

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

**CHANGE NOTICE NO. 4**  
 to  
**CONTRACT NO. 071B9200294**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Rotary Multiforms, Inc. 2104 E. Eleven Mile Road, Suite 400 Warren, MI 48091	Bill Condon	bcondon@rmi-printing.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(586) 558-7960	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	Treasury	Darron Birchmeier	(517) 241-3548	birchmeierd@michigan.gov
BUYER	DTMB	Sue Cieciva	(517) 284-7007	ciecivas@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Tax Form Production & Personalization - Treasury			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
September 5, 2009	September 4, 2012	2, one year	September 4, 2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 30 Days	Delivered	Per Specifications	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:			
Per Specifications			

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 checked="" type="checkbox"/>	5 months, 24 days	February 28, 2015
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$125,000.00		\$694,703.55		
Effective September 5, 2014, this Contract is hereby EXTENDED from September 4, 2014 to February 28, 2015.				
All other terms, conditions, pricing, and specifications remain the same.				
Per agency request dated July 14, 2014, DTMB, Procurement request dated July 24, 2014, and vendor agreement by email dated July 25, 2014.				

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

August 23, 2013

**CHANGE NOTICE NO. 3**  
 to  
**CONTRACT NO. 071B9200294**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Rotary Multiforms, Inc. 2104 E. Eleven Mile Road, Suite 400 Warren, MI 48091	Bill Condon	bcondon@rmi-printing.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(586) 558-7960	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	Treasury	Darron Birchmeier	517-241-3548	<a href="mailto:birchmeierd@michigan.gov">birchmeierd@michigan.gov</a>
BUYER	DTMB	Jim Wilson	517-241-1916	Wilsonj4@michigan.gov

CONTRACT SUMMARY:				
DESCRIPTION: Tax Form Production & Personalization - Treasury				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
September 5, 2009	September 4, 2012	2, one year	September 4, 2013	
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM	
Net 30 Days	Delivered	Per Specifications	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:				
Per Specifications				

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1 Year	September 4, 2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$57,000.00		\$569,703.55		

Effective immediately, this Contract is utilizing the second option year. The new Contract end date is September 4, 2014.

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

Per vendor and agency agreement and DTMB Procurement approval.

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

**CHANGE NOTICE NO. 2**  
 to  
**CONTRACT NO. 071B9200294**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Rotary Multiforms, Inc. 2104 E. Eleven Mile Road, Suite 400 Warren, MI 48091	Bill Condon	bcondon@rmi-printing.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(586) 558-7960	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	Treasury	Darron Birehmeier		
BUYER	DTMB	Jim Wilson	517-241-1916	Wilsonj4@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: <b>Tax Form Production &amp; Personalization - Treasury</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
September 5, 2009	September 4, 2012	2, one year	September 4, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 30 Days	Delivered	Per Specifications	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:			
Per Specifications			

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 checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$512,703.55		
Effective October 2, 2012, the attached specifications and pricing are hereby incorporated into this contract. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement and DTMB Procurement approval.				



1340 East Eleven Mile Rd  
Madison Heights, MI 48071

Tel. 586.558.7960  
Fax 586.558-7959

Outside Michigan  
800.762.5644

August 10, 2012

Gregory Pawlak  
MI Dept. of Treasury  
Purchasing Section  
430 W Allegan St  
Lansing, MI 48922

Re: Contract #071B9200294 extension

Mr. Pawlak,

I am submitting this letter in response to your request for an extension of Contract #071B9200294. After review, RMI would like to offer Treasury a one (1) or two (2) year extension with a modification to the Flow Through printing price only. The increase we are requesting reflects the specification changes from last year's construction.

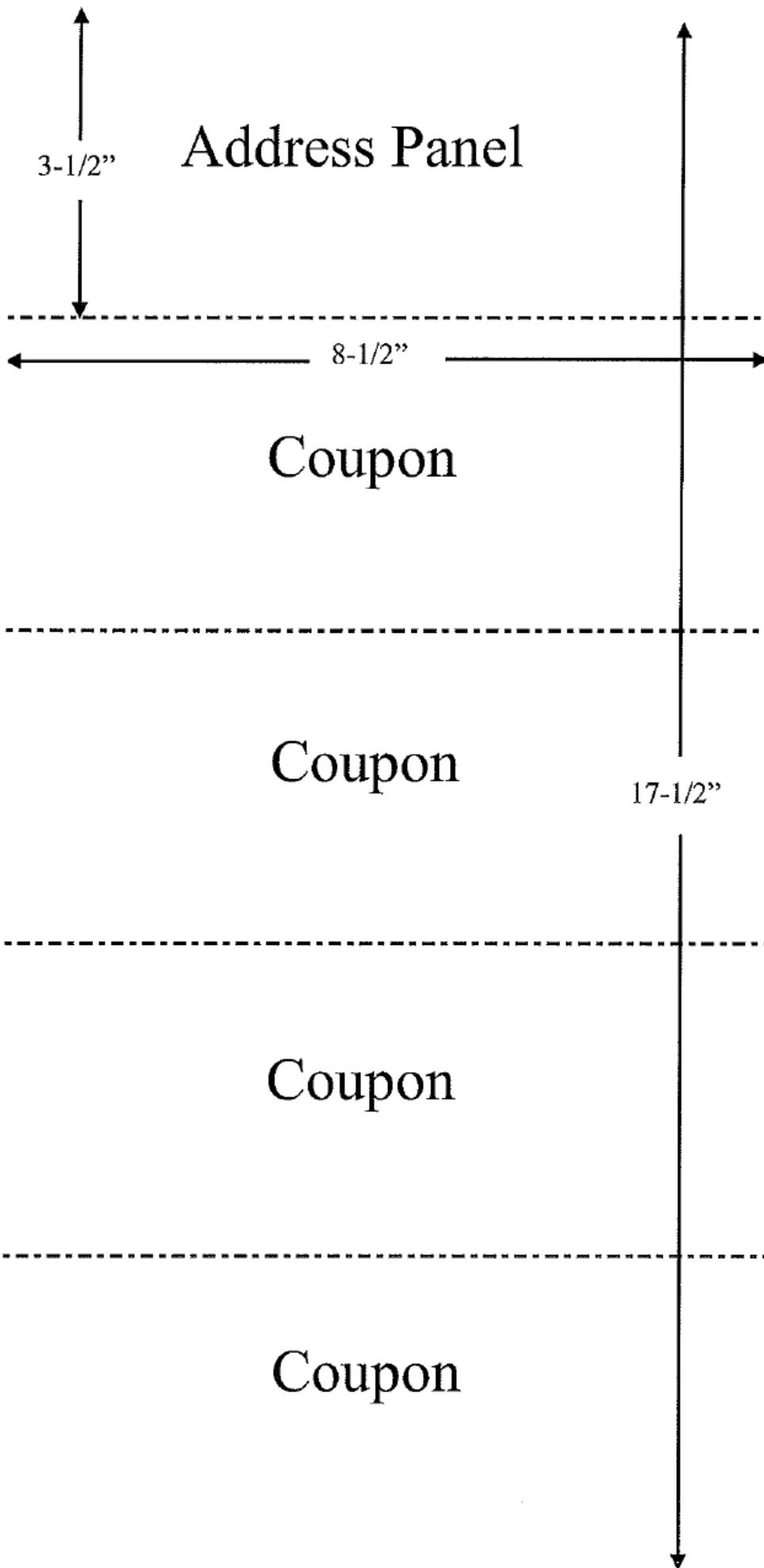
Each package will now have 2 separate 8-1/2" x 17-1/2" sheets instead of one 17" x 14" sheet. The coupon sheet will be 24# white bond perforated every 3-1/2" from the top of the sheet. The top panel will be used for the mail to address and the other 4 panels to create the payment coupons. This sheet will be printed in black one (1) side with variable data and folded to 3-1/2" x 8-1/2" for insertion into a #10 window envelope. The Instruction/Form 163 combo is an 8-1/2" x 17-1/2" sheet with a full perforation at 3-1/2" from the bottom to create a removable Form 163. This sheet is a 20# white bond printed face and back in black ink, no variable data. After printing, this sheet will also be folded to 3-1/2" x 8-1/2" for inserting.

