of the security controls planned for meeting those requirements. The security plan must be reviewed periodically and revised to address system/organizational changes or problems.

## **Network Security**

The contractor is responsible for the security of and access to Department of Treasury data, consistent with legislative or administrative restrictions. Unsecured operating practices, which expose other connected networks to malicious security violations, are not acceptable. The contractor must coordinate with the Michigan Department of Information Technology to enter the proper pointers into the State of Michigan infrastructure.

## **E. Data Security**

The contractor has the responsibility to protect the confidentiality, integrity, and availability of State of Michigan data that is generated, accessed, modified, transmitted, stored, disposed, or used by the system, irrespective of the medium on which the data resides and regardless of format (such as in electronic, paper or other physical form).

The contractor shall:

1. process the personal data in accordance with the personal data protection laws of the State of Michigan and the United States.
2. have in place appropriate technical and organizational internal and security controls to protect the personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, and which provide a level of security appropriate to the risk represented by the processing and the nature of the data to be protected. Technical and organizational security controls must be implemented that are appropriate to the risks, such as against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, presented by the processing.
3. provide secure and acceptable methods of transmitting personal, confidential or sensitive information over telecommunication devices such as data encryption (128 bit minimum), Secure Socket Layer (SSL), dedicated leased line or Virtual Private Network (VPN).
4. supply the Department of Treasury, Security Division with information associated with security audits performed in the last three years.
5. have in place procedures so that any third party it authorizes to have access to the personal data, including processors, will respect and maintain the confidentiality, integrity, and availability of the data.
6. process the personal, confidential and sensitive data only for purposes described in the contract.
7. identify to the Department of Treasury a contact point within its organization authorized to respond to enquiries concerning processing of the personal, confidential or sensitive data, and will cooperate in good faith with the Department.



8. not disclose or transfer the personal, confidential or sensitive data to a third party unless it is approved under this contract.
9. not use data transferred by the Department of Treasury as a result of this contract for marketing purposes.

#### **F. Media Protection**

- The contractor shall implement measures to provide physical and environmental protection and accountability for tapes, diskettes, printouts, and other media containing Department of Treasury's personal, confidential and sensitive information to prevent the loss of confidentiality, integrity, or availability of information including data or software, when stored outside the system. This can include storage of information before it is input to the system and after it is output.
- The contractor shall ensure that only authorized users have access to information in printed form or on digital media removed from the information system, physically control and securely store information media, both paper and digital, restrict the pickup, receipt, transfer, and delivery of such media to authorized personnel.

#### **G. Media Destruction and Disposal**

*The contractor shall sanitize or destroy information system digital media containing personal, confidential or sensitive information before its disposal or release for reuse to prevent unauthorized individuals from gaining access to and using information contained on the media.*

- Personal, confidential or sensitive information must be destroyed by burning, mulching, pulverizing or shredding. If shredded, strips should not be more than 5/16-inch, microfilm should be shredded to affect a 1/35-inch by 3/8-inch strip, and pulping should reduce material to particles of one inch or smaller.
- Disk or tape media must be destroyed by overwriting all data tracks a minimum of three times or running a magnetic strip over and under entire area of disk at least three (3) times. If the CD, DVD or tape cannot be overwritten it must be destroyed in an obvious manner to prevent use in any disk drive unit and discarded. Hand tearing, recycling, or burying information in a landfill are unacceptable methods of disposal. Electronic data residing on any computer systems must be purged based on retention periods required by the Department of Treasury.

#### **H. Access Control**

The contractor must limit information system access to authorized users, processes acting on behalf of authorized users, or devices (including other information systems) and to the types of transactions and functions that authorized users are permitted to exercise. Access must be immediately removed when a staff changes job duties or leaves the employment.

##### **Authentication Process**

Authentication is the process of verifying the identity of a user. Authentication is performed by having the user enter a user name and password in order to access the system.

To help protect information from unauthorized access or disclosure, users must be identified and authenticated per the table below prior to accessing confidential or sensitive information, initiating transactions, or activating services.



Publicly available information such as the mother's maiden name, birth date, and address as the sole authenticator is not a secure means of authentication and should not be used.

Automatic user logons are prohibited. Device-to-device logons must be secured (preferably using client certificates or password via tunneled session). For certain implementations, source restrictions (sign-on can occur only from a specific device) provide a compensating control, in addition to the ID and password.

