

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

September 26, 2012

CHANGE NOTICE NO. 7
 to
CONTRACT NO. 071B7200345
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Graphic Sciences, Inc. 1551 East Lincoln, Suite #100 Madison Heights, MI 48071	Greg Colton	colton@gsiinc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(248) 549-6600	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR				
BUYER	DTMB	Brandon Samuel	517-241-1218	samuelb@michigan.gov

CONTRACT SUMMARY:				
DESCRIPTION: Imaging and Scanning Services – Statewide				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
September 20, 2007	September 30, 2010		September 30, 2012	
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM	
N/A	N/A	N/A	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 checked="" type="checkbox"/> Yes <input 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 type="checkbox"/>	<input type="checkbox"/>	2 months	Nov.30, 2012
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:		
\$0.00		\$10,200,517.00		

Effective October 1, 2012, this contract is hereby EXTENDED for 2 months through November 30, 2012. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, the approval of DTMB Procurement and the approval of the State Administrative Board on September 13, 2012.

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY MANAGEMENT AND BUDGET September 29, 2011
PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 6
TO
CONTRACT NO. 071B7200345
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Graphic Sciences, Inc. 1551 East Lincoln, Suite 100 Madison Heights, MI 48071 <div style="text-align: right;">colton@gsiinc.com</div>	TELEPHONE (248) 549-6600 Greg Colton
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-1218 Brandon Samuel
Contract Compliance Inspector: Linda Mayer <div style="text-align: center;">Imaging and Scanning Services – Statewide</div>	
CONTRACT PERIOD: From: September 20, 2007 To: September 30, 2012	
TERMS <div style="text-align: center;">N/A</div>	SHIPMENT <div style="text-align: center;">N/A</div>
F.O.B. <div style="text-align: center;">N/A</div>	SHIPPED FROM <div style="text-align: center;">N/A</div>
MINIMUM DELIVERY REQUIREMENTS <div style="text-align: center;">N/A</div>	

THIS CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Effective immediately, contract compliance inspector is changed from Brice Sample to:

Lindsay Mayer, (517) 335-9145, mayerl@michigan.gov

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

AUTHORITY/REASON:

Per agency and DTMB Purchasing Operations.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$10,200,517.00

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY MANAGEMENT AND BUDGET September 15, 2011
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
 OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 5
TO
CONTRACT NO. 071B7200345
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Graphic Sciences, Inc. 4208 Normandy Court Royal Oak, MI 48073 <div style="text-align: right;">colton@gsiinc.com</div>	TELEPHONE (248) 549-6600 Greg Colton
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-1218 Brandon Samuel
Contract Compliance Inspector: Brice Sample <div style="text-align: center;">Imaging and Scanning Services – Statewide</div>	
CONTRACT PERIOD: From: September 20, 2007 To: September 30, 2012	
TERMS <div style="text-align: center;">N/A</div>	SHIPMENT <div style="text-align: center;">N/A</div>
F.O.B. <div style="text-align: center;">N/A</div>	SHIPPED FROM <div style="text-align: center;">N/A</div>
MINIMUM DELIVERY REQUIREMENTS <div style="text-align: center;">N/A</div>	

THIS CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Effective immediately, this contract is hereby **EXTENDED** to **September 30, 2012**, and also **INCREASED** by **\$2,800,000.00**. All other terms, conditions, and specifications remain the same.

AUTHORITY/REASON:

Per agency and DTMB Purchasing Operations agreement and the approval of the State Administrative Board on 9/15/2011.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$10,200,517.00

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

July 26, 2011

**CHANGE NOTICE NO. 4
 TO
 CONTRACT NO. 071B7200345
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Graphic Sciences, Inc. 4208 Normandy Court Royal Oak, MI 48073 <p style="text-align: right;">colton@gsiinc.com</p>	TELEPHONE (248) 549-6600 Greg Colton
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-1218 Brandon Samuel
Contract Compliance Inspector: Brice Sample <p style="text-align: center;">Imaging and Scanning Services – Statewide</p>	
CONTRACT PERIOD: From: September 20, 2007 To: September 30, 2011	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

THIS CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Effective immediately, the contract pricing is hereby revised as follows:

16mm x 100 foot silver duplicates	\$11.05
16mm x 215 foot silver duplicates	\$13.33
35mm x 100 foot silver duplicates	\$15.90

Please also note that the buyer has been changed to Brandon Samuel...All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per vendor request and the approval of DTMB Purchasing Operations

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$7,400,517.00

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

June 29, 2010

CHANGE NOTICE NO. 3
TO
CONTRACT NO. 071B7200345
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Graphic Sciences, Inc. 4208 Normandy Court Royal Oak, MI 48073 colton@gsiinc.com	TELEPHONE (248) 549-6600 Greg Colton
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 335-6481 Adam Koenigsnecht
Contract Compliance Inspector: Brice Sample Imaging and Scanning Services – Statewide	
CONTRACT PERIOD: From: September 20, 2007 To: September 30, 2011	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

THIS CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Effective immediately, this contract is **EXTENDED** through **September 30, 2011**.
All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per request of Financial Services, DTMB, agreement of Graphic Services, Inc., and approval of Purchasing Operations.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$7,400,517.00

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

October 26, 2009

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B7200345
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Graphic Sciences, Inc. 4208 Normandy Court Royal Oak, MI 48073 colton@gsiinc.com	TELEPHONE (248) 549-6600 Greg Colton
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 335-6481 Akam Koenigsknecht
Contract Compliance Inspector: Brice Sample Imaging and Scanning Services – Statewide	
CONTRACT PERIOD: From: September 20, 2007 To: September 30, 2010	
TERMS <p style="text-align: right;">N/A</p>	SHIPMENT <p style="text-align: right;">N/A</p>
F.O.B. <p style="text-align: right;">N/A</p>	SHIPPED FROM <p style="text-align: right;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

THIS CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT.

NATURE OF CHANGE(S):

Effective immediately, the following cost reductions are hereby incorporated into this Contract:

- Hourly rate for data entry is reduced from \$16.00/hr to \$14.55/hr;
- Hourly rate for custom software development is reduced from \$125.00/hr to \$95.00/hr;
- High speed microfiche scanning rate is reduced from \$.0495 to \$.04 per image;
- Eliminate VPN and T-1 transmission costs entirely;
- High volume discounts are reduced as follow:

Projects over \$50,000	= 1.75%
Projects over \$100,000	= 2.00%
Projects over \$200,000	= 2.20%

NOTE: The DMB Buyer for this Contract is now Adam Koenigsknecht. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per vendor agreement and DMB/Purchasing Operations' approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS \$7,400,517.00

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

November 26, 2007

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B7200345
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Graphic Sciences, Inc. 4208 Normandy Court Royal Oak, MI 48073 colton@gsiinc.com	TELEPHONE (248) 549-6600 Greg Colton
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-1080 Melissa Castro, CPPB
Contract Compliance Inspector: Brice Sample Imaging and Scanning Services – Statewide	
CONTRACT PERIOD: From: September 20, 2007 To: September 30, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE(S):

This Contract is hereby **EXTENDED TO LOCAL UNITS OF GOVERNMENT** through the **MiDEAL** program. Additionally, the price per image for 16mm Microfilm from Digital Images is decreased to **\$.0087** per image.

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency, vendor agreement and DMB/Purchasing Operations.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$7,400,517.00

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

September 25, 2007

NOTICE
TO
CONTRACT NO. 071B7200345
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Graphic Sciences, Inc. 4208 Normandy Court Royal Oak, MI 48073 colton@gsiinc.com	TELEPHONE (248) 549-6600 Greg Colton
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-1080 Melissa Castro, CPPB
Contract Compliance Inspector: Brice Sample Imaging and Scanning Services – Statewide	
CONTRACT PERIOD: From: September 20, 2007 To: September 30, 2010	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

Estimated Contract Value: **\$7,400,517.00**

**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. 071B7200345
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Graphic Sciences, Inc. 4208 Normandy Court Royal Oak, MI 48073 <div style="text-align: right;">colton@gsiinc.com</div>	TELEPHONE (248) 549-6600 Greg Colton VENDOR NUMBER/MAIL CODE BUYER/CA (517) 373-1080 Melissa Castro, CPPB
Contract Compliance Inspector: Brice Sample <p style="text-align: center;">Imaging and Scanning Services – Statewide</p>	
CONTRACT PERIOD: From: September 20, 2007 To: September 30, 2010	
TERMS <div style="text-align: center;">N/A</div>	SHIPMENT <div style="text-align: center;">N/A</div>
F.O.B. <div style="text-align: center;">N/A</div>	SHIPPED FROM <div style="text-align: center;">N/A</div>
MINIMUM DELIVERY REQUIREMENTS <div style="text-align: center;">N/A</div>	
MISCELLANEOUS INFORMATION: Estimated Contract Value: \$7,400,517.00	

<p>FOR THE VENDOR:</p> <p style="text-align: center;"><u>Graphic Sciences, Inc.</u> Firm Name</p> <p style="text-align: center;">_____ Authorized Agent Signature</p> <p style="text-align: center;">_____ Authorized Agent (Print or Type)</p> <p style="text-align: center;">_____ Date</p>	<p>FOR THE STATE:</p> <p style="text-align: center;">_____ Signature</p> <p style="text-align: center;">Kristi L. B. Thompson, Director Name/Title</p> <p style="text-align: center;">Services Division, Purchasing Operations Division</p> <p style="text-align: center;">_____ Date</p>
--	--



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

**Contract No. 071B7200345
Imaging and Scanning Services – Multi-Agency**

**Buyer Name: Melissa Castro, CPPB
Telephone Number: 517-373-8530
E-Mail Address: castrom@michigan.gov**



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Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 Project Request

The purpose of this Contact is to provide digital imaging and records management services for multiple state agencies to be used as needed.

1.002 Background

The Department of History, Arts and Libraries (HAL), Records Management Services (RMS) is responsible for managing the creation, maintenance, preservation and disposition of the records of all state departments and agencies. RMS is also responsible for assisting local governments with their records management needs.

State agencies and local governments may, under certain conditions, choose to convert recorded information to microfilm and/or digital image format. Request for microfilm or digital imaging conversion of state records originate within the individual offices of the various state departments and agencies. To assure that all administrative, fiscal, legal and historical needs of state government are provided for efficiently and cost-effectively, all requests are submitted to HAL, Records Management Services for approval. No microfilming or digital imaging is to be done by the Contractor without this approval. Local government agencies that choose to utilize this Contract will do so under the same terms and conditions as state agencies.

Many state agencies and local governments that require microfilm and digital imaging do not have their own imaging capabilities or they do not possess the resources to perform large backfile conversions. They rely instead upon another source to provide that service. Providing for the needs of state agencies on a centralized basis involves a full range of microfilm and imaging services, including but not limited to the operation microfilm cameras, processors, duplicators, paper scanners, microfilm/fiche scanners, CD-R/DVD drives, various digital media recording devices, and other equipment to convert recorded information to microfilm and/or digital images. Turn around time for job production ranges from same day to several weeks, depending upon the individual job requirements.

1.1 Scope of Work and Deliverables

1.101 In Scope

The Contractor will be required to provide microfilm, imaging and storage services on an as-needed basis.

1.102 Out of Scope - Reserved

1.103 Environment - Reserved

1.104 Work and Deliverables

An overall project framework must be developed as a basis for attaining the objectives of each project. Essential to the process of this is the preparation of a sound approach to attaining the objectives of each project. It is the responsibility of the Contractor to advise the customer and the Records Management Section regarding the best method for obtaining the most favorable product. The Contractor shall assist the customer in identifying techniques that can be deployed to reduce the cost of conversion including indexing and its associated costs.

The following is a preliminary analysis of the major tasks involved for developing the end product of this project. The Contractor will not be constrained from supplementing this listing with additional steps, sub tasks or elements deemed necessary to permit the economically feasible development of alternative approaches, or the application of proprietary analytical techniques or production methods.

**Imaging Related:**

1. Scan from a variety of microfilm and paper formats and sizes to digital image.
2. Produce microfilm backup to images as necessary and specified.
3. Indexing of digital images and/or microfilm backups
4. Perform preparation of documents to be scanned
5. Perform image-finishing services on scanned images as necessary and specified.
6. Provide pickup and delivery services.
7. Provide compatible viewer or reader if requested.
8. Perform custom programming functions related to document imaging as necessary.
9. Perform OCR (image conversion to text) as necessary in straight text formats as well as Adobe Acrobat/PDF.
10. Label all media returned with agency identification and content identification.
11. At a minimum support image conversion to TIFF, JPEG, and PDF formats.
12. Assist the customer by developing a Statement of Work (SOW).
13. Advise the customer and Records Management Services regarding the best method for obtaining the most favorable image.
14. On occasion, it may be necessary for the Contractor to provide on-site equipment, staff, and scanning services to an agency. Adjustments will be made through this Contract for these services to be provided on an as needed/requested basis.
15. Assist the customer in identifying techniques that can be deployed to reduce indexing.
16. Produce images and import data structures compatible with but not limited to the following: Filenet HP11, Filenet Bulk Load Utility, Alchemy DataGrabber, and Summation dll file protocol.

Contractor Response to Task:

Graphic Sciences, Inc. owns and operates an extensive collection of digital scanning/capture devices. These include (5) Bell and Howell 80100 and 80125 document scanners, (3) Wickes and Wilson microfiche/microfilm jacket scanners (2) Wickes and Wilson microfilm roll scanners (1) Oce 9800 large format scanner (1) KIP 2080 large format scanner, (1) Canon 9080 C document scanner. In addition to the above mentioned high volume production scanners we also operate a Minolta PS 7000 book scanner designed to convert bound material to digital images without the need to unbind the book. We also operate (3) Minolta MS 6000/7000 manual film scanners. These devices are used for converting particularly poor microfilm to digital images or for manually rescanning images that were sub standard from either of the Wickes and Wilson roll film scanners. This collection of capture devices routinely operates on a 5 day per week 16 hour per day basis. In the event that additional throughput is required we expand up to a 7 day per week, 24 hour per day production capability.