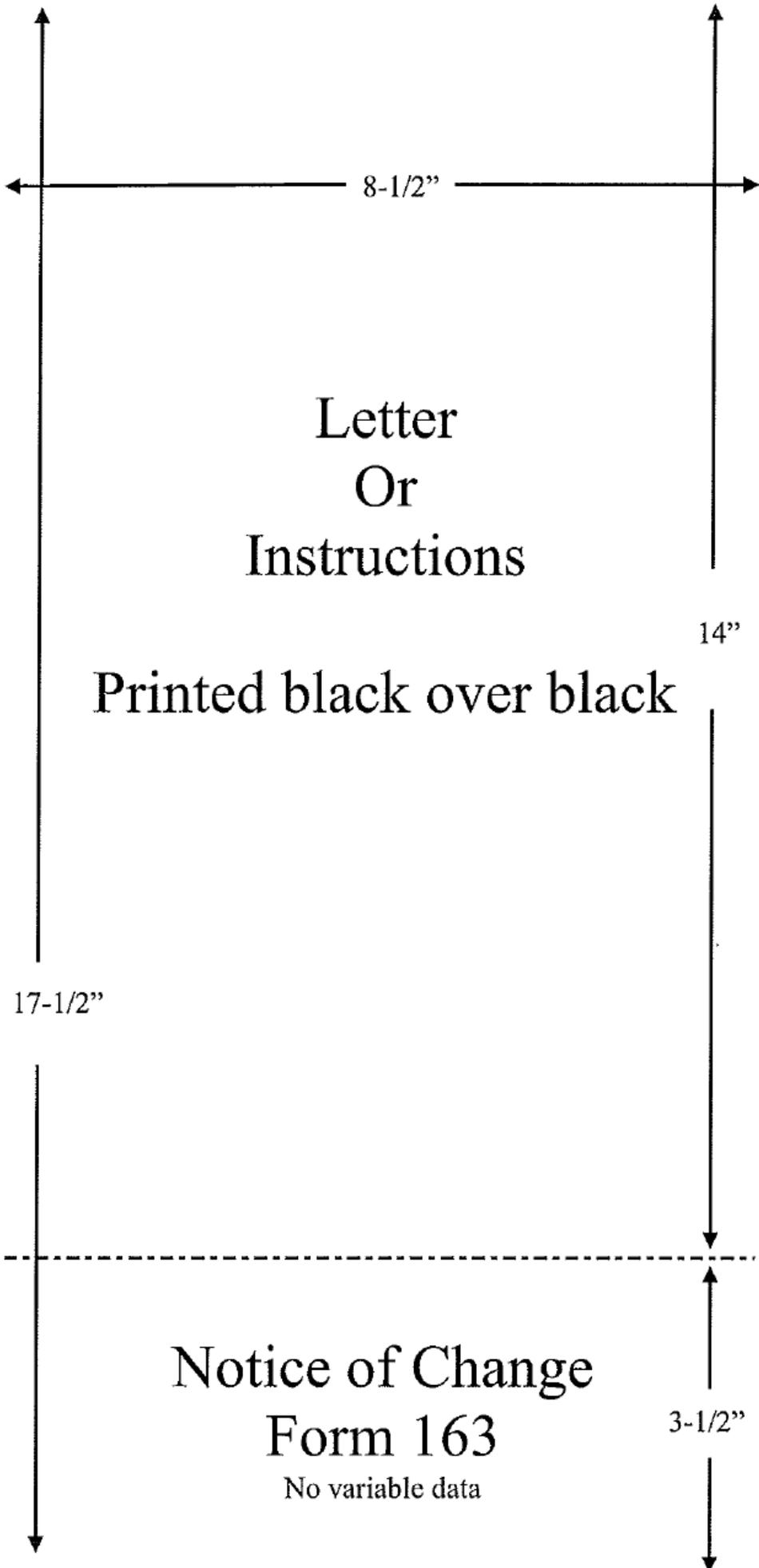
These changes have increased our manufacturing costs and require us to modify the printing price to \$348.59/M. This will increase the cost to Treasury (based on the anticipated 20,000 packages) a total of \$ 580.20 over the last year's price.

I have also attached a PDF file showing the new construction option; please feel free to contact me on this project if you have any questions or comments (586) 558-7960.

Thank you for the opportunity,

William Condon





Letter  
Or  
Instructions

Printed black over black

Notice of Change  
Form 163  
No variable data

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

November 9, 2011

CHANGE NOTICE NO. 1  
 OF  
 CONTRACT NO. 071B9200294  
 between  
 THE STATE OF MICHIGAN  
 and

NAME & ADDRESS OF CONTRACTOR		TELEPHONE: <b>Bill Condon</b> <b>(586) 558-7960</b>
<b>Rotary Multiforms, Inc.</b> <b>2104 E. Eleven Mile Rd., Suite 400</b> <b>Warren, MI 48091</b>  <b>Email: bcondon@rmi-printing.com</b>		CONTRACTOR NUMBER/MAIL CODE
		BUYER/CA (517) 373-6535 <b>William C. Walsh, CPPB</b>
Contract Compliance Inspector: Darron Birehmeier <b>Tax Form Production &amp; Personalization - Treasury</b>		
CONTRACT PERIOD: <b>3 yrs. + 2 one-year options</b> From: <b>September 5, 2009</b> To: <b>September 4, 2013</b>		
TERMS	<b>Net 30 Days</b>	SHIPMENT <b>Per Specifications</b>
F.O.B.	<b>Delivered</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>Per Specifications</b>		
MISCELLANEOUS INFORMATION:		

**THIS CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT.**

**NATURE OF CHANGE(S):**

Beginning Tax Year 2011, the Michigan Business Tax (MBT) Quarterly Estimate Form will be replaced with a Corporate Tax (CIT) Quarterly Estimate Form, and the addition of a Flow Through Withholding (FTW) Quarterly Return.

Effective November 1, 2011, this contract is hereby EXTENDED to September 4, 2013 and INCREASED by \$121,000.00. This is allowed under current contract language.

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

**AUTHORITY/REASON(S):**

Per PRF request from Department of Treasury dated 10/21/2013, Vendor Agreement and DTMB Procurement approval.

INCREASE: \$121,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$512,703.55

**Contract No. 071B9200294**

**Change Notice No. 1**

**Signature Block**

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**FOR THE CONTRACTOR:**

**Rotary Multiforms, Inc.**

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

**FOR THE STATE:**

Signature

**Jeff Brownlee, Chief Procurement  
Officer**

Name/Title

**DTMB-Procurement**

Division

Date

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 2, 2009

**NOTICE  
 OF  
 CONTRACT NO. 071B9200294  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF CONTRACTOR  <b>Rotary Multiforms, Inc.</b> <b>2104 E. Eleven Mile Rd., Suite 400</b> <b>Warren, MI 48091</b>  Email: <a href="mailto:bcondon@rmi-printing.com">bcondon@rmi-printing.com</a>	TELEPHONE: <b>Bill Condon</b> <b>(586) 558-7960</b>
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7374 <b>Joan Bosheff</b>
Contract Compliance Inspector: Darron Birehmeier <b>Tax Form Production &amp; Personalization - Treasury</b>	
CONTRACT PERIOD: <b>3 yrs. + 2 one-year options</b> From: <b>September 5, 2009</b> To: <b>September 4, 2012</b>	
TERMS <p style="text-align: center;"><b>Net 30 Days</b></p>	SHIPMENT <p style="text-align: center;"><b>Per Specifications</b></p>
F.O.B. <p style="text-align: center;"><b>Delivered</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>Per Specifications</b></p>	
MISCELLANEOUS INFORMATION:	

**THIS CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT.**

The terms and conditions of this Contract are those of ITB #07119200199 this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.

**Estimated Contract Value: \$391,703.55**

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. 071B9200294**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR  <b>Rotary Multiforms, Inc.</b> <b>2104 E. Eleven Mile Rd., Suite 400</b> <b>Warren, MI 48091</b>  Email: <a href="mailto:bcondon@rmi-printing.com">bcondon@rmi-printing.com</a>		TELEPHONE: <b>Bill Condon</b> <b>(586) 558-7960</b> CONTRACTOR NUMBER/MAIL CODE  BUYER/CA (517) 373-7374 <b>Joan Bosheff</b>
Contract Compliance Inspector: Darron Birehmeier <p style="text-align: center;"><b>Tax Form Production &amp; Personalization - Treasury</b></p>		
CONTRACT PERIOD: <b>3 yrs. + 2 one-year options</b> From: <b>September 5, 2009</b> To: <b>September 4, 2012</b>		
TERMS <p style="text-align: center;"><b>Net 30 Days</b></p>	SHIPMENT <p style="text-align: center;"><b>Per Specifications</b></p>	
F.O.B. <p style="text-align: center;"><b>Delivered</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>	
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>Per Specifications</b></p>		
MISCELLANEOUS INFORMATION:  <p style="color: blue; font-weight: bold;">THIS CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT.</p> <p>The terms and conditions of this Contract are those of ITB #071I9200199 this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.</p> <p><b>Estimated Contract Value: \$391,703.55</b></p>		

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 071I9200199. Orders for delivery will be issued directly by the Department of Treasury through the issuance of a Purchase Order Form.