Authentication information (e.g., a password or PIN) must never be disclosed to another user or shared among users.

The authentication process is limited to three (3) unsuccessful attempts and must be reinstated by the authorized personnel (preferably the System security Administrator). User accounts should be systematically disabled after 90 days of inactivity and must be deleted after 1 year of inactivity

### Password Requirements

The purpose of a password is to authenticate a user accessing the system and restrict use of a userID only to the assigned user. To the extent that the functionality is supported within the technology or product, the controls listed must be implemented.

These following controls or content rules apply at any point where a new password value is to be chosen or assigned. These rules must be enforced automatically as part of a new password content checking process.

Password Property	Value
Minimum Length	8 characters with a combination of alpha, numeric and special characters
Composition	<ul style="list-style-type: none"> <li>At least two numeric characters (0 through 9), neither of which may be at the beginning or the end of the password</li> <li>A combination of two upper (A through Z) and lower case (a through z) letters</li> <li>Special characters (!, @, #, \$, %, ^, &amp;, *, (, ), +, =, /, &lt;, &gt;, ?, , , : , ; , \)</li> <li>UserID in password is not allowed</li> </ul>
Expiration Requirement (Maximum Password Age):	30 days
Revocation	Passwords should be revoked after three (3) failed attempts. (Treasury strongly supports password revocation after three failed attempts if system allows) Passwords should be systematically disabled after 90 days of inactivity to reduce the risk of compromise through guessing, password cracking or other attack and penetration methods.
Temporary passwords	<ul style="list-style-type: none"> <li>Must be randomly chosen or generated</li> <li>System must force the user to change the temporary password at initial login</li> </ul>
Change process	System must force user to: <ul style="list-style-type: none"> <li>Confirm their current password/PIN,</li> </ul>



	<ul style="list-style-type: none"> <li>• Reenter current password/PIN</li> <li>• Create a new password/PIN</li> <li>• Reenter new password/PIN</li> </ul> <p>System must prevent users from being able to consecutively change their password value in a single day (The goal is to prevent recycling through password history records to reuse an earlier-used password value)</p>
Login process	Password/PIN must not appear on the screen during the login process (The exception to this is during selection of a machine-generated password).
Encryption of passwords/PINs	Passwords must be stored and transmitted with a minimum of 128-bit encryption. Passwords must be masked when entered on any screen
Compromise of password/PIN	Must be changed immediately
Forgotten password/PIN	Must be reset by authorized person (system Security Administrator)
Current user password/PIN	Must not be maintained or displayed in any readable format on the system
Audit logs	Maintain a record of when a password was changed, deleted, or revoked. The audit trail shall capture all unsuccessful login and authorization attempts for a one year period.
Password history	Keep a password history and perform a check against the history to verify the password has not been used for a minimum of one year
Privileged account access (e.g. supervisor or root)	Security administrator must change the password for that account immediately when user changes responsibilities

## I. System Security Application Control

Application controls apply to individual computer systems and may include such controls as data origin, input controls, processing controls, output controls, application access controls, application interfaces, audit trail controls, and system documentation. Application controls consist of mechanisms in place over each separate computer system to ensure authorized data is processed completely, accurately, and reliably. The contractor is responsible for ensuring application controls are in place and functioning properly within their organization. Ongoing testing and reporting of controls must be part of the business process in order to have a solid understanding of risks, strengths and weaknesses. A comprehensive solution is required to ensure that business critical applications are handled efficiently and are prioritized. Dynamic recovery procedures and fail over facilities shall be incorporated into the scheduling process whenever possible; and where manual processes are needed, extensive tools must be available to minimize delays and ensure critical services are least impacted.

## J. System Auditing

The contractor must (i) create, protect, and retain information system audit log records to the extent needed to enable the monitoring, analysis, investigation, and reporting of unlawful, unauthorized, or inappropriate information system activity, and (ii) ensure that the actions of individual information system users can be uniquely traced to those users so they can be held accountable for their actions.



The contractor shall observe the following guidelines regarding system auditing:

1. Audit record should contain the following:
  - date and time of the event
  - subject identity
  - type of event
  - how data changed
  - where the event occurred
  - outcome of the event
2. System alerts if audit log generation fails
3. System protects audit information from unauthorized access
4. Audit record should be reviewed by individuals with a “need to know” on a regular basis
5. Audit logs are retained for sufficient period of time.