Graphic Sciences, Inc owns and operates a Kodak Digital Archiver model 4800. This device is designed to convert .tiff images to 16 mm roll microfilm. The device is capable of producing multi level blip formats with or without page numbering. Reduction ratios are variable and have a functional range that will certainly accommodate virtually any microfilm backup requirement. This device is maintained by Kodak under an annually renewable service agreement.

Graphic Sciences, Inc has a complete data entry group to provide indexing services to our end user community. This operation operates routinely on a 5 day per week, 16 hour per day basis. We can rapidly expand the operation to cover additional hours if any given project has time frame requirements that cannot be met in our normal production hours. For the most part, the index software is Digitech which is the same production software used in the initial image capture process. In some special cases we use internally created data entry software.

Graphic Sciences, Inc. has a complete staff of document preparation personnel. These people are dedicated to preparing client documents in order for them to be scanned or microfilmed. In many cases preparation personnel are performing services for our clients that include decision and rules based preparation. So in addition to making the documents ready for scanning or microfilming, this staff is capable of making complex decisions regarding the index values of a particular document prior to the actual capture process. We are very cautious about making any decisions about the content of a given collection. We do not routinely make any decisions that affect the overall content of the collection.

Image finishing as defined in the Contract would include cropping, deskewing the image beyond the native capabilities of the capture software, resolution alterations, despeckling or any other functions that would alter the native captured image. Graphic Sciences, Inc. uses two image enhancement packages for image finishing. Each performs certain functions exceptionally well but both are needed to provide a complete, high quality output. These packages are Image Prep Plus from Tameran and Turbo Scan 2000 from Amitech.



Graphic Sciences, Inc. has an internally operated logistics department. A fleet of 6 company owned vehicles operated by GSI employees is responsible for the pick up and delivery of client owned information. One member of the logistics department is responsible for making the daily trip to and from the Lansing area to accommodate the needs of the State of Michigan.

All images created by Graphic Sciences are created in standard image file formats such as .TIFF, .PDF and JPEG. Common viewers are readily available to view these image file formats. We can provide self contained image and data files on a product known as Report Extender by EMC. This product operates from a CD or DVD and requires no additional external viewer. We do not provide system specific licensed viewers for use in proprietary imaging systems.

Graphic Sciences has on staff three software developers, one of which is exclusively devoted to production related operations. His primary responsibility is to develop the programs and routines required to effectively streamline, monitor, create the job specific QA processes and create the deliverables for all digital conversions.

Graphic Sciences, Inc. owns a variety of OCR conversion tools. By way of example these include ABBYY fine reader, Digitech and TIFF Junction. Each of the products has inherent strengths and weaknesses. We utilize each of the available products based on the specific need of the project and the type and condition of the digital images.

All delivered CD and DVD products are created on a Rimage media writer. The device is capable of recording the data on the selected media and creating a custom label for each CD or DVD. The labels contain the name of the project, the contents of the media and any other requested or required data as specified in the Statement of Work.

Graphic Sciences, Inc. can produce image files in .TIFF, .PDF, JPEG. Additional formats include JBIG, CIT, MOD:CA.

We provide a Statement of Work with each job we perform unless the client has indicated that no Statement of Work is required. This exception applies only to very small jobs. The creation of the Statement of Work is the responsibility of Graphic Sciences, Inc. However, the creation of the SOW is highly interactive between GSI and the client.

It is always in the best interest of Graphic Sciences, Inc. to assist the client and records management of the options available with respect to the creation of the best possible image. We make every attempt to inform the client of their options and when requested provide examples of the possibilities well in advance of the onset of production.

GSI can and will provide on-site capture operations. On site services will include all hardware, software and personnel required to complete the capture process in the most timely manner possible.

Graphic Sciences, Inc. fully recognizes that one of the most potentially expensive aspects of a digital conversion is the indexing costs. We assist our clients in reducing the data capture costs by using pre existing data to create match and merge files, creating bar codes that replace data entry, OCR processes and most importantly by assisting our clients in the establishment of an indexing scheme that provides reasonable and reliable access to their image collection without the cost associated with excessive data entry.

Over the years we have been providing digital image conversion services we have provided literally hundreds of upload utilities. Quite literally we have not encountered an imaging system where we could not create an import utility unless the imaging system provider simply did not allow externally generated images to be loaded. We have extensive experience HPIL, Bulk Load, Datagrabber and .DLL files for Summation.

Microfilm Related:

1. Microfilm creation and processing from a variety of paper formats and sizes including:
 - a. 16mm roll
 - b. 16mm jacket
 - c. 35mm roll
 - d. 35mm aperture card
 - e. 105 step and repeat

(note: unless otherwise specified in an SOW, all 16mm roll film shall contain single level blips)



1. Processing of 16mm and 35mm roll film created by an agency
2. Silver and diazo duplication of 16mm roll, 16mm jacket, 35mm roll, 35mm aperture card, and 105 microforms.
3. Indexing of microfilm images
4. Perform preparation of documents to be microfilmed
5. Provide pickup and delivery services.
6. Perform custom programming functions related to indexing of microfilmed images as necessary.
7. Label all media returned with agency identification and content identification.
8. Inspection, splicing, repair and restoration of various microforms.
9. Assist the customer by developing a project SOW.
10. Advise the customer and Records Management Services regarding the best method for obtaining the most favorable image.
11. On occasion, it may be necessary for the Contractor to provide on-site equipment, staff, and microfilm services to an agency. Adjustments will be made throughout the life of the Contract for these services on an as needed/requested basis.
12. Assist the customer by identifying techniques and/or processes that can be deployed to reduce indexing and overall project costs.

Contractor Response to Task:

Graphic Sciences, Inc. is capable of producing virtually any commonly used form of microfilm with the exception of computer output microfilm. We own and operate the cameras, processors, duplicators and ancillary equipment needed to create, test and evaluate all of the microfilm formats listed in the ITB. We own (4) Kodak rotary cameras with 24:1 and 40:1 reduction ratios with image blip and numbering capability. We own (7) Minolta planetary cameras with reduction ratios ranging from 21:1 to 32:1. All produce blipped images with frame numbering capability. We own one TDC Documate 1 step and repeat microfilm camera for creating microfiche. We own (2) Kodak MRG engineering cameras. We own (1) MRD microfilm camera for the conversion of oversized documents that are not generally considered engineering drawings. We operate (1) Allen M10 deep tank processor, (1) Allen M70 deep tank processor and (1) Kodak Prostar table top processor. Silver duplicates are created on an Extex 16/35 duplicator and processed in one of the three above mentioned processors. Diazo microfiche or microfilm jacket duplicates are created on a Bruning OP50 and diazo roll microfilm in either 16mm or 35mm is created on one of (2) GAF 16/35 diazo duplicators. Ancillary equipment includes jacket loaders, aperture card mounters and a key punch machine for creating holerith data in aperture cards. Inspection equipment includes several microscopes, densitometers and inspection stations. We are well equipped and maintain a trained staff of people to create virtually all forms of source document generated microfilm.

We are familiar with and responsive to the needs of clients who own and operate microfilm cameras but who do not have in house processing or duplication capability. We have been providing processing, inspection and duplication services for our clients throughout the history of the company. We routinely assign each processing job a unique control (or job) number. For all clients we have performed a step test to ensure that the exposure settings on their cameras are compatible with our processor settings. Following the processing of the film it is inspected and measured to determine density, resolution and contrast. Any defects are noted for the client. This would include fogging of the film, film that may have been improperly loaded, obstructions in the exposure path of the camera, density variations or mechanical problems with the camera. A film defect report is returned to the client if any defects do indeed exist. Once the film is processed and inspected, it may be duplicated on either to a silver duplicating film or a diazo film. The duplicates are inspected to ensure that there are no defects in the duplication process, Original and duplicate film is packaged and labeled according to the specific job requirements.

Preparation of the documents for microfilming is performed by the same preparation staff discussed in the **Imaging Related** section of this response. There are some differences between preparation of documents that are intended to be scanned as compared to documents that are intended to be microfilmed. The preparation staff is well aware of the deliverable media and prepares documents according to the specific requirements of each individual job.

For purposes of the Contract, the pick up and delivery services we propose are functionally identical to the services presented in the Imaging Related section of this response. We use our own staff and our own vehicles for purposes of managing the transportation of documents to and from our facility.

On occasion it is necessary to perform data entry services for computer assisted microfilm applications. We have on staff three developers who create the input applications for the capture of data related to these computer assisted retrieval.



Each original microfilm and each duplicate is delivered in the type of container specified by either the contract in general or by the individual requirements of the end user. Acid free boxes are normally used for silver original microfilm and plastic boxes are normally used for diazo duplicates. Labels for the originals and the duplicates are a matter of client choice. The label information is a part of the statement of work. We provide microfilm roll (silver and diazo) duplicates in both 16mm and 35mm film. We also provide microfilm jacket, aperture card and microfiche duplicating services in both silver and diazo forms. 16mm roll microfilms can be delivered in ANSI or 3M type cartridges labeled as directed by the Statement of Work.

All microfilm produced or processed by Graphic Sciences, Inc. is inspected in accordance with ANSI MS-23. We have on staff 12 individuals who have successfully passed the Kodak Reliable Image Training Program and 3 individuals who have successfully passed the Kodak Preservation Inspection Program. The Reliable Image Training program focuses attention on the fundamentals of microfilm creation, duplication and inspection. The Preservation Inspection Program focuses on the detection of problems with microfilm and corrective measures that can be taken in the event that degenerative influences have invaded a microfilm collection. These include, but are not limited to REDOX and acetate degeneration commonly known as vinegar syndrome. While we have a substantial number of people qualified to perform the duties associated with the inspection, repair and splicing of microfilm our two primary inspection technicians have 36 years of experience and 24 years of experience in the micrographic industry.

All jobs performed by Graphic Sciences, Inc. start with the completion of a Statement of Work that details the nature and scope of the project. While these Statements of Work are primarily written by GSI it is fair to say that they are a collaborative effort between the client and GSI. GSI assists the client in understanding the consequences and ramifications of each of the decisions points in the Statement of Work.

Graphic Sciences, Inc will use the knowledge it has accumulated over its considerable history to make Records Management Services and the end user client aware of the many options at their disposal with respect to creating the best possible microfilm image for the purpose for which it is intended and in consideration of the quality and condition of the original documents.

On site microfilming can be accommodated for those clients who either cannot or will not allow their document collection to leave their immediate care, custody and control.

The issues involved in indexing microfilm are not at all dissimilar to the issues involved in indexing digital images. GSI will guide and assist the client to understand the features, benefits mechanics and costs associated with various indexing schemes.

Job Setup

The agency, Contractor and Contract Compliance Inspector (CCI) must agree and sign an SOW for each job/application prior to any production being performed. It is the responsibility of the Contractor to develop the SOW. The SOW shall contain all information necessary to identify all billable tasks and other information necessary to obtain the desired output. The SOW shall include but may not be limited to the following:

- Agency customer information (including billing/budget codes)
- Contact information
- Purpose of the project
- Scope and objective of the project
- Pickup and delivery schedule
- Sample for test methods and results (including quality attributes)
- Document preparation specifications
- Document scanning and/or filming specifications
- Indexing specifications
- Product finishing and labeling specifications
- Quality control specifications
- Quantitative cost estimate and line item detail
- Any other information deemed relevant to the project



A copy of the final signed and approved SOW shall be filed with the Records Management Services. Any changes to the SOW after production begins shall be agreed upon in writing and filed with the SOW. Changes in the production process that have a quality or financial impact require signatures from all parties.

Contractor Response to Task:

Graphic Sciences, Inc has participated in the creation and delivery over 100 distinct Statements of Work for individual jobs that we have performed for the State of Michigan. We completely understand the preferred structure and more importantly the significance of a well written and thoroughly understood Statement of Work. The Statements of Work are provided to the end user for their review only after we have a complete understanding of the work to be performed and that a test of the production process has been completed and approved by the end user. We consider the Statements of Work to be the primary governing document with respect to the execution and completion any project.

Work Submission Process

- 1) The agency submits request for service to Records Management Services or the Contractor via phone or e-mail.
- 2) Agency, Contractor and Records Management Services jointly develop a strategy to produce the desired product and/or recommend alternatives.
- 3) Contractor provides test samples of desired product including cost estimates.
- 4) Contractor creates SOW for review and approval by agency and Records Management Services.
- 5) The agency, Contractor and Records Management Services sign the SOW.
- 6) The agency submits a completed job order form with the source document materials to the Contractor for conversion.
 - a) At minimum, the job order shall contain, department, division, address, SOW number (or Retention Schedule Item Number), contact person and phone number, accounting codes as defined in the SOW, disposition of source documents, description of materials received by the Contractor and pickup date. The Contractor shall be responsible for insuring that all necessary information is contained on the Job Order prior to pickup.
- 7) The Contractor will coordinate the pickup and delivery of materials and products in accordance with the SOW.

Contractor Response to Task:

When GSI receives notice from Records Management Services that a potential project exists, a meeting with the client is established. At that meeting every attempt is made to come to an understanding of the wants and needs of the client. A review of the current business processes takes place in order to have an understanding of the potential benefits of a microfilm or digital conversion. If no benefit can be derived from the implementation of a microfilm or digital solution relative to the current business operations, GSI and RMS will so inform the client. In the event that benefit may be derived, a test of the process is established. Following a successful test delivery a Statement of Work is generated. Once the SOW is signed, work may proceed. Using a preprinted multi part transmittal form partially completed by the client and partially completed by GSI the work is picked up and delivered to the production facility. The multi part form acts as initial pick up transmittal, the delivery receipt and the final disposition of the records. Original document may be returned to the client, delivered to the records center or delivered to the State of Michigan archives.

General Requirements:

All functions of this Contract must be completed in the State of Michigan for the duration of the Contract unless specifically authorized by the CCI. Authorization may be in the form of a SOW for a specific project or by Contract amendment.

The Contractor is responsible for building all necessary quality control mechanisms in the production process in order to insure the desired result.