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

**FOR THE CONTRACTOR:**

**FOR THE STATE:**

Rotary Multiforms, Inc.  
 Firm Name

---

Authorized Agent Signature

---

Authorized Agent (Print or Type)

---

Date

Signature  
Joan Bosheff, Buyer Specialist  
 Name/Title  
**Commodities Division, Purchasing**  
**Operations**  
 Division

---

Date



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

Contract No. [071B9200294](#)  
[Tax Form Production and Personalization](#)

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

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*Attachment B--Safeguard Requirements of Confidential Data*

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*Attachment D--Statement of Mailing with Permit Imprints (Form 3602-R1)*

*Attachment E--Vendor, Contractor, Subcontractor Confidentiality Agreement (Form 3337)*

*Attachment F--Scannable Document Specifications*

*Attachment G—Contractor Attachments*

## DEFINITIONS

“Days” means calendar days unless otherwise specified.

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

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

“Audit Period” has the meaning given in **Section 2.093**.

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

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

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

“Chronic Failure” is defined in any applicable Service Level Agreements.

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

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

“DMB” means the Michigan Department of Management and Budget

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

“Excusable Failure” has the meaning given in **Section 2.214**.

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

“Incident” means any interruption in Services.

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

“Key Personnel” means any Personnel designated in **Section 1.031** as Key Personnel.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

**1.010 Project Identification**

**1.011 Project Request**

This contract is for [Tax Form Production and Personalization](#).

**1.012 Background**

The Michigan Department of Treasury (Treasury) requires the Michigan Estimated Income Tax for Individuals (MI-1040ES) and Michigan Business Tax Quarterly Returns (MBT Estimates) to be printed and mailed each year. These forms are provided to individuals and businesses who meet certain tax liability amounts based on the prior year tax return. The forms are critical to the collection of taxes by Treasury.

The MI-1040ES forms contain taxpayer(s) name, Social Security Number(s), due date and scan line for processing at Treasury’s financial depository institution. The MBT Estimate forms contain taxpayer/business name and address, tax year ending date, Federal Employer Identification Number/TR Number, and scan line. The scan line information is provided with the production data for processing at Treasury’s financial depository institution.

By law, Treasury is required to mail a 1099G to any taxpayer who received a refund of \$10 or more in the prior calendar year. The notice contains taxpayer name(s) and address, social security number(s), Michigan income tax refund amounts, interest amount, and tax year for which the refund was made.

**1.020 Scope of Work and Deliverables**

**1.021 In Scope**

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

**Contractor Response:**

*RMI understands that RMI is to manufacture and image a package that will be mailed to taxpayers using data supplied by Treasury. Each package that is manufactured must conceal the imaged data from any casual observers and, when complete, shipped to the USPS and in turn delivered to the taxpayer.*

**1.022 Work and Deliverable**

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

**A. GENERAL REQUIREMENTS**

**1. State Printing Act**

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

**Contractor Response:**

*All printing that is required for this contract will be completed in the State of Michigan at a facility that meets or exceeds the prevailing wage requirements. All data work, personalization, collating, and inserting will be completed within a single facility.*



**2. Overtime**

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

**Contractor Response:**

*Any and all overtime that maybe required must be requested and approved by a purchase order before any work is started.*

**3. Delivery/FOB Destination and Palletization**

Prices are FOB Destination (freight prepaid) on orders to the USPS Bulk Mail Center (BMC) or Treasury. All orders must be delivered within the specified time frame (1.022-B.14.a.3 and 1.022-C.8.a.3). All orders delivered to USPS facilities must be palletized according to USPS requirements and all forms or documents required by the BMC must be completed as required by that facility. Exceptions include orders sent First Class that do not qualify for BMC mailing (mail that does not meet quantity minimums, bad addresses, CASS errors, foreign mail, etc.). These orders must be itemized by quantity and cost on invoice. The Contractor will pay the costs for the First Class shipments and invoice Treasury.

If the mail sort allows delivery to some USPS Sectional Center Facilities (SCF), the Contract Compliance Inspector may choose to redirect some shipments to the SCF. The Contractor is required to complete the necessary sorting and paperwork for all BMC and SCF deliveries. The Contract Compliance Inspector will use whichever is lower, the Contractor or the State’s contractual trucking company. Quote pricing for delivery to SCF’s in Attachment A. To assure the most efficient delivery costs, the Contract Compliance Inspector must approve the delivery route.

**Contractor Response:**

*All prices are delivered to either USPS locations or Treasury and will be palletized in the format that each location requires. The pallets that will be used for mailing are of the size and configuration necessary to meet entry discount requirements of the USPS. All non-qualifying mail will be sent first class and the cost added to our invoice and backup documentation supplied with the invoice.*

*RMI will, during the sort process, review the data to determine the savings if the mail was delivered to the various SCF entry points and notify the Contract Compliance Officer for a determination. All freight charges required for the various SCF locations are included in the price section of this contract.*

**4. Service Response**

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

**Contractor Response:**

*Bill Condon will be available every business day and can be reached by multiple methods including cell phone, email, and land line and he will always be available to meet as needed and in most cases can do so the same day.*

**5. Legislative or Treasury Delays**

The Contract Compliance Inspector cannot authorize printing or mailing until legislation is complete. If pending legislation delays Treasury’s ability to authorize printing (via a purchase order), or Treasury delays production, the printer is not relieved of the obligation to provide



service in the number of days originally estimated for each item. Treasury is not liable for the cost of any downtime incurred if legislative delays make it impossible for the Contract Compliance Inspector to authorize production.

**Contractor Response:**

*RMI understands that authorization cannot be given until all legislation is complete and this does not relieve RMI from completing the required work in the number of days listed for each item. If there is a delay due to legislation, Treasury is not liable for any down time.*

**6. Calendar Days**

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

**Contractor Response:**

*RMI have reviewed the production time lines and understand that all the deliveries are stated in calendar days (excluding the listed holidays above) including weekends.*

**7. Lack of Need of Service**

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

**Contractor Response:**

*RMI understands that if the items in this contract are determined to no longer be needed , this program can be terminated and any services not authorized via a purchase order will not be paid. If the manufacturing process has to be modified due to legislation or lack of need, all prices will be addressed on a case-by-case basis.*

**8. Emergency Plan**

The Contractor shall have an emergency disaster plan to continue providing service without interruption to Treasury. Identify emergency disaster plan with bid proposal.

**Contractor Response:**

*See attached disaster/emergency recovery plan.*

**9. Quality Assurance**

The Contractor must maintain and demonstrate a thorough quality assurance program. The Contractor must provide a detailed description of its quality assurance program specifically related to production of forms identified in this contract. The quality assurance program must include: (1) reports to be developed, (2) production checks, (3) data verification, (4) specific quality checkpoints, etc. Description must also address the following issues:

The Contractor must explain how they will account and verify a form is produced and mailed for every record authorized for printing, and account for accuracy of data personalized on each form.

Any damaged, mutilated, illegible forms, or forms that do not meet contract specifications (if applicable) MUST be shredded immediately after printing. Forms that do not meet contract specifications must be reproduced, and mailed (if applicable) at the Contractor’s expense. See Attachment B for form destruction requirements.



**Contractor Response:**

*RMI will require that a production log be completed for each process that the packages go through. This will capture the product sequence number that has been processed and any damaged (reprint) numbers that will need to be reprinted (See Attachment C). This can be modified to add any additional information that Treasury feels should also be captured. This form will also require that each department review the work completed by the prior to verify it has been completed correctly before they start the next process.*

*In order to verify all records are processed and mailed, RMI will image a barcode on the first coupon only that will be read and recorded on the inserter. The barcode is a consecutive number that is read through the window after the coupons have been inserted and the envelope sealed and tracked by computers to verify all records are processed. The number on each record will be assigned to each starting at 1 and up through out the entire data file, there will be NO resets for the various post offices.*

*These files will be used to create reports for Treasury to verify all packages have been produced and sent the USPS for delivery to taxpayers.*

*All products that is damaged or determined not usable will have the sequence number recorded and the bad product will be shredded right away. The record will then be recreated, printed, and assembled and put back into sequence for mailing.*

**10. Confidentiality**

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

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

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

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

**Contractor Response:**

*Each package that RMI is submitting prices for will be constructed in a fashion to keep a casual observer from seeing the personalized information that is not for mailing purposes. All work that utilizes data supplied by Treasury will be completed in one location. The data is protected on internal servers with limited access requiring password and user verification. All data is kept during the production cycle but can be erased at any time interval required by Treasury and notified upon completion.*



See attached completed Form 3337 confidentiality agreements. If additional agreements are deemed necessary RMI will complete and return them as needed.