#### **K. Configuration Control and Management**

The configuration management policy and procedures must be consistent with applicable federal laws, directives, policies, regulations, standards and guidance.

#### **L. Incident Reporting**

The contractor must immediately notify any security incidents and/or breaches to the Contract Compliance Inspector.

- The contractor must have a documented and implemented Incident Response Policy and Procedure
- Incident handling form for consistent, repeatable process for monitoring and reporting when dealing with incidents.
- Incident response resource identified to assist users in handling and reporting incidents.
- Personnel trained in their incident response roles and responsibilities at least annually.

#### **M. Physical and Environmental Security**

The contractor shall have established physical and environmental security controls to protect systems, the related supporting infrastructure and facilities against threats associated with their physical environment.

1. The contractor shall have established environmental protection for magnetic and other media from fire, temperature, liquids, magnetism, smoke, and dust.
2. The contractor shall control all physical access points to facilities containing information systems (except those areas within the facilities officially designated as publicly accessible), review physical security logs periodically, investigate security violations or suspicious physical access activities, and initiate remedial actions.



3. The contractor shall periodically review the established physical and environmental security controls to ensure that they are working as intended.

#### **N. Disaster Recovery and Business Continuity Plan**

The contractor shall have developed, periodically update, and regularly test disaster recovery and business continuity plans designed to ensure the availability of Department of Treasury's data in the event of an adverse impact to the contractors information systems due to a natural or man-made emergency or disaster event.

#### **O. Security Awareness Training**

The contractor must ensure their staff having access to Treasury information are made aware of the security risks associated with their activities and of applicable laws, policies, and procedures related to security identified in Section A of this document, and ensuring that personnel are trained to carry out their assigned information security related duties.

- Contracted employees must obtain Department of Treasury provided security awareness training. (On-line training to be identified by the Contract Compliance Inspector).

#### **P. Web Application Security**

The contractor shall have established adequate security controls for web application(s) to provide a high level of security to protect confidentiality of data transmitted over the public internet. The controls include, but are not limited to:

1. authentication
2. authorization and access control
3. web application and server configuration (e.g., patch management, deletion of unnecessary services, separation of the operating system and the web server)
4. session management (e.g., randomly generated unique session IDs, session encryption, time-out setting for inactive session)
5. input validation (e.g., avoid shell commands, system calls, and malicious codes),
6. encryption (e.g., protect confidential or sensitive information, encryption keys, passwords, shared secret),
7. audit logs (e.g., all authentication and authorization events, logging in, logging out, failed logins).



## Appendix J: SUW Weekly Coupon Books - Personalization & Assembly

Item	Estimated Quantity	Unit Price (\$/m)	Mfg Price (Qty x Unit Price)	Unit Price below estimated quantity \$/m	Unit Price above estimated quantity (\$/m)
M1	600	\$744.50	\$446.70	\$744.50	\$744.50
M2	1,300	\$744.50	\$967.85	\$744.50	\$744.50
M3	15,500	\$471.50	\$7,308.25	\$471.50	\$471.50
M4	7,000	\$471.50	\$3,300.50	\$471.50	\$471.50
Q1	5,000	\$290.00	\$1,450.00	\$290.00	\$290.00
Q2	14,000	\$290.00	\$4,060.00	\$290.00	\$290.00
A1	9,500	\$101.00	\$959.50	\$101.00	\$101.00
A2	9,500	\$101.00	\$959.50	\$101.00	\$101.00
Collating/Inserting	62,400	\$845.00	\$52,728.00	\$845.00	\$845.00
Inserting Withholding Guide	15,000	\$18.75	\$281.25	\$18.75	\$18.75
Envelopes	62,400	\$44.96	\$2,805.50	\$44.96	\$44.96
<b>TOTAL FOR 1-YEAR WEEKLY COUPON BOOKS</b>			<b>\$75,267.05</b>		
<b>TOTAL FOR 3-YEAR WEEKLY COUPON BOOKS</b>			<b>\$225,801.16</b>		



## Appendix K: Specialized Printing

Item	Annual Quantity	Press & Bindery/M	Total Price	Price per additional 1,000
Form 412	60,000	\$ 23.87	\$ 1,432.20	\$ 23.87
New Business Seminar Postcard - Spring	7,000	\$ 247.50	\$ 1,732.50	\$ 89.97
New Business Seminar Postcard - Fall	8,500	\$ 247.50	\$ 2,103.75	\$ 89.97