Prior to production, the Contractor shall perform a sample test of 1,000 documents or 1% of the total job (which ever is less), unless the agency and Contractor agree that an additional amount is warranted. This sample set shall establish the quality parameters upon which all production for a particular job will be measured. Excessive testing may be considered a "billable" test at the discretion of the CCI otherwise all testing and job setup functions will be performed at no charge. The agency is responsible for insuring that the selected samples reflect a representative cross-section of the quality of documents found in the proposed job. Upon request, the Contractor shall assist the agency in the selection of source documents for the sample set. Copies are not to be used as a basis for establishing quality parameters for production work, unless defined as such in the SOW.



As part of the testing process, the Contractor and agency shall insure that all product deliverables are compatible with agency viewing devices, databases, and output devices.

Contractor Response to Task:

We completely understand and comply with the general requirements. All work performed under this contract will be performed in the State of Michigan. Specifically, all work will be performed in the production facilities of Graphic Sciences, Inc. These facilities are located in Royal Oak, Michigan and Madison Heights, Michigan. Specifically, all production processes with the exception of the microfilming of engineering drawings are performed in Royal Oak. The large format microfilm cameras are located in Madison Heights. Box storage services are also managed in the Madison Heights facility. All other production, indexing, inspection, processing, duplication, administrative and delivery services are handled in the Royal Oak facility.

Graphic Sciences, Inc. follows the general production protocol of distinguishing between Quality Control and Quality Assurance. We define quality control as those steps contained within the production process that examine, detect and correct errors that occur in the normal course of the creation of the product. We define Quality Assurance as the statistical examination of the deliverable product by the defined quality attributes required by the client to have the deliverable meet the purpose for which it was intended. By way of example, double key entry of index data is a function of quality control. Normal human errors may be created in the initial data entry process. The second entry process performed by a second operator and compared to the initial entry and then adjudicated if there is a mismatch would be defined as a quality control step. Another quality control step would be for example the visual examination of the scanned or microfilmed images. Any sub standard image would be identified and corrected. This would also be a quality control function. Quality Assurance is the examination of the completed product to ensure that all of the pertinent attributes and structure of the deliverable is compliant with the specifications of the Statement of Work. Bear in mind that quality assurance is not designed to correct errors. If in the quality assurance inspection errors are indeed found, it should act as a warning that the components of the production process are flawed. In general, this will require a complete batch of work to be redone and an examination of the production process must be undertaken. We comply with all relevant ANSI/ AIIM standards and the standards of the State of Michigan for the creation of both microfilm and digital images. We utilize ANSI/ASQCZ1.4-1993 as the basis for our quality assurance process. We will be pleased to assist any end user client in the development of their own quality assurance program. We believe that based on the time frame available to inspect the deliverable that the end user would greatly benefit from the use of the principles found in this quality assurance process.

We agree that samples ranging from 1% of the total job or 1000 documents will generally be representative of the potential conversion collection and we will test the collection on that basis.

As a function of the initial client meetings and as a function of the testing process, we will become aware of the required format for the deliverables and will comply with the requirement to deliver the test images and data as well as the production deliverables in form and format that are compatible with the agency viewing devices, databases and output requirements.

Microfilm Specific Requirements:

The State reserves the right to periodically verify the nonaffiliated test laboratory results by submitting selected and testable original Contractor film to a testing laboratory of its own choosing. The State will pay for this additional laboratory testing conducted at its request.

The Contractor shall inspect the microfilm for fogged, blurred, scratched or overlapped images, faulty splicing and for any other defects in its finished product. Improperly filmed records shall be re-filmed with no more than three (3) retakes permitted per roll with no more that one (1) splice per roll. Any splice shall be placed at the end of the roll with a proper notation on the container label.

The original and diazo film produced by the Contractor will be subject to selection for testing by the Records Management Section for adherence to applicable standards and quality requirements.

Finished silver roll film will be returned to the State in plastic containers. Diazo duplications of roll film will be returned in cardboard containers. Silver duplicates shall be returned in acid free cardboard containers. Microfiche shall be packaged in acid-free envelopes. Originals and diazo copies shall not be joined together in the same envelope or wrapped together in same package.



The Contractor is expected to fill out a quality control sheet for each roll processed indicating the resolution, density, D-min and D-max of that roll. The cost for charting for film produced by the Contractor is to be included in the filming and/or processing cost.

The Contractor must use a deep tank processor to process all microfilm generated for long-term preservation. The Contractor should maintain a second deep tank processor on site for backup. The Contractor must report immediately to all effected state agencies and Records Management Services, any downtime or conditions that would prevent the Contractor from providing services in the time frames specified on an SOW.

Unless otherwise agreed to in an SOW, after records have been microfilmed, the awarded Contractor must retain the source documents and all associated product data for minimum of 30 days, but not to exceed 60 days, in an organized, safe and secure manner until authorized to deliver back to Records Center, the agency or the State Archives for final disposition. During this time the Contractor will maintain the same security and confidentiality measures over the records as described in the security portion of this Contract.

Each week the Contractor shall certify through the use of a non-affiliated film testing laboratory that the processed silver negatives from all 16mm, 35mm, and 105mm processors have .014 grams s_2o_3/m^2 or less in accordance with the Michigan Standards for Capturing Microfilm from Paper and the Michigan Standards for Capturing Microfilm from Digital Images. Certification test results shall be sent to Records Management Section within five (5) calendar days of the testing. The Contractor shall maintain sufficient information to identify all rolls of film run on a particular batch so as to be able to contact the agency should a methane blue test fail.

Failure to consistently perform Methylene Blue testing, or failure to meet the required level of residual thiosulfate, or failure to provide testing results on a timely basis may result in cancellation of the Contract.

Microfilm lab certification or over site agreement from a major microfilm manufacturer is preferred.

Contractor Response to Task:

Graphic Sciences, Inc understands and will comply with the microfilm specific requirements.

Specifically:

We understand that a non affiliated laboratory will examine the results of our film processing. We assume that the test is intended to deliver information regarding residual Thiosulfate levels on the completed film. We currently utilize the services of Security Micro Imaging Corporation of Milwaukee Wisconsin for that purpose. We will provide the independent test results to the appropriate representative of the State of Michigan on a weekly basis.

We agree to the fact that any and all microfilm produced and delivered are subject to examination by RMS.

We agree that all film will be delivered in plastic film containers or in acid free cardboard boxes as directed by the Statement of Work.

The measurable results of all microfilm processed by Graphic Sciences, Inc are routinely recorded in our processing logs. We measure density, resolution and contrast. We also record in the log any detected defects on the film.

We maintain (2) deep tank processors for the development of 16mm and 35mm and 105 mm microfilm. We also maintain a Kodak Prostar table top processor as a third level of back up in the event that either or both of the deep tank processors should fail. We recognize fully that our primary obligation to the microfilm client is to receive their work in the correct time frame. The third level of back up (the Prostar) will be used only in the case of extreme emergency and only with the permission of Records Management.

Graphic Sciences, is a certified Kodak Image Guard laboratory.

**Digital Imaging Specific**

All images shall be provided by the Contractor right side up and unless specified in the SOW.

Unless otherwise agreed to in an SOW , after records have been imaged, the Contractor must retain the source documents and all associated product images and data for a minimum of 30 days, but not to exceed 60 days, in an organized, safe and secure manner until authorized to deliver back to Records Center, the agency or the State Archives final disposition. During this time the Contractor will maintain the same security and confidentiality measures over the records as described in the security portion of this Contract.

Contractor Response to Task:

Graphic Sciences, is a certified Kodak Image Guard laboratory. Specifically:

All images will be right side up unless otherwise directed by the Statement of Work.

All original documents that have been scanned and delivered will be stored within the confines of the Royal Oak or Madison Heights facilities operated by Graphic Sciences for a period of not less than 30 days and not more than 60 days following the delivery of the finished product. Finished documents will be stored away from the production area but within the confines of the building. No records will be stored in any temporary facility.

Data Entry

Providing microfilm and digital image capture services may require the Contractor to provide data entry services to support existing systems. The data entered shall be formatted as to be easily imported into the agency system. Sorting and formatting of specific fields may be required for some applications.

All data entry must be verified with a guaranteed accuracy rate greater than 99.5% or as otherwise specified in an SOW . The Contractor shall maintain standard operating procedures that enable them to meet this accuracy standard.

Contractor Response to Task:

All data entry is performed exclusively in the Royal Oak production facility. We primarily use a high volume, flexible design front end capture product known as Digitech. This product integrates the digital image capture process and the data entry requirements of virtually all of our production jobs. On rare occasions, custom designed data entry routines are designed by our internal development staff to more readily and efficiently capture index data associated with digital or microfilm products.

The requirement to deliver at a character accuracy rate at or above 99.5% is accomplished in a variety of ways. If the data capture process is entirely manual, we utilize a dual data entry process. In this process the initial data entry operator enters all of the required index data. Once the initial entry is complete, a second data entry operator repeats the same data capture process. If the two process match identically, the data is accepted. If the two do not match, the second operator is responsible for rectifying the disparity. If the second operator cannot independently rectify a disparity for any reason, a supervisor is called to make the rectification. In the event that we are performing a match and merge from data provided by the client we enter the unique value from the data file that matches information from the document. Our match and merge program displays the balance of the data on the data entry screen. The operator visually compares the information in the index area with the information from the document. If there is a complete match, the record is accepted. If there is not a complete match, the operator reenters the unique value and repeats the above process until a complete match is created. If a match is never created it is likely to be the result of faulty data in the client provided file or incorrect information of the document itself. These are usually resolved in discussions with the client. The third common data capture process is through the use of bar codes. In general bar codes are pre printed from client provided data. Therefore, the index accuracy is precisely as accurate as the client provided data. The critical quality control function in the bar code process is to ensure that every bar code that was scanned was indeed "read" by the capture software. We ensure this by the use of pre numbered bar codes. The use of these pre numbered bar codes provides us with an absolute sequential, incremented by one number control process. In this way we can examine the sequential bar code numbers to make sure that they are all accounted for.

In all three data capture process outlined above routinely produce a data accuracy that meets or exceeds the stated 99.5% requirement.

**Import Utilities**

The Contractor shall have image capture software and the technical expertise to produce import files for software products common to the document imaging industry. Specifically, the Contractor shall have the capability, knowledge and applicable expertise to provide import file structures to support the following applications: Captaris Alchemy Datagrabber, FileNet HP11, FileNet Bulk Utility, Microsoft Access, Microsoft Excel, Summation Legal Technologies, dii file structure as well as delimited text files.

It shall be a requirement for the Contractor or state-approved subcontractor to have official certification in the Summation Certified Trainer program (SCT which includes iBlaze classic and WebBlaze) and shall be required to furnish proof of this certification. Further, it shall be a requirement of the Contractor or state-approved subcontractor to remain in a certified status for each new/current version of Summation. The Contractor or state approved subcontractor must have the requisite applicable knowledge of Summation as well as the legal knowledge that is necessary to deliver the completed product and provide any additional assistance related to the Summation product that may be required by the Department of Attorney General.

Contractor Response to Task:

Graphic Sciences, Inc owns capture software (Digitech) that natively produces the FileNet Bulk Load, the Captaris Alchemy Datagrabber, Microsoft Access, Microsoft Excel and the Summation .dll load files. We have considerable experience with FileNet systems in general and have the expertise to create HP11 data structures. HP11 is not a native output of Digitech. We can create any character delimited file with a full path to the image name that may be required by the end user. We have in the normal course of business created import utilities for a large number of digital imaging systems. In fact, we have been able to import images and data into every system we have encountered with the exception of systems that do not permit the import of foreign images and data.

In order to import data into a Summation system the only real requirement is that the data and images exist in a .dll file. The reality is that the .dll file alone does not make the application work. Summation requires specialized knowledge with respect to the manner in which the data is assembled, structured and presented. These issues can only be determined in full cooperation with the Summation user and only after there is an understanding of the application needs and retrieval requirements. The Summation client must be familiar with capabilities of the software and have a firm understanding of their own expectations. From that understanding, a coding manual can be created that will specify the amount and type of data that will be captured and indexed and the manner in which it will be presented to the Summation user. In these instances, the coding manual should be an integral part of the Statement of Work.

Graphic Sciences, Inc. is not a certified Summation provider. We have established sub contract relationships with two Summation Certified providers. In the event that any Summation services are required, our preferred sub contractor is Prism Litigation Technologies. Prism will provide proof of their certified Summation status. Prism Litigation Technologies possesses the requisite legal expertise and knowledge of SUMMATION to assist the client through the application development decision process and to deliver the required data in an acceptable manner.

Pickup and Delivery

The Contractor is required to provide its own courier service. This service shall not be contracted to a third party without written consent of the state.

Specific jobs will be picked-up and returned to the State Records Center located at 3405 N. Martin Luther King Blvd, Lansing, Michigan or directly from the agency location. Pickup direct from the agency is the preferred method. There will be no charge for pick-up and delivery from agencies within a 50-mile radius of downtown Lansing, 50-mile radius of Detroit, and a 50-mile radius of the Contractor's production facility. Pick-up and deliveries from any other location may be subject to a charge based on current (at the time of service) State of Michigan standard mileage reimbursement rate or actual third party carrier costs. Any pickup or delivery charges must be identified in the SOW.

The Contractor is required to schedule daily pickup and delivery services at the State Records Center. Various agencies also require daily pickup and delivery services.

**Contractor Response to Task:**

Graphic Sciences, Inc owns and operates a fleet of 6 vehicles for the purpose of transporting material to and from the client location. The personnel who operate these vehicles are direct employees of the company. With regard to work performed for the State of Michigan, all material is handled exclusively by Graphic Sciences, Inc personnel unless otherwise directed by the Statement of Work.

All logistics personnel carry company provided identification as well as other photo identification. All logistics personnel are trained and responsible for keeping any material in their vehicle locked while they do not occupy the vehicle. No material is left in a vehicle for any unnecessary period of time and all vehicles are left empty during non business hours.

We understand and comply with the daily requirement to make pick ups and deliveries to the State of Michigan Records Center as well as other locations in the Lansing area. We also understand and comply with the requirement to make daily pick ups and deliveries in the Detroit area and areas within 50 miles of our Royal Oak production facility.

Data Transmission

A limited number of imaging applications require the ability to transmit data and images via VPN, private switched circuit or encrypted e-mail attachment. The Contractor shall have the ability and technical expertise to facilitate the establishment of and management of these transmission mechanisms.