**B. MICHIGAN ESTIMATE TAX PAYMENT FORMS (MI-1040ES and MBT ESTIMATES)**

**1. Quantity Estimate**

The forms can be produced in one run, but in two groups requiring a plate change between the two groups. The forms bid under this Contract will be printed, personalized, inserted into the outgoing envelope and delivered to the USPS and Treasury. Forms must be compatible with I-TRAN scanning equipment (Attachment F) and must be readable using OCR-A font.

Annual Quantity Estimate: 380,000

<u>Group</u>	<u>Form</u>	<u>Annual Quantity</u>
1	MBT Estimates	230,000
2	MI-1040ES	<u>150,000</u>
<b>Total</b>		<b>380,000</b>

**NOTE:** For the MBT Estimates, approximately 205,000 are calendar filers and 25,000 are fiscal year filers. Calendar year filer materials are dropped at the USPS. Fiscal year filer materials are delivered to Treasury.

**Contractor Response:**

*RMI understands that they can produce the base stock for the 1040/MBT coupons at the same time but there is different copy between them. The coupon stock then requires personalization including a scan line that meets the stated requirements of Attachment F. Once imaged the forms inserted into an outgoing envelope and delivered to either the USPS or Treasury.*

*The MBT forms have two different filer type within the quantity of 230,000 pieces. The Fiscal Filers (approx. 25,000) are to be kept in sequence and delivered to Treasury for further processing while the calendar filers (approx. 205,000) will deliver to the USPS.*

**2. Composition**

All type will be set by the Contract Compliance Inspector. The Contract Compliance Inspector will provide copy of both groups electronically. There will be two completely separate sets of copy; one for Group 1 and one for Group 2.

**Contractor Response:**

*Art files will be supplied by the Contract Compliance Inspector for all forms electronically.*

**3. Current Construction**

- a. MBT Estimate form package is made up of the following items:
  1. One 9-1/2" W x 4-1/8" H (standard #10, open on 9-1/2" side) outgoing white window envelope with inside security tint, 24#, printed two sides in black ink.
  2. One 11" H x 17" W instruction sheet, 20# white bond, printed two sides in black ink; folded to 8 1/2"W x 3 1/2" H.
  3. One 8-1/2" W x 14" H personalized coupon sheet, 24# white bond suitable for MICR encoding, printed one side in black ink. This page contains four OCR-scannable



coupons, 8-1/2" W x 3-1/2" H with a perforation between each coupon. Each coupon contains a scan line located 1/2" from bottom edge and 1/2" from right edge. The location of the scan line in relation to the bottom edge of the coupon is critical for scanning. The taxpayer name and address information is printed on each coupon. One coupon mailing address must show through the outgoing window envelope.

b. MI-1040ES form package is made up of the following items:

1. One 9-1/2" W x 4-1/8" H (standard #10, open on 9-1/2" side) outgoing white window envelope with inside security tint, 24#, printed two sides in black ink.
2. One 8-1/2" W x 14" H instruction sheet, 20# white bond, printed two sides in black ink; folded to 8 1/2" W x 3 1/2" H.
3. One 8-1/2" W x 14" H personalized coupon sheet, 24# white bond suitable for MICR encoding, printed one side in black ink. This page contains four OCR-scannable coupons, 8-1/2" W x 3-1/2" H with a perforation between each coupon. Each coupon contains a scan line located 1/2" from bottom edge and 1/2" from right edge. The location of the scan line in relation to the bottom edge of the coupon is critical for scanning. The taxpayer name and address information is printed on each coupon. One coupon mailing address must show through the outgoing window envelope.

Note: Items b2 and b3 may be combined on a 17" by 14" sheet with a perforation at 8 1/2".

**For both MBT Estimates and MI-1040ES:**

c. Perforations must separate the four OCR – scannable coupons.

It is essential that the leading edge (front end of form when scanned through machines at Treasury’s financial institution) of the coupons is a clean edge (i.e. non-perforated, no glue residue) and the fold must fall on the perforations.

Perforations must be sufficiently sturdy to withstand mailing but should tear cleanly by hand.

**Contractor Response:**

*RMI understands the current construction has an outbound window envelope (#10) printed in black on the face and back plus a security tint on the inside for both the 1040 and MBT packages.*

*The coupon stock is a 24# OCR stock the is 8-1/2" x 14" printed one side in black and has full cross perforations to allow the removal of individual coupons 8-1/2" x 3-1/2". Each coupon will have variable data imaged including a scan line for processing at the State’s financial institution. The address will be imaged to show through the window for delivery to the tax filer. The stock is folded to a finished size of 8-1/2" x 3-1/2" on the perforations and inserted into the #10 Envelope.*

*The instruction sheets are 20# White printed in black ink on both sides. The 1040 instruction sheet is 8-1/2" x 14" and the MBT instruction sheet is 11" x 17". Both sheets are folded down to 8-1/2" x 3-1/2" and a single piece inserted with the coupon stock in each #10 envelope.*

**4. Ink**

Two sides.

One color black for both groups (380,000 total).

OCR ink for scan lines must meet I-TRAN specifications (Attachment F). OCR characters must be formatted at 10 characters per inch.



**Contractor Response:**

*RMI understands that all print will be ink black no matter what side is printed for either the 1040 or the MBT package. The scan lines will be in compliance with the stated requirements listed in Attachment F and formatted at 10 CPI in an OCR font.*

**5. Print Standards**

- a. Personalized information must be created at a minimum of 300 dpi or equivalent.
- b. Scan line must be in OCR-A font scannable by I-TRAN document processors. OCR characters must be formatted at 10 characters per inch.

**Contractor Response:**

*All variable data will be completed on laser printers printing at a minimum of 300 dpi including the scan lines meeting the requirements listed in Attachment F, formatted at 10 CPI in an OCR-A font.*

**6. Personalization**

The 8-1/2" W x 14" H personalized coupon sheet contains four OCR-scannable coupons that must be personalized as follows:

- a. Both Groups: Each coupon must bear the full name and address of the taxpayer (mailing address). Maximum 8 personalization lines.
- b. Both Groups: Each coupon contains a scan line. The scan line must be placed 1/2" from the right edge and 1/2" from the bottom edge of coupon. The location of the scan line in relation to the bottom of each coupon is critical for scanning. The scan line information is provided by Treasury (no computation/programming necessary by contractor).
- c. Group 1 only (MBT Estimates): Personalized on each coupon are "Federal Employer Identification Number" (format: 31-1234567) and the "Year End File Date" (format: CCYYMM. Example: The file period "March 2005" should appear "200503").
- d. Group 2 only (MI-1040ES): Personalized on each coupon are "Due Date for Calendar Year Filers" (format: January 15, 2004) and "Social Security Number (SSN)". The SSN will not be displayed on outbound communications. Rather, the SSN will be truncated to last four digits and scan lines will contain Correspondence ID#.
- f. Group 1, MBT Estimates - **fiscal year filers only:** The file period must be personalized in the first address line (flush right) and must show through the window envelope. For example, the file period March 2005 would appear as 2005-03. This file period must be the same date as the "Year End File Date" printed on the individual coupons (1.022-B.6.c).

**Contractor Response:**

*The coupon stock which is a 24# OCR stock printed in black ink with perforation to create 4 coupons 8-1/2" x 3-1/2" will contain the following:*

- 1. All groups will have the full address on each coupon and will not have more than 8 lines.
- 2. All coupons will be imaged with a scan line in the correct position in relation to the leading and aligning edges to read properly on the bank scanner
- 3. All scan lines will be complete in the data supplied by the State. There is no programming or computing required by RMI to generate the scan line.



4. Depending the group, there are some formatting requirements that need to be instituted. These include date fields and account numbers depending on the group. The 1040 has the date formatted as “Month Day, Year” and the social security number as ### - ## - #####. The MBT group requires the date to be formatted as “CCYYMM” and have the account number formatted as ## - #####. RMI can truncate the social security number to any length required including the last four digits.

5. Group 1 Fiscal Filers only has an additional field on the coupons to indicate the file period listed in the file and formatted as CCYY-MM to show through the window.