New Business Seminar prices are based on 2 drops to the USPS - each add'l drop \$ 550 each



## Appendix L: MET Coupon Book Pricing

Item	Estimated Quantity	Unit Price (\$/m)	Total Cost	Unit Price below estimated quantity \$/m	Unit Price above estimated quantity (\$/m)
Front Cover	700	\$14.50	\$10.15	\$14.50	\$14.50
Change of Address Notice	700	\$12.50	\$8.75	\$12.50	\$12.50
Instruction Sheet	700	\$12.50	\$8.75	\$12.50	\$12.50
Automatic Payroll Deduction Form	700	\$12.50	\$8.75	\$12.50	\$12.50
Monthly Coupons	125,000	\$8.50	\$1,062.50	\$8.50	\$8.50
Back Cover	700	\$14.50	\$10.15	\$14.50	\$14.50
Collating/Inserting	700	\$125.00	\$87.50	\$125.00	\$125.00
Envelopes	700	\$504.00	\$352.80	\$504.00	\$504.00
Set-up Charges (if applicable)	3	\$500.00	\$1,500.00	\$500.00	\$500.00

Paper Pricing	Tonnage (lbs)	Paper Price (cwt)	Total Paper Costs (Annual)
	450	\$62.50	\$281.25

Setup Charge (Per Production Run)	\$ 500.00
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<b>ONE YEAR TOTAL MET COUPON BOOKS (including paper):</b>	<b>\$1,781.25</b>
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<b>THREE YEAR TOTAL MET COUPON BOOKS (including paper):</b>	<b>\$5,343.75</b>
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## Appendix M - Paper Pricing (SUW Only)

Total Tonnage (lbs) Per Year	Cost/cwt	Paper Price (One Year)
42800	\$ 58.50	\$ 25,038.00

<b>3-year paper price</b>	\$ 75,114.00
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## Appendix A

### Contacts

#### Wolverine Contacts (as of 08/04)

Title	Name(s)	Contact Numbers
Print Center Contacts	James Miller (Days) Marc Brown (Afternoons) Garold Vallie (Midnights)	(313) 873-6800 x159
Data Center Supervisor	Brian Anger	(313) 873-6800 x182
Vice President of IT Services	Darryl English	(313) 873-2695 (Work) (586) 320-8235 (Cell) (313) 754-3030 (Pager)
Network Administrator (TSA)	Marcel Bulic	(313) 871-2629 (Work) (586) 382-6089 (Cell)
Vice President of Sales & Service	Ed Tokar	(313) 871-2623 (Work) (586) 530-2909 (Cell)
Account Rep.	Belinda Schultz	(313) 871-6187 (Work) (586) 634-0164 (Cell)

In the event of a disaster, the order of Wolverine contacts should be:

- 1.) TSA
- 1.) Account Manager
- 2.) Director of Information Technology
- 3.) Account Representative
- 4.) Data Center Supervisor
- 5.) Shift Supervisor

### Backup Processing Center

Wolverine's back-up processing facility is located at 5105 Loraine, Detroit, MI 48211. This facility is a multi-level complex with redundant data and print and processing equipment.

In the event of an outage that exceeds 72 hours, critical applications will be processed from this facility.



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## SUW Weekly report data

Sample of the summary report created from the SUW weekly transmission. This data is used to create the report submitted to the contract compliance officer each week.

### See Sample of Weekly Report Enclosed Appendix

EXP_1	EXP_2	VALUE	COUNT
	2006	A3	3
	2007	A3	3
	2007	A4	1
	2008	A3	6
	2008	A4	1
	2009	A1	97
	2009	A2	10
	2009	A3	18
	2009	M1	12
	2009	M2	7
	2009	M3	88
	2009	M4	50
	2009	Q1	31
	2009	Q2	31
	2010	A1	1
W	2009	A1	5
W	2009	A2	17
W	2009	M3	29
W	2009	M4	28
W	2009	Q1	15
W	2009	Q2	32

Entire file sent broken down by tax year and book type including if a withholding guide is required

---Total number of active records: 485

EXP_1	EXP_2	VALUE	COUNT
S	2009	A1	100
S	2009	A2	20
S	2009	M3	33
S	2009	M4	55
S	2009	Q1	35
S	2009	Q2	32
S	2010	A1	1

New Businesses indicated by a flag within the data – used for the New Business Seminars

THERE ARE 1 2010 RECORDS - WILL BE REMOVED FROM MAILING  
3 FOREIGN RECORDS THIS WEEK

Total number of Foreign Records in the transmission



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SUW weekly report sample

**Sample of weekly report sent to Contract Compliance Inspector**

Month Day, Year

Contract Compliance Officer,

Here is this weeks SUW book breakdown.