Contractor Response to Task:

Graphic Sciences, Inc is fully capable of supporting a variety of data transmission protocols. We are skilled in the use of Virtual Private networks and encryption methodologies. We currently support the secured transmission of images and data to more than 50 clients.

Agency Access

The Contractor will enable records in his/her possession to be retrieved by the agency. Upon request for a record to be retrieved, the Contractor will deliver the requested record(s) to the agency from which they otherwise originated by the following workday; or the Contractor will allow a designated representative of the requesting agency to come to the Contractor's facility and retrieve the record(s) within two (2) hours of being notified unless otherwise specified on the work statement. The Contractor will release the requested records only to an authorized representative of the requesting agency. The Contractor shall require positive identification, such as a driver's license, state identification or a pre-determined identification code of the person receiving the records before the records will be released. Under no circumstances is the Contractor to release any records or information to any person other than those authorized by the agency.

Contractor Response to Task:

In the normal course of business it is common that records in our facility that are in the process of conversion are needed by the agency that sent them. We provide ready access to authorized representatives of the agency. This can be accomplished by sending the information via fax or e-mail if there is no unique data or personal identification information in the collection. If confidential data or personal identification information is present we will deliver the requested documents within 24 hours of the request. We establish unique identifiers for each user who may be authorized to request and receive records that are in our possession. An authorized representative may elect to come to our facility to review any documentation we have in our possession. In that case, positive identification would be required and the person would need to have the permission of one of the pre designated and authorized representatives of the agency before he or she would be permitted to view the records.

Security*General:*

Records and information are essential to the operation of state government and must be protected from vandalism, theft, unauthorized duplication, loss, damage or destruction while in the possession of the Contractor. Records to be imaged or microfilmed may contain confidential information that is prohibited by statute from disclosure.



Under no circumstances, unless specifically approved in a current SOW, shall any records or information, regardless of format, content or structure, be transferred outside the State of Michigan. Furthermore, the Contractor shall not allow any external sources, including off-shore or out of state staff, subcontractors, or consultants regardless of physical location or employment status, to gain access to state records, microfilm, digital images, indexes, or other information generated as a result of this Contract without the specific written consent of the agency and the CCI. The location of all storage (physical and digital), processing, production, server room, backup facilities etc., used to fulfill this Contract, shall be provided to the state.

The Contractor will be held responsible for providing safe handling, confidentiality and security over all paper records, microfilm, digital images, indexes, and/or other digital information generated as a result of this Contract while in the Contractor's possession or Subcontractors possession including providing periodic backups of production work. This covers the period of time from when the microfilm or source documents leave the state office of origin until such time as the finished product is returned back to the designated agency. This also includes the time during which the paper or microfilm records are being held after they have been converted, until they are destroyed or returned back to the State. The Contractor will be held fully liable in the event of loss, damage, theft or destruction of any paper records or information contained on the microfilm or digital images while in the awarded Contractor's possession. Any cost incurred by the State, including the cost to recreate or recover lost, damaged or destroyed records will be the responsibility of the Contractor.

The Contractor shall maintain appropriate documentation and/or standard operating procedures in regards to all aspects of security measures outlined in this section throughout the term of this Contract and shall, upon request, provide a copy of all such documents to the CCI.

The Contractor shall be subject to announced and unannounced security audits and site inspections after the start date of this Contract.

Contractor Response to Task:

Graphic Sciences, Inc. understands and respects the highly confidential nature of many of the record collections that may be involved in a potential microfilm or digital conversion. We consider the care of information belonging to our clients as the most critical management function we have. Documents and information in our possession are never disclosed to anyone outside of the company for any reason with the exception of a directive from an authorized representative of the client to distribute specific information. This would be done only upon receipt of written authorization to do so. Even within our organization, employees are allowed to discuss the content of the records only in relation to executing job functions. Conversations are restricted to the inside of the building. Discussions of work related information are not permitted even in the parking lot of the building. No information is ever sent off-shore in either the direct physical sense nor is it made available to an off shore service provider via a VPN connection.

We accept full and unconditional responsibility for the security and confidentiality of any and all information that belongs to the State of Michigan while in our possession.

We accept full and unconditional responsibility for the security and confidentiality of any and all information that belongs to the State of Michigan while in our possession.

We acknowledge that a security audit should be expected and we welcome such an audit.

Physical security

All records will be protected from damage or exposure from the elements during storage and transit. Vehicles used for transportation of source materials or final productions shall be maintained in good working condition and shall remain locked at all times while transporting state materials. Transportation vehicles shall not be used for storage purposes temporary or otherwise. At the end of a pickup or delivery, all state source or production materials shall be maintained within the Contractor's secured building.

When records in the possession of the Contractor, and records are not in actual production, they will be maintained in a secure room that is separate from the production area. The Contractor will permit random unannounced visits by the Department of History, Arts and Libraries, Record Management Services to monitor security measures in place.

**Contractor Response to Task:**

All records in the possession of Graphic Sciences, Inc during the production process will be secured in the records warehouse of the Royal Oak production facility. Each box of material is uniquely identified by its specific job number and the individual box number within the job. Each box is identified by the user department, job name and job number. While the records are in process they are either on the production floor as they are in process or they are in the records warehouse. No material is stored in temporary storage nor is any material kept in company vehicles outside of the building.

We understand the State of Michigan's need to be able to verify the security of their information and as such welcome the opportunity to have representatives of the State randomly and unannounced, visit our facility.

Building security is provided through Guardian Alarm. The service allows a direct connection to the Royal Oak Police and Fire Departments. The building is equipped with motion, smoke and fire detection systems. In addition each entrance into the building is alarm protected. Employee entrance doors are secured with code access devices. The door codes are changed any time an employee leaves the company and randomly as well. We are located less than one half mile from the nearest fire station so rapid response is within a matter of minutes. Public access to the building is available between the hours of 8AM to 5PM Monday through Friday. Visitors must sign a registration log and wear a visitors badge while in the building.

Transportation vehicles are operated exclusively by employees of GSI. All vehicles are locked when not occupied and no material is left unattended except as pick ups and deliveries are being made throughout the day.

We have occupied this facility since August of 1987 and we have experienced no break in attempts, fires or smoke detections.

Network/data security

To protect the confidentiality, integrity, privacy and regulatory issues of the state and the citizens for which it serves, the Contractor shall have in place the tools, practices, policies, procedures and other mechanisms to ensure a secure network environment. Specifically, the Contractor will be required to employ firewalls and other access controls, intrusion detection, anti-virus software and any other necessary controls to ensure a secure network environment.

The Contractor shall monitor attacks upon their network systems and report to the Contract Compliance Inspector any and all attacks that appear to be deliberate attempts to access state images or data.

The Contractor shall maintain current patch levels on software used in association with the Contract.

The Contractor shall create and maintain backup data for all production materials for no less than 30 days and no later than 60 days after delivery of the final product, unless otherwise specified in an SOW. Backups shall be created and maintained in such a way as to insure that full restoration of a particular job order can be recovered for the full length of time the agency is allowed for quality inspection purposes. (30 days unless otherwise specified in SOW).

If the Contractor utilizes a third party for backup tape storage and protection, all backup tapes containing state owned data shall be stored and maintained in Michigan and shall be encrypted. Otherwise, proper physical security measures shall be employed as described in the Physical Security Section of this document.

Contractor Response to Task:

Our entire computer network operation is centrally controlled and monitored by one department, which communicates with departmental managers, and submit overview reports to senior management.

We follow industry standard data security practices in all aspects of our operation. Realizing that data security is in ongoing process, our senior systems engineer continually monitors a broad knowledge base to keep up with the latest threats against our data security - such as the *SANS.org INFOcon Internet Threat Level*, several major vendor computer virus alert systems (*Sophos, Symantec, Trend Micro*), Microsoft and other vendor alerts, plus news feeds from many other technical forums (such as *Shavlik /patchmanagement.org, MITechNews, TechTarget, TechRepublic, ZDNet, ZiffDavis, Informationweek, emediaUSA.com*) which change from time to time.



All data connections to/from the outside are passed through industry standard, industrial strength firewalls. Configuration of these firewalls is tightly controlled, and thoroughly documented. One individual is the central point for firewall configuration change approval, and any major changes are additionally confirmed with the firewall vendor (through perpetual maintenance agreements). Logging on the firewalls is enabled and reviewed periodically.

We have an extremely limited allowance of data connections from the outside into our corporate network. There is no direct connection from the outside to data repositories where valuable data is stored, except for when data is required to be available (I.E. ftp access, as part of the process delivery process). In that event, the ftp sites employed are in a "DMZ", and are outside our central computer network. At this time, such ftp access is never used for sensitive materials. We have the capability of using "secure ftp" if and when necessary.

We have secure email capability in place and it is regularly used with some of our clients (each email message is encrypted from the sender all the way to the final recipient).

Access controls in place are in keeping with industry accepted safe practices. Audit logs are enabled, and periodically reviewed. We generally follow a "least required privilege" methodology.

We employ commercially available anti-virus, anti-spy ware prevention technology and practices. Software products are continually updated and reviewed.

A central patch management process is in place, particularly for *Microsoft* products. We obtain patches from these vendors directly, and if needed can deploy updates very rapidly and centrally. Typically, updates are phased in, first researched, then tested, then lightly deployed, tested again, then more widely deployed. Certain key systems are more highly secure and follow a more cautious patch management regimen, namely, the servers where State of Michigan data and images reside.

Graphic Sciences strongly believes our people are a key asset (and probably the most effective) in the security of information. We periodically host internal computer virus / "spyware" / security seminars, and actually show people a computer infection in process (on a completely isolated computer of course!), so they actually see the types of things to watch out for. There is a direct line of communication from all of our people to senior technical staff - if they see something out of the ordinary, they are taught and do ask first. Everyone employee is empowered with the capacity to report anomalies directly to those who can react.

As new computer threats are announced to the public, our technical staff reviews and evaluates the threat. Occasionally, we alert the end users about what to watch out for (usually via email), as an added safety precaution, should such a threat get through the many layers of technical defenses in place.

History has shown our computer network to be entirely safe. Although we believe we are never "done" building and securing it, our network has stood the test of time. In the history of the company we have not suffered any data security violations.

Employee/sub-Contractor security

Professional background checks shall be performed on all staff, including subcontracted staff upon hiring and/or prior to the start date of this Contract. The Contractor shall have on file, affidavits of confidentiality for all individuals that will be assigned to the performance of this Contract. At a minimum, affidavits of confidentiality for all staff and subcontractors shall be updated annually. The annual affidavit of confidentiality shall include a statement of certification that the employee or subcontractor has not committed any acts since the signing of the previous affidavit that would result in the change in the results of their existing background check. Any changes in staffing assigned to performance of this Contract by the Contractor will be reflected in new confidentiality statements on file.

Additional affidavits of confidentiality may be required by specific agencies for certain applications. The Contractor may also be required to limit access to information related to certain applications to specific staff members.

Unauthorized disclosure by the Contractor or subcontractor, of any information contained in any of the records being imaged or microfilmed will be cause for immediate cancellation of the Contract and may result in prosecution for any violation of applicable laws.

**Contractor Response to Task:**

Prior to employment, each candidate undergoes a background check. The results of the background check are maintained in the individual employee file. As a condition of employment each employee signs a non-disclosure and confidentiality statement. Annually, each employee signs a new non-disclosure and confidentiality statement. The initial agreement and the current year agreement are maintained in the employee file.

In the event that any sub contractors are used in the execution of any work for the State of Michigan, background checks and confidentiality agreements will be performed and provided prior to the on set of any work.

In the event that additional confidentiality agreements are required for specific jobs, GSI will provide the names of the people that will be assigned to the job and the additional non-disclosure and confidentiality agreement designed for the specific job.

Termination

All records and information associated with this Contract that is collected and/or created either in paper, microfilm or electronic format by the Contractor is the property of the State and shall be turned over upon termination of this Contract in the manner prescribed by the state. The state shall not pay any fees for the permanent removal of state owned records and information other than those normally associated with labor to move and palletize.

Contractor Response to Task:

Upon termination of the agreement, GSI will turn over any and all information, documentation, records or materials used specifically in the production or delivery of products created for use by the State of Michigan, any local governments operating under the agreement or any other State agencies. We agree that there will be no cost associated with the delivery of these materials other than the labor to move and palletize the records.

*1.2 Roles and Responsibilities***1.201 Contractor Staff, Roles, and Responsibilities**

The Contractor shall designate a project manager to work on the project. The project manager shall be responsible for insuring a quality product is produced. Any change in project manager shall be documented in writing and filed with the CCI.

This Contract shall be considered a "house account". The Contractor will designate a person responsible for analyzing requested work, developing recommendations and alternatives and writing the SOW. The individual responsible for this function shall not be compensated through volume based commissions.

The Contractor will designate a person that will be on-site at its production facility on a daily basis whom the agency project manager and CCI can readily contact and meet with to discuss daily provisions of the provided services.

Contractor Response:

Graphic Sciences, Inc will assign Gregory Colton as the primary project manager responsible for the working relationship between Graphic Sciences and the State of Michigan. Mr. Colton will have primary responsibility for the initial investigation work, the management of the test operations, the development of the Statement of Work, any subsequent change orders and will have overall responsibility for all work performed by Graphic Sciences, Inc for and on behalf of the State of Michigan.

Mr. Colton receives no additional compensation for work that is performed in relation to the State of Michigan. In addition, no other sales representatives receive compensation for work performed for the State of Michigan. GSI provides no monetary incentive to the account manager or to any other sales representative for work delivered to the State.

There are several other GSI management employees who are highly involved and "connected" to the work performed for the State of Michigan.



1.202 State Staff, Roles, and Responsibilities

The following person will be designated as the CCI:

Brice Sample, CRM
Records Analyst
State of Michigan
HAL, Records Management Services
(517) 335-9450

1.203 Other Roles and Responsibilities

The Contractor may be required to interact with various third party vendors and State contractors as needed.

1.3 Project Plan

1.301 Project Plan Management

The Contractor will carry out the projects under the direction and control of the Department of History, Arts and Libraries, Records Management Services.