**7. Data Delivery and Data Accuracy**

Two separate data “flat” files will be delivered to the Contractor through a File Transfer Protocol (FTP) site. Data file layouts and FTP requirements will be delivered to the Contractor after contract award.

The contractor must work with a Treasury Agency Services analyst to establish the FTP connection to the State of Michigan Data Exchange Gateway (MDEG).

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

Within 24 hours of receiving production files for both groups, Contractor is to confirm in writing with the Contract Compliance Inspector, the number of records in each data file received from Treasury. A detailed breakdown must be provided of the number of calendar and fiscal filers for Group 1. Any discrepancies will be addressed by the Contract Compliance Inspector.

**Contractor Response:**

*RMI will receive data files via an FTP site and will get file layouts and the FTP requirements after the contract has been awarded. RMI will work with Treasury to establish and test the connection. RMI will take all data for both groups and will confirm counts with the Contract Compliance Inspector within 24 hours of receiving. This reports will contain the break down to indicate the number of records for the 1040, MBT calendar, and MBT Fiscal filers. If any discrepancies are found RMI will work with the Contract Compliance Inspector to correct the situation.*

**8. Production Schedule**

The following is a general production schedule for the MBT Estimate and 1040ES forms.

Proofs must be delivered to the Contract Compliance Inspector within seventy-two (72) hours of receiving copy.

<u>Task</u>	<u>Due Date</u>
Contractor begins work with Treasury to establish/test FTP connection* .....	September 15
Copy released to printer .....	November 7
Contractor provides proofs .....	November 10
Proofs approved by Treasury .....	November 16
Test file and record layouts released; Contractor confirms count.....	December 4
Contractor provides Test 1 (construction proof).....	December 11
Test 1 approved** .....	December 15
Contractor provides Test 2 (test coupons) .....	December 21
Test 2 approved.....	January 5
Production files released; Contractor confirms count; Production authorized .....	January 5
Contractor provides Test 3 for Group 2 (sample production records).....	January 11
Group 2, Contractor provides mailing report.....	January 13
Group 2, Treasury authorizes mailing.....	January 15



Group 2, MI-1040ES delivered to USPS .....	January 18
Contractor provides Test 3 for Group 1 (sample production records) .....	January 27
Group 1, Contractor provides mailing report.....	February 3
Group 1, Treasury authorizes mailing.....	February 5
Group 1, MBT calendar year estimates, delivered to USPS .....	February 8
Group 1, MBT fiscal year estimates, delivered to Treasury .....	February 10
Contractor provides Test 4 for both groups .....	February 12

\* Task applies to a new vendor in year one of a new contract.

\*\* Printing of instructions is authorized AFTER the Legislature has adjourned. Printing of envelopes can be done before the Legislature adjourns. Personalization of vouchers is authorized AFTER successful testing of vouchers at financial institution.

**Contractor Response:**

*RMI has reviewed the anticipated production schedule and confirm that RMI can meet all the listed date requirements and will have all proofs returned within the 72 hours for approval by the contract compliance inspector.*

**9. Manufacture**

Treasury is not bound to any specific manufacturing platform. The specifications in Section 1.022-B address the basic design and needs the product and services must meet. The Contractor, therefore, is not bound to a production method that is inefficient for their plants. The Contractor is encouraged to propose a product that will meet the specifications and that is most efficient for their plant, hence most cost-effective for the State.

The Contract Compliance Inspector will notify the vendor if undeliverable records should be printed each year.

**Contractor Response:**

*RMI has reviewed the package and understand that Treasury is not bound to this method of manufacturing. RMI is submitting a second price structure for a new method of manufacturing as well as additional information on the production process.*

*RMI will confirm with the contract compliance inspector how to proceed with all undeliverable records that RMI encounters each year.*

**10. Testing**

Test 1: Using the test data the Contract Compliance Inspector provides, the Contractor must produce a plain paper test with a transparent overlay or convert to a PDF file. Test must show all personalization, as it will appear on the final document.

Test 2: The Contractor must produce up to one hundred (100) fully personalized pre-printed testing coupons for both form groups (these forms must be separated). Testing will be done at Treasury’s current depository institution. Production data will not be released until a successful test is completed.

Test 3: The Contractor must duplicate the first ten (10) production records of each group. The forms must be personalized, fully sealed in envelopes, mail ready, and then sent by overnight mail to the Contract Compliance Inspector. This allows the State to verify production forms meet contract specifications.

Test 4: The Contractor will personalize every 1000th form of the production run with a 'Z' file. The Contractor must verify accuracy of personalized data and ensure forms meet contract



requirements. As produced, these ‘Z file forms shall be forwarded to the Contract Compliance Inspector via overnight mail.

The Contractor shall not allow system program changes after completion of Test 1 unless authorized, in writing, by the Contract Compliance Inspector. Any program changes will result in complete re-testing and approval of test results by the Contract Compliance Inspector. The contractor is bound by the production (Section 1.022-B.7) and mailing (Section 1.022-B.14.a.3) schedules in the event authorized system program changes are necessary.

**Contractor Response:**

*RMI will supply these tests for approval by Treasury:*

*The first test will demonstrate the copy (static copy) and variable data in registration on white paper for review to show how the final product will appear.*

*The second test will be 100 completed records completely printed both litho and laser. These forms will then be submitted to the stat’s depository institution for testing of the readability. No production data will be released until this test is completed and approved.*

*The third test is to manufacture and send the first 10 records of each group completed and inserted into envelopes. These will be sent over night to allow the Contract Compliance Inspector time to review and confirm all specifications are met.*

*The fourth test will be supplied to the Contract Compliance Inspector after the completion of the job. RMI will supply completed packages that are manufactured during the production of the annual run. These will be sent for inspection to confirm all specifications are met. RMI will overnight ‘Z’ packages to the Contract Compliance Inspector as the packages are completed.*

*All programming once approved will not be modified without written approval from Treasury. If a change is made all tests will be duplicated to ensure all specifications are made and coupons function at the bank. These additional tests will not relieve RMI from meeting the required schedule.*

**11. National Change of Address (NCOA)**

The production file of MBT Estimates must be processed against the National Change of Address (NCOA) file (subcontractor must be specified in the bid if applicable). The Contractor must have the ability to select and update all moves that occur after May 1<sup>st</sup> of mailing tax year and to treat all addresses as NCOA move type “business” (vs. “family” or “individual” move) in the match logic. Contractor must provide address updates electronically to Contract Compliance Inspector via an Microsoft Excel spreadsheet on a CD mailed confidentially. Treasury may have the resources available in future years to receive address updates from the Contractor via FTP.

**Note:** Treasury does not anticipate needing to process the MI-1040ES files through the NCOA process but requests cost estimates to do so on Attachment A.

**Contractor Response:**

*RMI will process the MBT file through the NCOA to update files to correct the address to reflect the new location on file at the USPS. RMI will then create a CD and send the information back to Treasury for review. All prices are on the pricing sheets of this Contract, RMI understands that at this time there is no intention to process the 1040 file through NCOA.*



**12. Address Files and ZIP Code Sorting**

- a. The Contractor will receive separate electronic files for each group.

*Group 1* (MBT Estimates) will contain two separate files. One of these files will contain calendar-year filers. This file must be matched against a carrier route sort and prepared for automated carrier route mailing or non-automated carrier route mailing to ensure the best possible postal rates for the State.

The other file in this set will contain fiscal-year filers. **DO NOT MATCH THIS FILE AGAINST A CARRIER ROUTE FILE.** This file is sorted by 5-digit presort and by the filing period for each filer. Deliver these forms, **IN ORDER OF THE FILE** (ascending order by file period), to Treasury (1.022-B.14.c) where they will be mailed throughout the year.

*Group 2* file will contain the files for the individual income tax estimates. This file must be matched against a carrier route sort and prepared for automated carrier route mailing or non-automated carrier route mailing to ensure the best possible postal rates for the State.

- b. The Contractor must process information according to USPS Standard A Mail requirements for CASS.
- c. The Contractor must determine and personalize the correct Delivery Point Bar Code. Addressing and bar coding must meet USPS guidelines for position and readability.

**Contractor Response:**

*The MBT has two groups; the first is the calendar which will be processed through the postal sorting software to achieve the best possible automation rate. The second file is the fiscal filers which will be processed through the postal sorting software but the order will not be modified from the sequence the data is supplied in. RMI will address and add all required postal changes to achieve automation rates.*

*RMI will process the file to qualify as a Standard Mail A and create all required components to achieve the lowest possible rate. This includes the corresponding postal bar code.*

**13. Packing Group 1 MBT – (Fiscal Year Forms only)**

The MBT Estimate fiscal year forms shall be delivered to the Treasury (Section 1.022-B.14.c).