2000	0 Books	Out of Range
2005	0 Books	Out of Range
2006	3 Books	
2007	4 Books	
2008	7Books	
2009	344 Books	
2009W	126 Books	
2010	1 Books	Out of Range

Total Books 485

The types of books are as follows:

A	161 books
M1	12 books
M2	7 books
M3	117 books
M4	78 books
Q1	46 books
Q2	63 books

Total Books 484 in range

Total "S" filers (new business) A1, M1, M4, and Q1 – 191 books (for your records will not mail)  
Total foreign records – 3 records

Please call me if you need any additional information

Thank you,  
Bill



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## Roles and Responsibilities

<u>Staff</u>	<u>Role and Responsibility</u>
<b>Program Manager</b>  Bill Condon	<ul style="list-style-type: none"> <li>• Work with the Contract Administrator to establish DATA requirements for bulk distribution.</li> <li>• Work with the Contract Administrator to complete all reports and displays of timelines.</li> <li>• Meet with Contract Administrator as needed.</li> <li>• Work on and complete all reports for the Contract Administrator.</li> <li>• Attend production meets</li> <li>• Enter data for releases and reports</li> </ul>
<b>Coordinator</b>  Kim Causley	<ul style="list-style-type: none"> <li>• Work with the program manager and the various production departments to verify compliance and quality</li> <li>• Attend production meetings</li> </ul>
<b>Vice-President of Information Technology</b>  Darryl English	<ul style="list-style-type: none"> <li>• Work with the program manager and department heads to establish the guidelines.</li> </ul>
<b>Customer Service Representative</b>  Belinda Schultz	<ul style="list-style-type: none"> <li>• Work with the program manager to create all production samples.</li> <li>• Work with the program manager to write up the production ticket.</li> <li>• Meet weekly with all production departments and production manager/coordinator to go over all aspects of the program.</li> <li>• Inside contact for all questions</li> <li>• Update all departments and program manager to all production/usage/receiving.</li> </ul>
<b>Quality Manager</b>  Ernesta Bagaric	<ul style="list-style-type: none"> <li>• Establish procedures and train personnel</li> <li>• Log and track any issues</li> </ul>



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<b>Production Manager</b>  Lavain Dezerne	<ul style="list-style-type: none"> <li>• Review production ticket and production samples to verify completeness</li> <li>• Instruct and verify production</li> <li>• Spot inspections of product</li> </ul>
<b>Data Center Manager</b>  Brian Anger	<ul style="list-style-type: none"> <li>• Review production ticket and production samples to verify completeness</li> <li>• Instruct and verify postal processing/NCOA of data and laser printing.</li> </ul>



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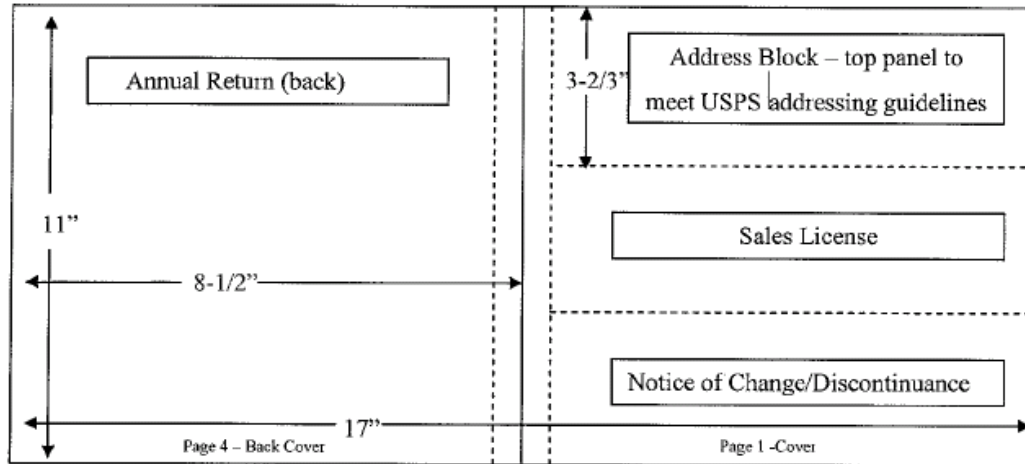
<b>Production Manager</b>  Lavain Dezerne	<ul style="list-style-type: none"> <li>• Review production ticket and production samples to verify completeness</li> <li>• Instruct and verify production</li> <li>• Spot inspections of product</li> </ul>
<b>Data Center Manager</b>  Brian Anger	<ul style="list-style-type: none"> <li>• Review production ticket and production samples to verify completeness</li> <li>• Instruct and verify postal processing/NCOA of data and laser printing</li> </ul>