The Contractor will be responsible for creating and providing uniquely numbered job order forms approved by Records Management Services. The job order forms will be four (4) part NCR forms containing agency contact information, billing code information, disposition of documents, description of source materials received by the Contractor and product and delivery information. A form sample will be provided to the Contractor for replication purposes.

Contractor Response:

We understand that all projects will be carried out under the direction and control of the Department of History, Arts and Libraries.

Each project and each pick up within a multiple pick up project will be assigned a unique job number. A sample of the form currently used for the control of the jobs is included in the FORMS section of this response. The form includes all pertinent information related to a job including the client contact name and location, all appropriate accounting codes, a description of the work that has been picked up, an exact count of the deliverable units and the disposition of the records.

Graphic Sciences, Inc uses a series of internally generated documents and meetings to convey the needs, desired outcomes and deliverables for each job it undertakes. The production department sees a job for the first time in the test phase of the project. The project manager is responsible for creating a written test plan that details all of the production steps and the processes used to execute the test. This would include all of the preparation requirements, the scanning or microfilming requirements, the indexing requirements and the test deliverable format. Following the successful acceptance of the test results, the formal Statement of Work is created. Upon completion and signed acceptance of the Statement of Work by the agency, Records Management and Graphic Sciences, the work may be made available for pick up. When the initial pick up of a job is executed, a formal presentation of the job is made to representatives of each department within the company that will be involved in the project. The formal presentation includes a written job description, the Statement of Work and a verbal discussion of each of the steps in the production process. We internally refer to these as "job presentations". These presentations become the foundation of each new job. It is at this meeting that each job detail is explained and examined. Turnaround requirements are established, Quality Assurance levels are established and any concerns and questions are offered and answered. Because all participating departments are represented and there is an open and free flowing discussion between the participants, we successfully reduce the chances of misunderstanding any portion of the project. Typical participants in a job presentation would be (1) preparation staff (2) capture staff for (either microfilm or digital) (3) indexing staff (4) delivery staff (5) documentation and job accounting staff and (6) the project manager.

We have come to heavily rely on these job presentations as the initial step in any one time or ongoing job. Our internal rule is that no job can start without a job presentation first having been performed. In addition to the specific job write up documentation GSI has created and maintains a series of Standard Operating Procedures that provide overall guidance and process stability to all of the functions of the company. Our Standard Operating procedures are amended as changes dictate but each SOP is reviewed annually.



Two times per week Graphic Sciences conducts production meetings to discuss the progress of all jobs in house. The executive managers, sales management, production management and production document control personnel attend these meetings. These meetings are conducted in order to keep a hands on approach to all jobs and to discuss any production job related issues and to examine the production priority schedule.

1.302 Reports

The Contractor will create and provide via e-mail, weekly production reports, in Excel spreadsheet format, which shall contain but may not be limited to; job number, department, division, date received, date due, date completed, date source documents are to be returned to agency, State Archives or Records Center, number of containers, and job status. The job number and relevant information shall remain on the report until all source documents; products and by-products have been returned to the State. If a job is processed and delivered in the same week, the job shall be reflected on the report for at least one (1) week.

The Contractor will submit written monthly summaries of progress which outline items such as pending SOWs, status of current jobs in production, accomplishments; problems, real or anticipated, which should be brought to the attention of Records Management Services and notification of any significant deviation from previously agreed-upon work plans.

Contractor Response to Task:

Graphic Sciences, Inc. understands the need for project management reporting. Please find in the FORMS section of this response samples of the forms currently used to convey operational status information about on-going jobs. Additionally, please find attached an Excel file that details the status of current and potential job activities

1.4 Project Management

1.401 Issue Management - Reserved

1.402 Risk Management - Reserved

1.403 Change Management

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

1.5 Acceptance

1.501 Criteria

The following criteria will be used by the State to determine Acceptance of the Services and/or Deliverables provided:

General Requirements:

Unless otherwise specified by the agency, and identified in the SOW, the Contractor shall inspect a minimum of 10%, by random sample, of each batch for image alignment, readability, contrast, overlapped images, data entry accuracy and any other defects in its finished product. Quality shall be guaranteed with an accuracy rate greater than 99.5% or as otherwise specified in an SOW. Failure to meet the accuracy rates specified, or quality expectations defined in the SOW will result in a complete re-processing of the batch at no additional cost to the state. A batch shall be defined as a specific pickup. If a pickup is exceptionally large, for the purposed of inspection, the job shall be broken into smaller more manageable batches as defined in the SOW.

*Microfilm Specific Requirements:*

Failure to maintain consistent quality film will be reason for cancellation of the Contract. The CCI retains final authority to determine whether or not the images are acceptable and if the records need to be re-filmed. The Contractor will be required to complete the re-filming or other corrective action within 10 business days after being notified that re-filming is necessary, unless additional time is deemed warranted by Records Management Services. The 30-day review period will start over at the re-delivery of the corrected product.

The agency will notify the Contractor within 30 days if the microfilm product does not meet acceptable quality levels. If disapproved due to Contractor error, the Contractor will re-film or otherwise perform appropriate corrective action at no additional cost to the state.

Digital Imaging Requirements:

The agency will notify the Contractor within 30 days if the imaging product does not meet acceptable quality levels. If disapproved due to Contractor error, the Contractor will re-scan the entire batch or otherwise perform appropriate corrective action at no additional cost to the state.

The HAL/RMS retains final authority to determine whether or not the images are acceptable and if the records need to be re-scanned. The Contractor will be required to complete the re-scanning or other corrective action within 10 business days after being notified that re-imaging is necessary, unless additional time is deemed warranted by RMS. The 30-day review period will start over at the re-delivery of the corrected product.

1.502 Final Acceptance - Reserved1.6 Compensation and Payment**1.601 Compensation and Payment**

All prices/rates in this Contract will be firm for the duration of the Contract. No price changes will be permitted. See Article 1, Attachment A for pricing. All quantities listed on the price sheet are estimates only. The State does not commit to procuring any specific amount of services over the life of any Contract.

The Contractor shall submit invoices for completed job orders on a weekly basis. **No partial job orders shall be billed without prior written approval of RMS.** Invoices shall be consistent in their format/appearance and contain at minimum, the department/division name, SOW number, project name, Job Order Number, line item product description, line item quantity, line item unit price, discounts applied, line item total and job total.

All supporting documentation shall accompany the submitted invoices. Supporting documentation may include but may not be limited to: copies of job orders identifying product has been received by an agency, packing slips indicating receipt of products and copies of postage receipts.

For balancing purposes, the Contractor shall submit a completed excel spreadsheet containing line item detail for each invoice submitted during the month. This spreadsheet shall be submitted electronically no later than the last business day of the month. The spreadsheet format shall be provided to the Contractor by RMS at the beginning of each fiscal year. Product descriptions contained in the invoice shall be consistent with those contained in the monthly excel spreadsheet.

RMS shall be responsible for billing the agency. The Contractor is to direct all billing questions from an agency to RMS.



1.7 Additional Terms and Conditions Specific to this SOW

1.701 Additional Terms and Conditions Specific to this SOW

Terms and Conditions – Standards and Public Acts

The Contractor shall comply with all relevant standards and public acts including but not be limited to:

- State of Michigan, Standards for Capturing Digital Images from Paper or Microfilm
- State of Michigan, Standards for Capturing Microfilm from Paper
- State of Michigan, Standards for Capturing Microfilm from Digital Images
- Social Security Number Privacy Act, P.A . 454 of 2004

The Contractor shall be responsible for understanding and assisting agencies to implement microfilm and imaging systems that comply with the following:

- State of Michigan, Best Practices for Reproducing Public Records
- State of Michigan, Best Practices for Capturing Digital Images from Paper or Microfilm
- State of Michigan, Best Practices for Capturing Microfilm from Paper
- State of Michigan, Best Practices for Capturing Microfilm from Digital Images

Additionally, where applicable, the Contractor shall conform to standards as adopted by the American National Standards Institute (ANSI), the Association for Information and Image Management (AIIM) and the International Standards Organization (ISO).

**Article 1, Attachment A**

Pricing

Following is a list of description of price sheet line items:

PAPER SCANNING - includes but may not be limited to; image capture using rotary type scanner and all quality measures defined within the SOW and/or in accordance with State of Michigan and ANSI/AIIM standards.

FLATBED SCANNING - includes but may not be limited to; image capture using flatbed type scanner, document preparation or organization or re-assembly performed at the scanner and all quality measures defined within the SOW and/or in accordance with State of Michigan and ANSI/AIIM standards.

MICROFILM SCANNING - includes but may not be limited to; image capture using high speed Microfilm/fiche scanners, initial film review, document preparation or organization or re-assembly performed at the scanner and all quality measures defined within the SOW and/or in accordance with State of Michigan and ANSI/AIIM standards. Does NOT include labor or materials for film cleaning or repair necessary for optimum image capture or manual re-scans of images due to poor quality film.

DELIVERY MEDIA - includes but may not be limited to; all materials and labor associated with "burning" images and data to DVD or CD media for delivery, labeling as instructed and quality measures as necessary to insure complete and accurate delivery.

SOURCE DOCUMENT FILMING 16MM (document preparation performed by Contractor) – includes but may not be limited to; image capture, blip level as instructed (single level if undefined by agency), processing, plastic reel and container, labeling as instructed, quality measures defined by Contractor, quality assurance at "Level 5" inspection in accordance with ANSI standards, and film quality charting. Duplex film (if captured in a single pass) shall be charged at a cost per page. Double-headed camera work shall be charged per page with a charge for a silver duplicate.

SOURCE DOCUMENT FILMING 16MM (document preparation performed customer) – includes but may not be limited to; image capture, blip level as instructed (single level if undefined by agency), processing, plastic reel and container, labeling as instructed, quality measures defined by Contractor, quality assurance at "Level 4" inspection in accordance with ANSI standards, and film quality charting. Duplex film (if captured in a single pass) shall be charged at a cost per page. Double-headed camera work if requested shall be charged per page with a charge for a silver duplicate.

SOURCE DOCUMENT FILMING 35MM PLANETARY CAMERA - ENGINEERING DRAWINGS - includes but may not be limited to; image capture, re-binding (if instructed), processing, plastic reel and container, labeling as instructed, quality measures defined by Contractor, quality assurance at "Level 5" inspection in accordance with ANSI standards, and film quality charting.

SOURCE DOCUMENT FILMING 105 MM STEP & REPEAT FICHE (24X, 42X & 48X) – includes but may not be limited to; image capture, processing, labeling as instructed, quality measures defined by Contractor, quality assurance at "Level 5" inspection in accordance with ANSI standards.

DIAZO DUPLICATION ALL – includes but may not be limited to; duplicate film plastic reel and cardboard container, labeling as original or as instructed, quality measures as defined by Contractor, quality assurance at "Level 1" inspection in accordance with ANSI standards.

SILVER DUPLICATION ALL– includes but may not be limited to; duplicate film plastic reel and acid free cardboard container, labeling as original or as instructed, quality measures as defined by Contractor, quality assurance at "Level 1" inspection in accordance with ANSI standards.

PROCESSING ONLY – includes but may not be limited to, processing, quality measures defined by Contractor, quality assurance at "Level 5" inspection in accordance with ANSI standards, and film quality charting.

LOADING OR UPDATING JACKETS – includes new jackets, labor involved in labeling, and cutting and inserting filmstrips. (filming charged separately)

LOADING APERTURE CARDS – includes card, application of image to card, labeling as instructed, and quality control as defined by the Contractor.



CARTRIDGES AND CLIPS – includes cartridge or clip, loading, and labeling as instructed.

DOCUMENT PREPARATION – includes but may not be limited to; removal of staples, and paper clips, coping or repair of torn documents, taping small documents to 8 ½ x 11, verify and sort to proper file order as instructed, insertion of barcode sheets and/or creation of target sheets as instructed.

DATA ENTRY (HEADS DOWN) – includes the cost of each character keyed and “delivered”. Data owned by the State and provided to the Contractor for key verification and/or to enhance the value of the project is not subject to charge. The double keystroke or “key key” method of obtaining the 99.5 % accuracy requirement is not subject to a double charge. Method of data entry, if applicable, shall be defined in the SOW.

DATA ENTRY (BY THE HOUR) – includes all functions necessary to create the delivered data materials. The 99.5 % accuracy requirement applies. This method is to be used only when the data to be keyed cannot be easily located on the source documents and/or is in inconsistent locations within a document or file. Method of data entry, if applicable, shall be defined in the SOW and shall include an estimated number of hours.

ADDITIONAL QC/IMAGING FINISHING (BY THE HOUR) – Includes all post scanning functions necessary to complete a quality image as defined by the SOW. All activities charged under this line item must be tested and clearly defined in the SOW. This may include a combination of physical labor and computer run time.

COMPUTER RUN TIME – includes additional computer time not directly associated with the scanning, indexing, OCR, QC, creation of deliverables, or any other process within the normal production of a deliverable product. All activities charged under this line item must be clearly defined in the SOW.

FULL TEXT OPTICAL CHARACTER RECOGNITION (OCR) – includes the computer runtime and associated processes of extracting text from a scanned image. Does not include any effort to make any corrections to the misinterpretation of characters by the OCR engine(s).

CD/DVD SELF CONTAINED RETRIEVAL SOFTWARE – includes the authorized licensing of a self contained retrieval software. Does not include the CD/DVD media itself.

CUSTOM PROGRAMMING – includes high level technical skilled labor associated with the development of computer processes necessary to make a process run more efficiently. This line item must be clearly defined in the SOW and must be considered only when results of which will save the state time and/or money.

BOX STORAGE – includes the secure storage of all materials, boxes, cabinets, shelving, etc necessary to manage paper or microfilm in an appropriate storage environment as defined in the SOW strictly for the purpose of scan-on-demand services. Storage and retrieval services are not permitted under this Contract for state agencies. Storage shall not be charged for source materials for non scan-on-demand projects in production or pending return to the state for final disposition.