- a. Package only one month/file period in a box. Do not mix months in the same box.
- b. Boxes must be labeled on end (not on top). For example: There are 8 boxes for the month 3 (March).

Box 1 is labeled:  
 MBT Fiscal Year Filers  
 Month 3  
 Box 1 of 8

Box 5 is labeled:  
 MBT Fiscal Year Filers  
 Month 3  
 Box 5 of 8

**Contractor Response:**

*RMI will package the Fiscal filers in cartons according to the month/file period. Each carton will only contain a single month's packages and will be labeled according to the month and the total number of cartons in the group and that carton's specific number within the series.*



**14. Mailing**

a. Mail Specifications

1. Mail Sort: Presort standard rate. Before personalizing, the Contractor must match the production file with a USPS qualified zip-code and presort standard rate sort program, append the carrier-route code, apply the correct PostNet bar code, postal qualify the file and prepare for delivery to the USPS. Subcontractors for the postal sorting are acceptable, but must be specified and a copy of the subcontractor’s current CASS certificate must be provided. Quality of barcode must meet USPS guidelines.
2. Prior to production each year, the Contractor must take a sample of both the MBT Estimates and MI-1040ES to the U.S. postal facility being used for the mailings to verify the packet is acceptable as presented and can be mailed at the lowest possible qualifying rate. The Contractor must provide USPS with a detailed description of the packet construction for USPS signature and provide the Contract Compliance Inspector with a signed copy verifying both pieces are acceptable for mailing and the rate classification at which it will be mailed. **The Contractor will be responsible for any mailing charges above the mailing rate provided to the Contract Compliance Inspector.**
3. The Contractor is to deliver forms to the USPS that provides the best overall economies of scale for the State after January 15 but before January 27 for the Group 2 (MI-1040ES) coupons; and after February 7 but before February 11 for the Group 1 (MBT Estimates) calendar year coupons. The Contractor shall be liable for liquidated damages due to late mailing of forms (Section 2.243).
4. At least three (3) working days before forms are delivered to the USPS, the Contractor must notify the Contract Compliance Inspector via fax or e-mail of the scheduled drop using the *Notice of Mail Drop to Treasury USPS Permit* (Form 2562) (Attachment C) provided by the Contract Administrator. Upon receiving this notice, the Contract Compliance Inspector will deposit the proper funds into the permit account. The USPS will reject deliveries that are not supported by adequate funds in the account.

b. Proof of Mailing

Contractor must provide a report showing a form was produced for every record authorized for printing/mailing provided by Treasury. This report must be provided to the Contract Compliance Inspector prior to dropping any mail at the USPS. This report is to include (at the minimum): (1) the number of forms to be mailed under Treasury's Post Office Permit, (2) the number of records deemed undeliverable, and, (3) the number of forms that do not qualify for permit mailing and require First Class postage. The quantities listed on this report must reconcile with the production file provided by Treasury. Treasury will authorize mailing after review of mailing report.

Contractor must provide in detail the method(s) used to verify a piece was printed and mailed for every record (Section 1.022-A.9).

Within three (3) working days after the forms have been mailed to taxpayers, the Contractor must send to the Contract Compliance Inspector a copy of USPS form, *Statement of Mailing with Permit Imprints* (Form 3602-R1) (Attachment D) for each delivery (partial or whole) to the USPS. The USPS form must be clearly marked with the name and form number of the form being mailed.

The proof of mailing must be accompanied by either the original confidential tax information provided for creation of the MBT Estimate and 1040ES forms (electronic media or camera



ready) or proof that the original information is ready for destruction. The Contract Compliance Inspector will confirm with the Contractor that original confidential tax information can be destroyed after the Contract Compliance Inspector receives the “Notice of Mail Drop to Treasury USPS Permit” (Form 2562) (Attachment C). Records must be kept of production records destroyed in accordance with Attachment B.

c. Shipping Address

1. Group 1, MBT Estimates, fiscal-year forms:

Michigan Department of Treasury  
 Tranter Building  
 735 Hazel Street  
 Lansing, MI 48912

2. Group 1, MBT Estimates (calendar-year) and Group 2, 1040ES forms:

United States Postal Service (USPS)

**Contractor Response:**

***Mail Specifications:***

*RMI has completed mockup samples of the MBT and 1040ES packages and have sent them to Rates and Classification at the USPS for a determination on the postage and sort them for these classifications. To make sure RMI meets all current postal regulations RMI will submit samples each year for Rates and Classification to reaffirm the class of each piece prior to that year’s mailing. If RMI does not get approval and it is determined that additional postage is required, RMI will be responsible for the additional charges.*

*The data will then be run through BCC postal sorting software to apply the correct postal bar code and put the 1040 and MBT Calendar filers in delivery sequence. The packages will then be processed, completed, and mailed at the postal entry point that achieves the best overall economies for the State of Michigan. The completed packages will be delivered by the dates stated in this Contract and if RMI doesn’t make these dates will be fined the liquid damages listed with in these Contract.*

*RMI will, at a minimum of three days, notify Treasury of the delivery dates by completing Form 2562. This notification will be for Treasury to verify their account has the appropriate funds necessary to cover the cost of postage. It is understood that If the account is not completely funded the USPS will reject the mailing.*

***Proof of mailing:***

*RMI will supply a report to Treasury verifying that RMI processed the entire file this includes First Class, Permit, and non-mailed or undeliverable pieces. The file will be sent for review and approval by Treasury prior to the mail being taken to the USPS for delivery.*

*To verify that each file that has been approved for production RMI will assign a UIN (unique identification number) to each record within the entire file. This number will be embedded into a bar code that will be read on the inserter through the window of the envelope which has been sealed. This system records each number as it is processed and all records can be reconciled which will be used to create all the needed reports.*



*All postal confirmation will be sent to the Contract Compliance Inspector with the name and form number it reflects. All data that RMI has will be erased and confirmed to the Compliance Inspector at the time required.*

**Shipping Address:**

*RMI will deliver the MBT calendar and 1040ES to the USPS and the MBT Fiscal packages to Treasury in Lansing.*

**NOTE :** *As of this time RMI is still waiting for a final determination on the postage rate from USPS Rates and Classifications and will use Presort Standard at this time but please note it may require modification after RMI receives final determination.*

**C. 1099-G FORM**

**1. Basic Construction**

In past years, the 1099G form has been manufactured and mailed as a double postcard. The construction must adhere to USPS mail qualifications to mail as a double postcard.

- a. Quantity: 1.3 million 1099G forms annually. Quantity is estimated and varies based on annual records. Exact record counts will not be available until production data is run. The Contractor will be required to produce one form for each record on file.
- b. Ink: Black printed two sides.
- c. Confidentiality: The final document must be sealed such that a casual observer or mail handler cannot see Social Security number(s), refund amounts, interest amounts, and the tax year. Contractor will be provided taxpayers' full Social Security Numbers but must truncate such that the last four digits only are printed on the 1099G forms.
- d. Copy: The Contract Compliance Inspector will provide either camera-ready copy, electronic files, or diskettes.

**Contractor Response:**

*It is estimated that there will be 1.3 million packages mailed each year and have been constructed as a double postcard. The construction must be reviewed and approved by the USPS as a qualifying double postcard. The data which is meant to be kept private will be imaged and kept to the inside of the package and sealed to keep casual observer or the mail handler from seeing this information. The Social Security number will be truncated to the last 4 digits of the number for additional security. The art will be furnished by the Contract Compliance Officer which can be in any of the listed formats.*

**2. Form Personalization**

The Contractor will personalize each form with variable information from data provided by the Contract Compliance Inspector. Personalization must be performed in a single pass so data will be kept synchronized. All personalization must be in black ink. One hundred percent (100%) retrieval of all the variable information from the production data is required. Personalization and sealing must be performed in the same facility. Personalization includes name(s), address, Social Security Number(s) (last four digits only), refund amount, interest amount and tax year.

**Contractor Response:**

*Each 1099 will be imaged with the variable data provided on a single pass that maintains the information on the front is synchronized with the back maintaining the integrity of the piece. The personalization and sealing process will be completed within the same facility.*



**3. Manufacture**

Treasury is not bound to any specific manufacturing platform. The specifications in Section 1.022-C.1 address the basic design and needs the product and services must meet.

The Contract Compliance Inspector will notify the vendor if undeliverable records should be printed each year.