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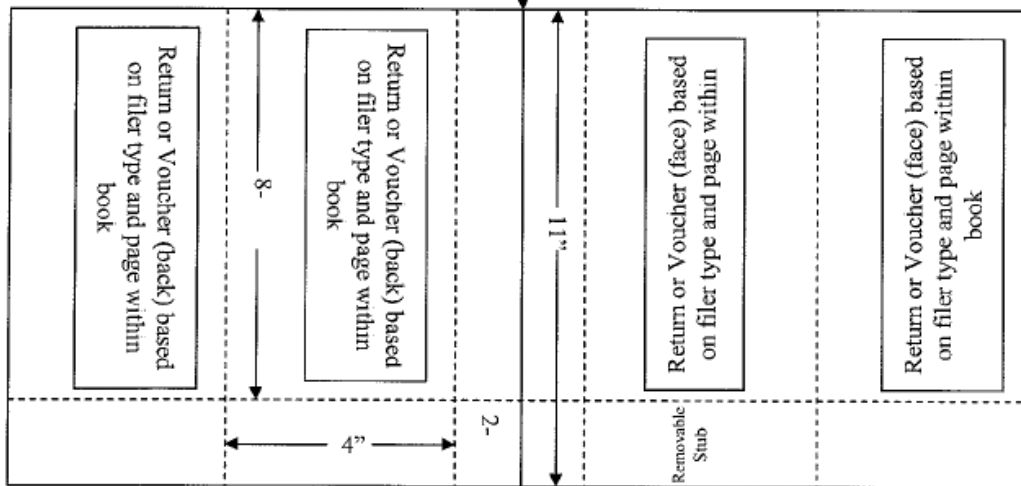
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## SUW component drawings



Cover and Annual Return

Fold on center line to  
create book



Coupon Sheet  
for Vouchers and Returns



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**Quality Assurance Form**

**Internal Sign-off Form  
For Laser Printing**

Customer Name: \_\_\_\_\_  
Job Number: \_\_\_\_\_  
Date: \_\_\_\_\_ Time: \_\_\_\_\_  
Setup By: \_\_\_\_\_

REVISION #

External Sign-off Needed?

	FORM	ADDRESS BLOCK	SERVICES	DATE	MESSAGE DATA	MESSAGE ENVELOPE	MESSAGE STICK	SERVICES MESSAGE	SERVICES MESSAGE	BACKLOG
Good										
Bad										
N/A										

**LASER DEPARTMENT APPROVAL**

Name (Please print): \_\_\_\_\_ (Laser Department Checked)

Reason Rejected: \_\_\_\_\_

**CSR/SALES APPROVAL:**

Name (Please print): \_\_\_\_\_ (CSR/Sales Rep Checked)

Reason Rejected: \_\_\_\_\_ ☐ Billable Change

REVISION #

External Sign-off Needed?

	FORM	ADDRESS BLOCK	SERVICES	DATE	MESSAGE DATA	MESSAGE ENVELOPE	MESSAGE STICK	SERVICES MESSAGE	SERVICES MESSAGE	BACKLOG
Good										
Bad										
N/A										

**LASER DEPARTMENT APPROVAL**

Name (Please print): \_\_\_\_\_ (Laser Department Checked)

Reason Rejected: \_\_\_\_\_

**CSR/SALES APPROVAL:**

Name (Please print): \_\_\_\_\_ (CSR/Sales Rep Checked)

Reason Rejected: \_\_\_\_\_ ☐ Billable Change

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