COMMERCIAL SHIPPING – includes actual cost of shipping through an established shipping company such as USPS, UPS, FEDEX etc. This item shall be used only when an agency is not on a state inter-department mail route, is located beyond a reasonable travel distance, and the volume of materials to be transported is minimal. The use of this item is to be used as an extreme exception to the daily business practice and must be described and agreed upon in the SOW

PAPER PRINTS – includes all costs associated with printing of documents for agencies who no longer have the microfilm equipment necessary to perform their own print functions and/or where the volume is significant enough to justify the outsourcing of the service. This item is to be used only on a request basis and is not a common business model of this Contract. The Contractor shall not be charged for copies or retrieval of documents necessary to satisfy normal business functions of an agency while a project is in the process of being scanned or microfilmed.

VOLUME DISCOUNTS – given for projects that exceed specified dollar amounts for a given project. A project is defined as a conversion of a single business application with defined parameters (backfile) or continuous day forward work for a single application in a single fiscal or calendar year. An agency must give reasonable assurance that a project will be completed in order to receive the applicable discount. A backfile conversion project may span over multiple years. Discounts will be specified in the SOW as well as the volume and cost estimates used to justify the discount.



DESCRIPTION	DOCUMENT SIZE	PRICE PER UNIT	# OF UNITS	CHARGE
200 DPI PAPER SCANNING - BLACK AND WHITE IMAGE				
PAPER DOCUMENTS	UP TO 5.5 X 8.5	PER IMAGE	3,500,000	0.0370
PAPER DOCUMENTS	UP TO 8.5 X 14	PER IMAGE	3,500,000	0.0470
ENGINEERING DRAWINGS	ANY	PER IMAGE	10,000	0.3680
percent decrease for 100 dpi scanning	ANY	ZERO	n/a	
percent increase for 300 dpi scanning	ANY	ZERO	n/a	
percent increase for 600 dpi scanning	ANY	4 PERCENT	n/a	
200 DPI SCANNING - FLATBED				
B&W, GREY SCALE OR COLOR IMAGE	UP TO 11 X 14	PER IMAGE	7000	0.3400
200 DPI MICROFILM SCANNING - BLACK AND WHITE IMAGE				
16MM ROLL		PER IMAGE	90,000	0.0380
35MM ROLL		PER IMAGE	10,000	0.0582
35MM APERTURE CARDS		PER IMAGE	5,000	0.4900
16MM S-CHANNEL JACKET or non uniform fiche		PER IMAGE	17,000	0.0775
105MM MICROFICHE highspeed scan - uniform layout		PER IMAGE	500,000	0.0495
DELIVERY MEDIA				
CD-R		PER CD	2,000	9.6000
DVD		PER DVD	2,000	9.6000
VPN, T-1 ETC.		PER MEG	500,000	0.0420
SILVER 16MM ROLL		PER IMAGE	200,000	0.0300
SOURCE DOCUMENT FILMING				
ROTARY CAMERA	ALL	PER IMAGE	900,000	0.0320
16MM PLANETARY	ALL	PER IMAGE	1,500,000	0.0450
35MM PLANETARY (ENGINEERING)	ALL	PER IMAGE	30,000	0.1770
105 STEP & REPEAT FICHE	ALL	PER IMAGE	150,000	0.0650
DUPLICATION				
	FILM THICKNESS	TYPE	PRICE PER UNIT	# OF UNITS
100 FT 16MM ROLL FILM	5 MIL.	DIAZO	PER ROLL	400
215 FT 16MM ROLL FILM	2.5 MIL.	DIAZO	PER ROLL	2000
100 FT 35MM ROLL FILM	5 MIL.	DIAZO	PER ROLL	100
100 FT 16MM ROLL FILM	5 MIL.	SILVER	PER ROLL	500
215 FT 16MM ROLL FILM	2.5 MIL.	SILVER	PER ROLL	100
100 FT 35MM ROLL FILM	5 MIL.	SILVER	PER ROLL	25
105MM CUT FICHE OR JACKETS	5 MIL.	DIAZO	PER FICHE	1500
FILM PROCESSING (EXCLUDES CAMERA WORK)				
	FILM THICKNESS	TYPE	PRICE PER UNIT	# OF UNITS
100 FT 16MM	5 MIL.	SILVER	PER ROLL	200
215 FT 16MM	2.5 MIL.	SILVER	PER ROLL	1000
LOADING - CARTRIDGES - APERTURE CARDS - JACKETS				
CARTRIDGE LOADED & LABELED		PER CARTRIDGE	200	2.1000
TYPE "A" ANSI CLIP LOADED & LABELED		PER CLIP	100	1.2300
16 MM S CHANNEL JACKET		PER JACKET	7,500	0.5900
35MM APERTURE CARD		PER CARD	1,500	0.2000
MISCELLANEOUS SERVICES				
	TYPE	PRICE PER UNIT	# OF UNITS	CHARGE
DOCUMENT PREPARATION		PER HOUR	55,000	14.5500
DATA ENTRY FOR INDEXING (heads down)		PER CHARACTER	100,000,000	0.0062
DATA ENTRY FOR INDEXING (by the hour)		PER HOUR	7,000	16.0000
ADDITIONAL QC / SPECIALIZED IMAGE FINISHING		PER HOUR	5,000	25.0000
COMPUTER RUN TIME		PER HOUR	10,000	9.2500
FULL TEXT OPTICAL CHARACTER RECOGNITION		PER HOUR	15,000	9.2500
CD/DVD SELF CONTAINED RETRIEVAL SOFTWARE		PER LICENSE	200	45.0000
CUSTOM PROGRAMMING		PER HOUR	180	125.0000
BOX STORAGE		PER CU FT/MONTH	15,000	0.1900
COMMERCIAL SHIPPING (UPS, FEDEX, AIRBORN, ETC.)		@ CURRENT RATE		-
PAPER PRINTS FROM 35MM ROLL OR APERTURE CARD		PER PRINT		0.5500
PAPER PRINTS FROM JACKETS, FICHE, 16MM ROLL		PER PRINT		0.1200
PAPER PRINTS FROM DIGITAL IMAGES		PER PRINT		0.0500
MICROFICHE ENVELOPES		EACH	5,000	0.0520
Total			5,000	
DISCOUNT FOR PROJECTS OVER \$50,000	\$	0.0150	n/a	
DISCOUNT FOR PROJECTS OVER \$100,000	\$	0.0175	n/a	
DISCOUNT FOR PROJECTS OVER \$200,000	\$	0.0200	n/a	
DISCOUNT FOR PROJECTS OVER \$500,000	\$	0.0220	n/a	



Article 1, Attachment B
Organizational Summary, including Key Personnel

The four (4) key members of the staff who most directly influence the relationship with the work performed for the State of Michigan are: Ruby Weishuhn who is responsible for all of the capture services. This includes document preparation, document scanning and microfilming, microfilm processing and duplication. Ruby attends all job presentations for jobs related to the State of Michigan. Thomas Kelly is responsible for all data capture, digital product deliveries and Quality Assurance for digital products. Tom is also responsible for the creation of production related software development. Tom attends all job presentations related to the State of Michigan. Joe Conner is the network and data security administrator. Joe is responsible for maintenance of all network operations and for ensuring that the data in Graphic Sciences' systems is inaccessible to anyone outside of the organization. Greg Colton is the State of Michigan account manager. He is responsible for attending all scheduled meeting with the State agencies, gathering the required information form the agencies as it relates to a project, making recommendations to the agencies, creation of the SOW an initial presentation of each of the jobs as they arrive in production.



Article 1, Attachment C, D, E & F - Reserved



Article 2 – General Terms and Conditions

2.010 Contract Structure and Administration

2.011 Definitions

Capitalized terms used in this Contract (including its Exhibits) shall have the meanings given below, unless the context requires otherwise:

- (a) “Days” means calendar days unless otherwise specified.
- (b) “24x7x365” means 24 hours a day, seven (7) days a week, and 365 days a year (including the 366th day in a leap year).
- (c) “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. “Additional Service” does not include New Work.
- (d) Reserved.
- (e) “Audit Period” has the meaning given in **Section 2.111**.
- (f) “Business Day,” whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
- (g) “Incident” means any interruption in Services.
- (h) “Business Critical” means any function identified in any Statement of Work as Business Critical.
- (i) “Deliverable” means physical goods and/or commodities as required or identified by a Statement of Work
- (j) “Key Personnel” means any Personnel designated in **Article 1, Section 1.201 and/or Attachment B**, as Key Personnel.
- (k) “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. “New Work” does not include Additional Service.
- (l) “Services” means any function performed for the benefit of the State.
- (m) “State Location” means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
- (n) “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.
- (o) “Work in Process” means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

2.012 Attachments and Exhibits

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

2.013 Statements of Work

- (a) The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract, or an amendment to this Contract (see 2.106). Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.
- (b) Unless otherwise agreed by the parties, each Statement of Work (as defined in Article 1) will include, or incorporate by reference to the appropriate Contract Article 1 Attachment containing, the following information:
 - a description of the Services to be performed by Contractor under the Statement of Work;
 - a project schedule (including the commencement and completion dates for all tasks, subtasks (for all projects of sufficient duration and complexity to warrant sub task breakdown), and Deliverables;
 - a list of the Deliverables to be provided, if any, including any particular specifications and acceptance criteria for such Deliverables, and the dates on which the Deliverables are scheduled to be completed and delivered to the State;
 - all Deliverable price schedules and other charges associated with the Statement of Work, the overall fixed price for such Statement of Work and any other appropriate pricing and payment terms;



- a specification of Contractor's and the State's respective performance responsibilities with respect to the performance or completion of all tasks, subtasks and Deliverables;
- a listing of any Key Personnel of Contractor and/or its Subcontractors for that Statement of Work and any future Statements of Work;
- any other information or provisions the parties agree to include.

- (c) Reserved.
- (d) The initial Statements of Work, as of the Effective Date, are attached to this Contract.

2.014 Issuing Office

This Contract is issued by the Department of Management and Budget, Purchasing Operations ("DMB-PurchOps") and History, Arts and Library (HAL), (collectively, including all other relevant State of Michigan departments and agencies, the "State"). DMB-PurchOps is the sole point of contact in the State with regard to all procurement and Contractual matters relating to the Contract. **DMB-PurchOps 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:

Melissa Castro, CPPB
 Purchasing Operations
 Department of Management and Budget
 Mason Bldg, 2nd Floor
 PO Box 30026
 Lansing, MI 48909
 Email castrom@michigan.gov
 Phone 517-373-1080
 Fax 517-335-0046

2.015 Contract Compliance Inspector

The person named below, or any other person so designated, will be authorized 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 such Contract as that authority is retained by Purchasing Operations. The Contract Compliance Inspector (CCI) for this Contract is:

Brice Sample, CRM
 Records Analyst
 State of Michigan
 HAL, Records Management Services
 Phone: (517) 335-9450

2.016 Project Manager - Reserved

2.020 Contract Objectives/Scope/Background

2.021 Background - Reserved

2.022 Purpose - Reserved

2.023 Objectives and Scope - Reserved

2.024 Interpretation - Reserved

2.025 Form, Function and Utility

If the Contract is for use of more than one (1) 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.



2.030 Legal Effect and Term

2.031 Legal Effect

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.

2.032 Contract Term

This Contract is for a period of three (3) years beginning September 20, 2007 through September 30, 2010. All outstanding Purchase Orders shall also expire upon the termination (cancellation for any of the reasons listed in 2.210) of the Contract, unless otherwise extended pursuant to 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.

2.033 Renewal(s)

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. Successful completion of negotiations surrounding the terms of the extension, will be a pre-requisite for the exercise of any option year.

2.040 Contractor Personnel

2.041 Contractor Personnel

- (a) Personnel Qualifications. All persons assigned by Contractor to the performance of Services under this Contract shall be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and shall be fully qualified to perform the work assigned to them. Contractor shall 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 shall 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.
- (b) Key Personnel
- (i) In discharging its obligations under this Contract, Contractor shall provide the named Key Personnel on the terms indicated. **Article 1, Attachment B** provides an organization summary showing the roles of certain Key Personnel, if any.
 - (ii) Key Personnel shall be dedicated as defined in **Article 1, Attachment B** 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.
 - (iii) 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. Additionally, the State's request shall be based on legitimate, good-faith reasons. Proposed alternative for the individual denied, shall be fully qualified for the position.
 - (iv) Contractor shall not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. If the Contractor does remove Key Personnel without the prior written consent of the State, it shall be considered an unauthorized removal ("Unauthorized Removal"). It shall not be considered an Unauthorized Removal if Key Personnel must be replaced 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.



It shall not be considered an Unauthorized Removal if Key Personnel must be replaced 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 shall 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 rights under **Section 2.210**.

- (c) Re-assignment of non-Key Personnel. Prior to re-deploying to other projects, at the completion of their assigned tasks on the Project, teams of its non-Key Personnel who are performing Services on-site at State facilities or who are otherwise dedicated primarily to the Project, Contractor will give the State at least 10 Business Days notice of the proposed re-deployment to give the State an opportunity to object to the re-deployment if the State reasonably believes such team's Contract responsibilities are not likely to be completed and approved by the State prior to the proposed date of re-deployment.
- (d) 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 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 personnel for the removed person shall 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 such incident with removed personnel results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted in **Section 2.076** for a time as agreed to by the parties.
- (e) Staffing Levels.
 - (i) All staff requirements not specified in the applicable Statement of Work or State-approved project plan as State personnel will be supplied by Contractor. This includes secretarial, clerical and Contract administration support staff necessary for Contractor to perform its obligations hereunder.
 - (ii) Contractor shall provide sufficient personnel resources for the completion of Contract tasks indicated in Contractor's project plan approved by the State. If the level of personnel resources is insufficient to complete any Contractor Contract tasks in accordance with the Contract time schedule as demonstrated by Contractor's failure to meet mutually agreed to time schedules, Contractor shall promptly add additional qualified personnel resources to the performance of the affected tasks, at no additional charge to the State, in an amount sufficient to complete performance of Contractor's tasks in accordance with the Contract time schedule.
- (f) Personnel Turnover. The Parties agree that it is in their best interests to keep the turnover rate of employees of Contractor and its Subcontractors who are performing the Services to a reasonable minimum. Accordingly, if the State determines that the turnover rate of such employees is excessive and so notifies Contractor, Contractor will meet with the State to discuss the reasons for the turnover rate and otherwise use commercially reasonable efforts to minimize such turnover rate. If requested to do so by the State, Contractor will submit to the State its proposals for reducing the turnover rate to an acceptable level. In any event, notwithstanding the turnover of personnel, Contractor remains obligated to perform the Services without degradation and in accordance with the State-approved Contract schedule.
- (g) 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.