**Contractor Response:**

*RMI understands that there is no specific platform or process and RMI can offer any options that meet all the stated requirements. The most economical product due to the postage is keeping the 1099 as a double postcard. There are no Entry or Carrier Route discounts for First Class and if RMI changes to a letter it will increase the postage by over \$ 169,000.00 annually.*

*All undeliverable records that are encountered will be handled in the format that the Contract Compliance Inspector directs.*

**4. Data Delivery and Data Accuracy**

The data “flat” file will be delivered to the Contractor through a File Transfer Protocol (FTP) site. The data file layout and FTP requirements will be delivered to the Contractor after contract award. The contractor must work with a Treasury Agency Services analyst to establish the FTP connection to the State of Michigan Data Exchange Gateway (DEG).

DEG Connection Options: Vendornet or Internet  
 DEG Security Options: SSL/FTP or HTTPS Web page

Within 24 hours of receiving the production file, the Contractor is to confirm in writing with the Contract Compliance Inspector, the number of records in the data file received from Treasury. Any discrepancies will be addressed by the Contract Compliance Inspector.

**Contractor Response:**

*The data will be sent to RMI via a FTP site along with a record layout after the contract has been issued. RMI will work with Treasury agency services to confirm our connection with the FTP data exchange. Once RMI has the data RMI will notify the Contract Compliance Inspector to the total number of records received.*

**5. Production Schedule and Data Records**

The following is a general production schedule for the 1099G project.

Proofs must be delivered to the Contract Compliance Inspector within seventy-two (72) hours of receiving copy.

<u>Task</u>	<u>Due Date</u>
Contractor begins work with Treasury to establish/test FTP connection* .....	September 15
Copy released to Contractor.....	November 6
Contractor provides proof .....	November 13
Proof approved by Treasury.....	November 16
Test files and file layout released by Treasury; Contractor confirms count .....	November 16
Contractor provides Test 1 (mail-ready proof ) .....	December 11
Test 1 approved by Treasury.....	December 15
Contractor provides Test 2 (production samples) .....	January 4
Test 2 approved.....	January 5
Production files released by Treasury; Contractor confirms count.....	January 5
Contractor provides mailing report.....	January 15



Treasury authorizes mailing..... January 18  
 Contractor provides Test 3 (production samples) ..... January 19  
 Test 3 approved by Treasury..... January 19  
 1099Gs delivered to USPS..... January 20  
 Vendor provides Test 4..... January 25

\* Task applies to a new vendor in year one of a new contract.

Treasury is bound by statute to mail the 1099G on or before January 31. Late mailing of these forms due to Contractor error is considered a breach of contract and subject to liquidated damages (Section 2.243).

**Contractor Response:**

*RMI has reviewed the time line above and can meet all the required due dates and if RMI doesn't mail prior to February 1<sup>st</sup> due to RMI's own error RMI will be subject to the fines listed in this Contract.*

**6. Testing**

Test 1: The Contract Compliance Inspector will provide test data from which the Contractor must produce a construction proof with a personalized overlay or convert to a PDF file. Test proof must show all personalization as it will appear on the final document. Production tapes will not be released until a successful test is completed.

Test 2: The Contractor must provide twenty-five (25) sample copies fully sealed and mail ready.

Test 3: The Contractor must duplicate the first twenty-five (25) records of the production file. These forms must be printed at the beginning of the production run, mail ready and sent by overnight mail on the same day they are personalized to the Contract Compliance Inspector.

Test 4: The Contractor will personalize every 5000th form of the production run with a 'Z' file. The Contractor must verify accuracy of the personalized data and ensure forms meet contract requirements. As produced, these 'Z' file forms shall be forwarded to the Contract Compliance Inspector via overnight mail.

The Contractor shall not allow system program changes after completion of Test 1, unless authorized by the Contract Compliance Inspector. Any program changes will result in retesting (all tests before programming change). The contractor is bound by the production (Section 1.022-B.7) and mailing (Section 1.022-B.14.a.3) schedules in the event program (authorized or unauthorized) are necessary.

**Contractor Response:**

*RMI will supply these tests for approval by Treasury:*

*The first test will demonstrate the copy (static copy) and variable data in registration on white paper for review to show how the final product will appear. No production data will be released until this test is completed and approved.*

*The second test will be 25 completed records completely printed and sealed as mail ready. These forms will then be submitted to the state for review.*

*The third test is to manufacture and send the first 25 records of the live production data. These will be sent over night to allow the Contract Compliance Inspector time to review and confirm all specifications are met.*



*The fourth test will be supplied to the Contract Compliance Inspector after completion. RMI will supply completed packages that are manufactured during the production of the annual run. These will be sent for inspection to confirm all specifications are met. RMI will overnight 'Z' packages to the Contract Compliance Inspector as the packages are completed.*

*All programming once approved will not be modified without written approval from Treasury. If a change is made all tests will be duplicated to ensure all specifications are made and coupons function at the bank. These additional tests will not relieve us from meeting the required schedule.*

**7. NCOA – OPTIONAL PRICING**

Treasury does not anticipate needing to process the 1099G data through the National Change of Address (NCOA) process, but requests costs estimates to do so on Attachment A.

Pricing should include processing the entire 1099G production file against the NCOA file (subcontractor must be specified in the bid if applicable). The Contractor must have the ability to select and update all moves that occur after May 1<sup>st</sup> of the mailing tax year and to treat all addresses as NCOA move type “individual” (vs. “family” or “business” move) in the match logic. Updated addresses must be provided electronically and Treasury will notify the contractor of the format of the updates in how they should be provided to Treasury.

**Contractor Response:**

*The charges for processing the file through NCOA are in the pricing section of the RFP even though RMI understands that it is not anticipated that RMI will process the 1099G Data.*

*If RMI is required to process the data all updated records will be supplied to Treasury in the format requested.*

**8. Mailing**

a. Mail Specifications

1. **Mail Sort:** 1st class carrier-route rate. Before personalizing, the Contractor must match data with a USPS qualified zip code and 1st class carrier-route sort program, append the carrier-route code, apply the correct PostNet barcode, postal qualify the file and prepare for delivery to the USPS. Subcontractors for the postal sorting are acceptable, but must be specified in the bid. A copy of the postal sorters current CASS certificate must be included with the bid. Quality of barcode must meet USPS guidelines.
2. Prior to production each year, the Contractor must provide a 1099G sample to the USPS facility being used for the mailings to verify the piece is acceptable as presented and can be mailed at the lowest possible qualifying rate. Contractor must provide USPS with a detailed description of the piece construction for USPS signature and provide the Contract Compliance Inspector with a signed copy verifying the piece is acceptable for mailing and the rate classification at which it will be mailed. **The Contractor will be responsible for any mailing charges above the mailing rate provided to the Contract Compliance Inspector.**
3. The Contractor is to deliver forms to the USPS that provides the best overall economies of scale for the State after January 20 but before January 31 for the Michigan 1099G form.



4. At least three (3) working days before forms are delivered to the USPS, the Contractor must notify the Contract Compliance Inspector via fax or e-mail of the scheduled drop using the *Notice of Mail Drop to Treasury USPS Permit* (Form 2562) (Attachment C) provided by the Contract Compliance Inspector. The Contract Compliance Inspector will confirm adequate funds are available within the permit account prior to the mail being dropped at the USPS.

b. Proof of Mailing

Contractor must provide a report showing a form was produced for every record authorized for printing/ mailing provided by Treasury. This report must be provided to the Contract Compliance Inspector prior to dropping any mail at the USPS. This report is to include (at the minimum): (1) the number of forms to be mailed under Treasury's Post Office Permit, (2) the number of records deemed undeliverable, and, (3) the number of forms that do not qualify for permit mailing. The quantities listed on this report must reconcile with the production file provided by Treasury. Treasury will authorize mailing after review of mailing report.

Contractor must provide in detail the method(s) used to verify a piece was printed and mailed for every record (Section 1.022-A.9).

Within three (3) working days after the forms have been mailed to taxpayers, the Contractor must send to the Contract Compliance Inspector a copy of USPS form, *Statement of Mailing with Permit Imprints* (Form 3602-R1) (Attachment D) for each delivery (partial or whole) to the post office. This USPS form must be clearly marked with the job name (Michigan 1099G).