2.042 Contractor Identification

Contractor employees shall 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.



2.043 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, and, as reasonably requested by the State, to provide to the State's agents and other Contractors with reasonable access to Contractor's Project personnel, systems and facilities to the extent they relate to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities and provided Contractor receives reasonable prior written notice of such request. 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 impeded Contractor's performance under this Contract with such requests for access.

2.044 Subcontracting by Contractor

- (a) 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.
- (b) 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 SLAs for the affected Work will not be counted in **Section 2.076** for a time agreed upon by the parties.
- (c) 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.
- (d) Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.040, 2.110, 2.150, 2.160, 2.171(c), 2.172(b), 2.180, 2.260, 2.276, 2.297** in all of its agreements with any subcontractors.
- (e) 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.

2.045 Contractor Responsibility for Personnel

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services.

2.050 State Standards**2.051 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>.

2.052 PM Methodology Standards - Reserved**2.053 Adherence to Portal Technology Tools - Reserved****2.054 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/0,1607,7-179-25781-73760--,00.html>. 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.

2.060 Deliverables**2.061 Ordering**

Any Services/Deliverables to be furnished under this Contract shall be ordered by issuance of written Purchase Orders/Blanket Purchase Order by the State after approval by the Contract Administrator or his/her designee. All orders are subject to the terms and conditions of this Contract. In the event of conflict between an order and this Contract, the Contract shall take precedence as stated in **Section 2.293**. In no event shall any additional terms and conditions contained on a Purchase Order/Blanket Purchase Order be applicable, unless specifically contained in that Purchase Order/Blanket Purchase Order's accompanying Statement of Work.

2.062 Software - Reserved**2.063 Hardware - Reserved****2.064 Equipment to be New and Prohibited Products - Reserved**2.070 Performance**2.071 Performance, In General**

The State engages Contractor to execute the Contract and perform the Services/provide the Deliverables, and Contractor undertakes to execute and complete the Contract in its entirety in accordance with the terms and conditions of this Contract and with the participation of State representatives as specified in this Contract.

2.072 Time of Performance

- (a) Contractor shall use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables in accordance with 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 2.072(a)**, Contractor shall 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, in such event, shall inform the State of the projected actual delivery date.
- (c) If Contractor believes that a delay in performance by the State has caused or will cause Contractor to be unable to perform its obligations in accordance with specified Contract time periods, Contractor shall notify the State in a timely manner and shall use commercially reasonable efforts to perform its obligations in accordance with such Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent such delay is caused by the State.

**2.073 Liquidated Damages - Reserved****2.074 Bankruptcy**

If Contractor shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against Contractor and not removed within 30 days, or if the Contractor becomes insolvent, be adjudicated bankrupt, or if it should make a general assignment for the benefit of creditors, or if a receiver shall be appointed due to its insolvency, and Contractor and/or its affiliates are unable to provide reasonable assurances that Contractor and/or its affiliates can deliver the services provided herein, 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 such Works in Process by whatever appropriate method the State may deem expedient. 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 shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

To secure the State's progress payments before the delivery of any services or materials required for the execution of Contractor's obligations hereunder, and any work which Contractor may subcontract in the support of the performance of its obligations hereunder, title shall vest in the State to the extent the State has made progress payments hereunder.

2.075 Time is of the Essence

The Contractor agrees that time is of the essence in the performance of the Contractor's obligations under this Contract.

2.076 Service Level Agreements (SLAs) - Reserved2.080 Delivery and Acceptance of Deliverables**2.081 Delivery Responsibilities**

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

- (a) Shipment responsibilities - Services performed/Deliverables provided under this Contract shall be delivered "F.O.B. Destination, within Government Premises." The Contractor shall 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 shall examine all packages. The quantity of packages delivered shall be recorded and any obvious visible or suspected damage shall be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record such.

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 (5) days of inspection. If this inspection does not occur and damages not reported within 30 days of receipt, the cure for such damaged deliveries shall transfer to the delivery signing party.

**2.082 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 shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

2.083 Testing

Prior to 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 in conformance with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor shall certify to the State that (1) it has performed such quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during such 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.

2.084 Approval of Deliverables, In General - Reserved**2.085 Process for Approval of Written Deliverables - Reserved****2.086 Process for Approval of Services - Reserved****2.087 Process for Approval of Physical Deliverables - Reserved****2.088 Final Acceptance**

Unless otherwise stated in the Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable shall occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.080-2.087**. 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.

2.090 Financial**2.091 Pricing**

- (a) **Fixed Prices for Services/Deliverables**
Each Statement of Work/PO 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.
- (b) **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.
- (c) **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.



2.092 Invoicing and Payment Procedures and Terms

- (a) Invoicing and Payment – In General
- (i) 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.
 - (ii) 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. The charges for Services billed on a time and materials basis shall be determined based on the actual number of hours of Services performed. 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 2.094**.
 - (iii) 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.
- (b) Taxes
The State is exempt from Federal Excise Tax, State and Local Sales Taxes, and Use Tax with respect to the sale to and use by it of tangible personal property. Such taxes shall not be included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.
- (c) Out-of-Pocket Expenses
Contractor acknowledges that the out-of-pocket expenses that Contractor expects to incur in performing the Services/ providing the Deliverables (such as, but not limited to, travel and lodging, document reproduction and shipping, and long distance telephone) are included in Contractor's fixed price for each Statement of Work. Accordingly, 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 such an expense at the State's current travel reimbursement rates. See http://www.mi.gov/dmb/0,1607,7-150-9141_13132---,00.html for current rates.
- (d) 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.
- (e) 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.
- (f) 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.

2.093 State Funding Obligation

The State's obligation under this Contract is payable only and solely from funds appropriated for the purpose of this Contract. Contractor acknowledges and agrees that all funds for payments after the end of the current fiscal year are subject to the availability of a legislative appropriation for the purpose of this Contract. Events of non-appropriation are addressed further in **Section 2.210** of this Contract.

**2.094 Holdback - Reserved****2.095 Electronic Payment Availability**

Public Act 533 of 2004 requires that payments under this Contract be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us).

2.100 Contract Management**2.101 Contract Management Responsibility**

- (a) Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities is likely to delay the timely achievement of any Contract tasks.
- (b) The Services/Deliverables will be provided by the Contractor either directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor will act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

2.102 Problem and Contract Management Procedures

Problem Management and Contract Management procedures will be governed by the Contract and the applicable Statements of Work.

2.103 Reports and Meetings - Reserved**2.104 System Changes**

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

2.105 Reserved**2.106 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 State requests or directs the Contractor to perform any Services/Deliverables that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to notify the State before commencing performance of the requested activities, any such activities performed before notice is given by the Contractor shall be conclusively considered to be in-scope Services/Deliverables, not New Work.



If the State requests or directs the Contractor to perform any services or provide deliverables that are consistent with and similar to the Services/Deliverables being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the Statements of Work, then before performing such services or providing such deliverables, the Contractor shall notify the State in writing that it considers the services or deliverables to be an Additional Service/Deliverable for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable. If the Contractor does so notify the State, then such a service or deliverable shall be governed by the Change Request procedure in this Section.

In the event prices or service levels are not acceptable to the State, the Additional Services or New Work shall be subject to competitive bidding based upon the specifications.

(a) Change Requests

(i) State Requests

If the State should require Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").

(ii) Contractor Recommendations

Contractor shall be entitled to propose a Change to the State, on its own initiative, should it be of the opinion that this would benefit the Contract.

(iii) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal will include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.

(iv) By giving Contractor written notice within a reasonable time, the State shall 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 shall be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this (a "Change Notice").

(v) No proposed Change shall 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.

(vi) If the State requests or directs Contractor to perform any activities that Contractor believes constitute a Change, Contractor must notify the State that it believes the requested activities are a Change prior to commencing the performance of the requested activities. If Contractor fails to so notify the State prior to commencing performance of the requested activities, such activities shall be considered to be performed gratuitously by Contractor, and Contractor shall not have any right thereafter to assert any claim for additional compensation or time for the performance of such activities. If Contractor commences performance of gratuitous services outside the scope of this Contract and subsequently elects to stop performing such out-of-scope services, Contractor must, at the request of the State, back out or reverse any changes resulting from such performance that would adversely affect the Contract.

2.107 Management Tools - Reserved

Contractor will use an automated tool for planning, monitoring and tracking the Contract's progress. In addition, Contractor shall use automated project management tools as reasonably necessary to perform the Services, which tools shall include the capability to produce through the end of the Contract: (i) staffing tables with names of personnel assigned to Contract tasks, (ii) project plans showing tasks, subtasks, Deliverables and the resources required and allocated to each (including detailed plans for all Services to be performed within the next 60 days, updated semi-monthly) and (iii) graphs showing critical events, dependencies and decision points during the course of the Contract.



Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State's standard to the extent such information is described with reasonable detail in the Statements of Work and to the extent the related work is of sufficient project complexity and duration to warrant such reporting.

2.110 Records and Inspections

2.111 Records and Inspections

- (a) **Inspection of Work Performed.** The State's authorized representatives shall 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 shall 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 shall be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that such 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.
- (b) **Examination of Records.** Contractor agrees that the State, including its duly authorized representatives, until the expiration of seven (7) years following the creation of the material (collectively, the "Audit Period"), shall, upon 20 days prior written notice, have access to and the right to 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, including the State's procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State shall not have access to any information deemed confidential to Contractor to the extent such access would require such 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.
- (c) **Retention of Records.** Contractor shall 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 in accordance with generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall 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.
- (d) **Audit Resolution.** If necessary, the Contractor and the State shall 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 such report, unless a shorter response time is specified in such report. The Contractor and the State shall develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in such audit report.

2.112 Errors

- (a) If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall 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 (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly statement 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 shall pay all of the reasonable costs of the audit.



2.120 State Responsibilities

2.121 State Performance Obligations

- (a) Equipment and Other Resources. To facilitate Contractor's performance of the Services/Deliverables, the State shall provide to Contractor such equipment and resources as identified in the Statements of Work or other Contract Exhibits as items to be provided by the State.
- (b) Facilities. The State shall designate space as long as it is available and as provided in the Statement of Work, to house Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing shall observe and comply with all rules and regulations relating to, each of the State Facilities (including hours of operation) used by 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 Contractor's use, or to which Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.
- (c) Return. Contractor shall be responsible for returning 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.
- (d) Except as otherwise provided in **Section 2.220**, the State's failure to perform its responsibilities as set forth in this Contract shall not be deemed to be grounds for termination by Contractor. However, Contractor will not be liable for any default or delay in the performance of its obligations under this Contract to the extent such default or delay is caused by nonperformance of the State's obligations under this Contract, provided Contractor provides the State with reasonable written notice of such nonperformance and Contractor uses commercially reasonable efforts to perform notwithstanding the State's failure to perform. In addition, if the State's nonperformance of its responsibilities under this Contract materially increases the time required for Contractor's performance or Contractor's cost of performance, Contractor shall be entitled to seek an equitable extension via the Change Request process described in **Section 2.106**.

2.130 Security

2.131 Background Checks

The Contractor shall authorize the investigation of its personnel proposed to have access to State facilities and systems on a case by case basis. 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. Such 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/ditservice/0,1607,7-179-25781-73760--,00.html>. 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

2.140 Reserved



2.150 Confidentiality

2.151 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").

2.152 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 shall 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 shall mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State pursuant to applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State pursuant to its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. In the case of information of either Contractor or the State "Confidential Information" shall exclude any information (including this Contract) that is publicly available pursuant to the Michigan FOIA.

2.153 Protection 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 in order 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) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such 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 such Confidential Information from unauthorized use or disclosure.

2.154 Exclusions

Notwithstanding the foregoing, the provisions of this Section 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 such 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 this Section will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose such 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 such disclosure as reasonably requested by the furnishing party.

2.155 No Implied Rights

Nothing contained in this Section shall 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.

2.156 Remedies

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).

**2.157 Security Breach Notification**

In the event of a breach of this Section, Contractor shall take (i) prompt corrective action to cure any such deficiencies and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor shall 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 such use or disclosure or such shorter time period as is reasonable under the circumstances.

2.158 Survival

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

2.159 Destruction of Confidential Information

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

2.160 Proprietary Rights**2.161 Ownership**

Ownership of Work Product by State. All Deliverables shall be owned by the State and shall be considered works made for hire by the Contractor for the State. The State shall own all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

Vesting of Rights. The Contractor shall assign, 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 such Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon State's request, the Contractor and/or its personnel shall confirm such assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State shall have the right to obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

2.162 Source Code Escrow- Reserved**2.163 Rights in Data**

- (a) The State will be and remain the owner of all data made available by the State to Contractor or its agents, subcontractors or representatives pursuant to the Contract. 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 Contractor, nor will any employee of 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, Contractor shall only use personally identifiable information as strictly necessary to provide the Services and shall disclose such information only to its employees who have a strict need to know such information. Contractor shall comply at all times with all laws and regulations applicable to such personally identifiable information.
- (b) The State is and shall remain the owner of all State-specific data pursuant to 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 shall only use personally identifiable information as strictly necessary to utilize the Services and shall disclose such information only to its employees who have a strict need to know such information, except as provided by law. The State shall comply at all times with all laws and regulations applicable to such personally identifiable information. Other material developed and provided to the State shall remain the State's sole and exclusive property.

**2.164 Ownership of Materials**

State and 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.

2.165 Standard Software - Reserved**2.166 Pre-existing Materials for Custom Software Deliverables – Reserved****2.167 General Skills - Reserved****2.170 Warranties And Representations****2.171 Warranties and Representations**

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and shall fulfill all of its obligations under this Contract. The performance of all obligations under this Contract shall be provided in a timely, professional, and workman-like manner and shall 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 such items in this Contract, Contractor shall 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, shall have, or shall 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 shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or shall 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 shall 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 such 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 with regards to 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 such financial statements, reports, other information. Since the respective dates or periods covered by such 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 behalf of 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 such 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 such department within the previous five (5) years for the reason that Contractor failed to perform or otherwise breached an obligation of such Contract.

2.172 Software Warranties - Reserved**2.173 Equipment Warranty - Reserved****2.174 Physical Media Warranty – Reserved****2.175 Standard Warranties**

- (a) **Warranty of Merchantability**
Deliverables shall be merchantable. All Deliverables 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 on the container or label.
- (b) **Warranty of fitness for a particular purpose**
When Contractor has reason to know or knows any particular purpose for which the Deliverables are required, and when the State is relying on the Contractor's skill or judgment to select or furnish suitable Deliverables, the Contractor warrants that the Deliverables are fit for such purpose.
- (c) **Warranty of title**
Contractor shall convey good title in those Deliverables, whose transfer is right and lawful. All Deliverables provided by Contractor shall be delivered free from any security interest, lien, or encumbrance. Deliverables shall be delivered free of any rightful claim of any third person of ownership, interest, lien or encumbrance.

2.176 Consequences for Breach

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



2.180 Insurance

2.181 Liability Insurance

(a) Liability Insurance

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to 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 such 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 pursuant to 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 shall 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 shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract shall be issued by companies that have been approved to do business in the State.

See http://www.mi.gov/cis/0,1607,7-154-10555_22535---,00.html.

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

Before the Contract is signed by both parties or before the purchase order is issued by the State, the Contractor must furnish to the Director of Purchasing Operations, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall 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 and be mailed to: Director, Purchasing Operations, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

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
 - \$500,000 Fire Damage Limit (any one fire)

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

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



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

3. Workers' compensation coverage must be provided in accordance with 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 shall 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 five million dollars (\$5,000,000.00), which shall 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 such office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to the replacement value thereof, where such office space and its contents are under the care, custody and control of Contractor. Such policy shall 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 shall be endorsed on the policy as a loss payee as its interests appear.

(b) Subcontractors

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall 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) shall 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.

(c) Certificates of Insurance and Other Requirements

Contractor shall furnish to Purchasing Operations certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall 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.



Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If 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, at the State's election (but without any obligation to do so) after the State has given Contractor at least 30 days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

2.190 Indemnification

2.191 Indemnification

(a) General Indemnification

To the extent permitted by law, the Contractor shall 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.

(b) 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.

(c) Employee Indemnification

In any and all 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 shall 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.

(d) Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Contractor shall 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 such 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 such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such 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 shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such 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 such 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 shall have 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; or (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.

2.192 Continuation of Indemnification Obligations

The Contractor's duty to indemnify pursuant to 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 prior to expiration or cancellation.

2.193 Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract:

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such 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 Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within 10 days following receipt of written notice from the State relating to any claim, Contractor shall 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 prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within 10 days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to 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 shall have the right to defend the claim in such 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 shall promptly reimburse the State for all such reasonable costs and expenses.



2.200 Limits of Liability and Excusable Failure

2.201 Limits of Liability

The Contractor's liability for damages to the State shall be limited to two (2) times the value of the Contract. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

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

Neither the Contractor nor the State shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability shall 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.

2.202 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 such 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 such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such 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.

In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay and provided further that such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay 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 shall not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance shall continue; (b) the State may terminate any portion of the Contract so affected and the charges payable there under shall 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 Contractor, except to the extent that the State shall pay for Services/Deliverables provided through the date of termination.

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.



2.203 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 manmade disaster.

2.210 Termination/Cancellation by the State

The State may terminate this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents and employees for any of the following reasons:

2.211 Termination for Cause

- (a) In the event that Contractor breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA as defined in **Section 2.076**), which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State (such time period not to be less than 30 days), or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of termination to Contractor, terminate this Contract in whole or in part, for cause, as of the date specified in the notice of termination.
- (b) In the event that this Contract is terminated for cause, in addition to any legal remedies otherwise available to the State by law or equity, Contractor shall be responsible for 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 shall not be considered by the parties to be consequential, indirect or incidental damages, and shall not be excluded by any other terms otherwise included in this Contract, provided such costs are not in excess of 50% more than the prices for such Service/Deliverables provided under this Contract.
- (c) In the event 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 shall 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 shall cease on the effective date of the termination.
- (d) In the event this Contract is terminated for cause pursuant to this Section, and it is determined, for any reason, that Contractor was not in breach of Contract pursuant to the provisions of this section, that termination for cause shall be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in this Contract for a termination for convenience.

2.212 Termination for Convenience

The State may terminate this Contract for its convenience, in whole or part, if the State determines that such a termination is in the State's best interest. Reasons for such termination shall 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 prior to the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause shall cease on the effective date of the termination.

**2.213 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 shall have the right to 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 shall give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or such 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 made available, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in such manner and for such 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 such reduction.
- (c) In the event the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor pursuant to this Section, the State shall 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. For the avoidance of doubt, this Section will not preclude Contractor from reducing or stopping Services/Deliverables and/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.

2.214 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 incident to the application for, or performance of, a State, public or private Contract or subcontract; convicted of a criminal offense, including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State reflects upon Contractor's business integrity.

2.215 Approvals Rescinded

The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. 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 such written notice.

2.216 Rights and Obligations Upon Termination

- (a) If this Contract is terminated by the State for any reason, Contractor shall (i) stop all work as specified in the notice of termination, (ii) 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, (iii) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (iv) in the event that the Contractor maintains title in Deliverables that is intended to be transferred to the State at the termination of the Contract, Contractor will 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 shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such materials), and (v) 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) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to 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 pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be 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 shall have the right to assume, at its option, any and all 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.

2.217 Reservation of Rights

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

2.218 Contractor Transition Responsibilities

In the event this Contract is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise 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. In the event of termination or the expiration of this Contract, 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 180 days. These efforts shall include, but are not limited to, the following:

- (a) Personnel - The Contractor shall 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 shall 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.
- (b) Information - 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.
- (c) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This shall 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 shall, 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.
- (d) Payment - If the transition results from a termination for any reason, reimbursement shall 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). The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

**2.219 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.

2.220 Termination by Contractor**2.221 Termination by Contractor**

If the State materially breaches its obligation to pay Contractor undisputed amounts due and owing under this Contract in accordance with **Section 2.090**, or if the State breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for Contractor to perform the Services, and if the State does not cure the breach within the time period specified in a written notice of breach provided to the State by Contractor (such time period not to be less than 30 days), then Contractor may terminate this Contract, in whole or in part based on Statement of Work for cause, as of the date specified in the notice of termination; provided, however, that Contractor must discharge its obligations under **Section 2.250** before any such termination.

2.230 Stop Work**2.231 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 shall be specifically identified as such and shall indicate that it is issued under this **Section 2.230**. Upon receipt of the stop work order, Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of 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 shall either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.210**.

2.232 Cancellation or Expiration of Stop Work Order

If a stop work order issued under this **Section 2.230** is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall 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 2.106**.

2.233 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, such termination shall be deemed to be a termination for convenience under **Section 2.212**, and the State shall allow reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.230**.

2.240 Reserved

2.250 Dispute Resolution**2.251 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 shall 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 shall submit a letter executed by Contractor's Contract Administrator or his 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 supporting data provided with such an affidavit are current and complete to Contractor's best knowledge and belief.

2.252 Informal Dispute Resolution

- (a) All operational disputes between the parties shall be resolved under the Contract Management procedures developed pursuant to **Section 2.100**. If the parties are unable to resolve any disputes after compliance with such processes, the parties shall meet with the Director of Purchasing Operations, DMB, or designee, for the purpose of attempting to resolve such dispute without the need for formal legal proceedings, as follows:
- (i) The representatives of Contractor and the State shall meet as often as the parties reasonably deem necessary in order 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 shall 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, shall issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute shall be considered the State's final action and the exhaustion of administrative remedies.
- (b) This **Section 2.250** 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 pursuant to **Section 2.253**.
- (c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work pursuant to the Contract.

2.253 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.252** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is such that the damages to such 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.

2.254 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 shall not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.210** and **2.220**, as the case may be.



2.260 Federal and State Contract Requirements

2.261 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 pursuant to 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.

2.262 Unfair Labor Practices

Pursuant to 1980 PA 278, MCL 423.231, *et seq.*, the State shall 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 pursuant to 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, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, subsequent to 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.

2.263 Workplace Safety and Discriminatory Harassment

In performing Services for the State, the Contractor shall 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 shall 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>.

2.270 Litigation

2.271 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 thereto, to which Contractor (or, to the extent Contractor is aware, any subcontractor hereunder) 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 hereunder; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any subcontractor hereunder by a governmental or public entity arising out of their business dealings with governmental or public entities. Any such litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") must be disclosed in a written statement to the Contract Administrator within 30 days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated as such. 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. In the event that any such Proceeding disclosed to the State pursuant to 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 hereunder) to continue to perform this Contract in accordance with its terms and conditions, or



- (ii) whether Contractor (or a subcontractor hereunder) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in such Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that:
 - (A) Contractor and/or its subcontractors hereunder will be able to continue to perform this Contract and any Statements of Work in accordance with its terms and conditions, and
 - (B) Contractor and/or its subcontractors hereunder have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in such Proceeding.
- (c) Contractor shall make the following notifications in writing:
 - (i) 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 shall notify Purchasing Operations.
 - (ii) Contractor shall also notify Purchasing Operations 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.
 - (iii) Contractor shall also notify Purchasing Operations within 30 days whenever changes to company affiliations occur.

2.272 Governing Law

The Contract shall in all respects be governed by, and construed in accordance with, 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.

2.273 Compliance with Laws

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

2.274 Jurisdiction

Any dispute arising from the Contract shall 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 such jurisdiction on the grounds of lack of personal jurisdiction of such court or the laying of venue of such 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.

2.280 Environmental Provision

2.281 Environmental Provision

For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, such construction materials as paint thinners, solvents, gasoline, oil, etc., and any other material the manufacture, use, treatment, storage, transportation or disposal of which is regulated by the federal, state or local laws governing the protection of the public health, natural resources or the environment. This includes, but is not limited to, materials such as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act. This Contract does not cover the handling, removal, or disposal of all Hazardous Materials.



- (a) The Contractor shall use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material in accordance with all federal, State and local laws. The State shall provide a safe and suitable environment for performance of Contractor's Work. Prior to the commencement of Work, the State shall advise Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of such Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor shall immediately stop all affected Work, give written notice to the State of 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 shall order a suspension of Work in writing. The State shall proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State shall terminate the affected Work for the State's convenience.
- (c) Once the Hazardous Material has been removed or rendered harmless by the State, the affected Work shall be resumed as directed in writing by the State. Any determination by the Michigan Department of Community Health and/or the Michigan Department of Environmental Quality (whichever is applicable) that the Hazardous Material has either been removed or rendered harmless shall be binding upon the State and Contractor for the purposes of resuming the Work. If any such incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time as mutually agreed by the parties.
- (d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material in accordance with Applicable Laws to the condition approved by applicable regulatory agency(ies). If the Contractor fails to take appropriate action pursuant to Applicable Laws and consistent with the State requirements, then the State may take appropriate action.

2.290 General

2.291 Amendments

The Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties.

2.292 Assignment

- (a) Neither party shall have the right to assign the Contract, or to 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 such affiliate is adequately capitalized and can provide adequate assurances that such affiliate can perform the Contract. Any purported assignment in violation of this Section shall be null and void. It is the policy of the State of Michigan to withhold consent from proposed assignments, subcontracts, or novations when such 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. In the event of any such permitted assignment, Contractor shall not be relieved of its responsibility to perform any duty imposed upon it herein, and the requirement under the Contract that all payments shall be made to one entity shall continue.

2.293 Entire Contract; 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 such subject matter and as additional terms and conditions on the purchase order shall apply as limited by **Section 2.061**.



- (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 **Sections 2.110 through 2.220** of the Contract, which may be modified or amended only by a formal Contract amendment.

2.294 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.

2.295 Relationship of the Parties (Independent Contractor Relationship)

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 shall be or shall 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.

2.296 Notices

- (a) Any notice given to a party under the Contract shall be deemed effective, if addressed to such 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 (3rd) 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: Melissa Castro, CPPB
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor:

Gregory P. Colton
Graphic Sciences
4208 Normandy Ct.
Royal Oak, MI 48073

Either party may change its address where notices are to be sent by giving notice in accordance with this Section.

- (b) **Binding Commitments**
Representatives of Contractor identified in this Contract shall have the authority to make binding commitments on Contractor's behalf within the bounds set forth in such table. Contractor may change such representatives from time to time upon written notice.

2.297 Media Releases and Contract Distribution

- (a) **Media Releases**
Neither Contractor nor the State will make any news releases, public announcements or public disclosures, nor will they have any conversations with representatives of the news media, pertaining to the Contract, the Services or the Contract without the prior written approval of the other party, and then only in accordance with explicit written instructions provided by that party. In addition, neither Contractor nor the State will use the name, trademarks or other proprietary identifying symbol of the other party or its affiliates without such party's prior written consent. Prior written consent of the Contractor must be obtained from authorized representatives.



- (b) **Contract Distribution**
Purchasing Operations shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operations.

2.298 Reformation and Severability

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

2.299 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, such consent or approval shall be in writing and shall not be unreasonably withheld or delayed.

2.300 No Waiver of Default

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

2.301 Survival

Any provisions of the Contract that impose continuing obligations on the parties including the parties' respective warranty, indemnity and confidentiality obligations, shall 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.

2.302 Covenant of Good Faith

Each party agrees that, in its dealings with the other party or in connection with the Contract, it shall 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.

2.303 Permits

Contractor shall 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 shall pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.304 Website Incorporation

State expressly states that it will not be 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 such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

2.305 Taxes

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes for all persons involved in the Contract.

2.306 Prevailing Wage – Reserved

**2.307 Call Center Disclosure**

Contractor and/or all subcontractors involved in the performance of this Contract providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of this Contract.

2.308 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 Contractor if the State determines that the Contractor has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a leading edge on the competitive RFP.

2.310 Reserved

2.320 Extended Purchasing- Reserved

2.330 Federal Grant Requirements- Reserved