The proof of mailing must be accompanied by either the original confidential tax information provided for creation of the 1099G form (electronic media or camera ready) or proof that the original information is ready for destruction. The Contract Compliance Inspector will confirm with the Contractor that original confidential tax information can be destroyed after the Contract Compliance Inspector receives the “Notice of Mail Drop to Treasury USPS Permit” (Form 2562) (Attachment C). Records must be kept of information destroyed in accordance with Attachment B.

c. Shipping

Ship Michigan 1099G forms to the United States Postal Service (USPS)

**Contractor Response:**

*The data will be sorted as a first class mailing at a level that achieves the best possible postage to Treasury. This sort will update the original file to include all postal requirements to achieve automation discounts. Samples of the construction have been sent to the USPS for review and determination on the classification/construction. RMI understands that RMI will be responsible for charges that are above the rate supplied to the Contract Compliance Inspector. RMI will submit samples each year to the USPS for review and send a signed sample to the Contract Compliance Inspector confirming the rate class.*

*All products will be processed at the best possible rate and delivered to the USPS between the dates of January 20<sup>th</sup> and January 31<sup>st</sup> of each year. RMI will notify the Contract Compliance Inspector at least three days prior to dropping the mailing at the USPS. RMI will submit a completed 2652 so the Contract Compliance Officer can confirm and/or make a deposit in the permit to cover the needed postage.*



*The 1099 package is not processed on the inserters because it is a self-mailer. The folders and tabbers don't have the barcode readers on them like the inserters. The lack of readers makes using the barcode as a option of tracking and recording each piece not possible because of this RMI will process the 1099's in the following format to track and verify all records are produced and mailed.*

*Once the file has been sorted and each piece is assigned a sequence number and the file is broken down into smaller lots for production and tracking purposes. Each printer/operator will complete the production log and print the 1099's which the printer is also tracking the number of files processed. The production log then moves with that lot to the next step where it is completed as the cards are sheeted and folded. The form is completed and it again moves with the lot to the wafer sealer and the form is again completed as the lot is processed and the cards are sorted and trayed. The reports that are generated will come from these logs along with the weight verification form the USPS to show all cards were processed and sent via the mail to the tax payer.*

*A statement will be supplied to the Contract Compliance Inspector within three days of the delivery to the USPS. These 3602 forms will be marked with the job name/number, product, and post office name. All data will be erased and verification sent to the Contract Compliance Officer after notification that the data is no longer needed and RMI can from the Treasury.*

*All products will be delivered to the USPS at the required locations to achieve to correct postage discount quoted. (see price pages)*

**1.030 Roles and Responsibilities**

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

- A. Contractor project manager and designated key personnel to act as a central point of contact for all contractual activities. Unauthorized removal of key personnel shall be subject to liquidated damages (Section 2.243).
- B. Contractor will commit that staff identified in this contract will actually be available at the start of the contract period and be ready and able to perform the assigned work. The Contractor will provide, and update when changed, an organizational chart indicating lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management and indicate who within the firm will have prime responsibility and final authority for the work.
- C. Contractor must provide a list of the companies with which any portion of the services to be performed pursuant to this contract would be subcontracted (Sections 1.0717, 2.070 and 5.013). For each company listed, provide a brief description of those services that would be subcontracted, the length of time your company has subcontracted those services to that company and the location where the subcontractor(s) will perform work. This would also apply to any new subcontractors added during the duration of this contract.

If the subcontractor has access to confidential information, also provide security requirement information for the subcontractor (Attachment B).

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

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



**Contractor Response:**

*Here are the key personnel that will be involved in the handling of this program:*

**William Condon – Program Manager/Administrator**

*Over 22 years experience in the Graphic Arts Industry with the last 12 years being assigned to the State of Michigan account. Prior experience has been in manufacturing and has held the positions of Pre-production Engineer, Buyer, Estimator, Director of Quality, and Vice-President of Manufacturing with Rotary Multiforms, Inc. Bill manages all aspects of the SUW, 1040ES, C8002, and MI1040ES programs and day-to-day communications with the State for all other projects and programs*

**Kim Causley – Coordinator**

*5 years experience in management of complete programs including print and mail at RMI and over 10 years experience in managing mailing programs for EDS, J.D. Powers & Assoc., and R.L. Polk while at Wolverine. Kim has extensive knowledge of the entire process from creation to mailing. She worked previously for Wolverine before moving to RMI giving her insight into the day-to-day operations at Wolverine. Using her personal relationships with the people and knowledge of the workflows at Wolverine, Kim will assist in oversight of this program.*

**Darryl English – Vice President of IT Services**

*12 years with Wolverine and has been instrumental in moving the company into many new sectors. He has expanded IT Services while implementing Data Management, Digital Print, and Digital Imaging services. Darryl has worked with Bill on all State of Michigan programs since 1996 which includes the SUW, C-8002, MI-1040ES, MET, New Business Seminars, 1099G, and UD-10 Traffic Crash Reports in addition to many special projects. Darryl has degrees in Engineering and Business Administration.*

**Belinda Schultz – CSR Manager**

*16 years with Wolverine and manager of Customer Service since 2003. Belinda is RMI's inside contact for all programs and customers. She has worked with Bill on the SUW, 1099G, C8002, and MI-1040ES programs as well as MET and New Business Seminar mailings for the State of Michigan. Belinda reviews the orders and construction mockups to assist in creating a work flow process for all orders submitted by RMI.*

**Ernesta Bagaric – Process/Quality Manager**

*6 years with Wolverine and has worked on establishing procedures and quality checks for various products and customers. She has been an integral in establishing the Automated Statement Processing Division and its growth and success.*

**Brian Anger – DataCenter Manager**

*Joined Wolverine in 1999 as a Senior Programmer, and has since elevated through the ranks as the Supervisor of DataCenter daily operations. Brian has worked extensively with IT support of current critical programs. Brian holds a Computer Science Degree from the University of Windsor.*

**Lavain Dezerne – Production manager**

*Started working with Wolverine in October of 1986. 20 yrs experience in the production department with the 13 years as a supervisor in the letter shop prior to becoming the Production Manager in 2001.*

*RMI understands that RMI must notify and get approval to replace any of the above listed individuals or face fines listed in this RFP. See Attachment G for organizational chart.*



*The companies RMI is partnering with for the production of the products need for this contract are:*

*Stylecraft Printing  
8472 Ronda Drive  
Canton, MI 48187  
(800) 482-1416 phone  
(877) 455-9461 fax  
Contact: Andrea Pesci-Jones (Vice-President)*

*Stylecraft Printing is a full service printing company that services the printing trade only and has no direct customers in business since 1967. The plant has 4 forms presses that can be used to produce products from this contract. The plant has full service composition and camera departments capable of working with disk, artwork, or negatives. The plant also has offline capabilities to perform operations such as shrink-wrapping, booking, die cutting, or folding (see their equipment list enclosed).*

*Subcontracted by RMI to perform State work for:  
Snap-out Forms, Treasury Books and Forms, Continuous Forms, Stock Tab, Cut Sheet, and SUW personalization base forms*

*Wolverine Solutions  
1601 Clay Street  
Detroit, MI 48211  
(313) 873-6800 phone  
(313) 873-8730 fax  
Contact: Darryl English (Vice President IT Services)*

*Wolverine Solutions Group is a full-service document management company specializing in direct mail production. This includes; IT Services, digital printing, direct mail communications, electronic document management, and cutting edge solutions designed around document execution, hard copy or electronic.*

*Over the years, Wolverine Solutions Group has sustained a growth rate of at least 15% per year, growing to over 300,000-square-feet of production space. With a large investment in state-of-the-art equipment and technology, RMI is well-equipped to handle a wide array of communication projects from marketing programs to custom critical communications such as health care information, statements, and negotiable documents. RMI service a variety of local and national clients in automotive, retail, advertising, health care and financial industries.*

*Subcontracted by RMI to perform State work for:  
Currently used to produce SUW books and mail, Image and mail the 1040/MBT/1099 products and has signed Confidentiality Forms on file with Dept of Treasury.*

*The Envelope Printery  
8979 Barton Drive  
Van Buren Twp, MI 48111  
(734) 398-7700 phone  
(734) 398-7924 fax  
Contact: Ken Hamilton*



*The Envelope Printery is a full service envelope manufacturer offering over 75,000 square feet of manufacturing/warehousing for stock material and customer inventory. Since 1986, RMI has provided businesses with letterhead and envelopes from small to large orders. Our current Manufacturing Department produces over 2,500,000 envelopes a day and our Jet Press Department produces over 1,000,000 a day. Whether your envelopes require four color printing, a special window, latex, peel & seal flap, or even shrink wrapping, RMI has the capability.*

*Subcontracted by RMI to perform State work for:  
Envelopes for the SUW program, 1040 and MBT products*

**1.040 Project Plan**

**1.041 Project Plan Management**

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

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

The Contractor’s project organizational structure.

The Contractor’s staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposals (Section 1.031). Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

A business responsibility document showing sub-projects, activities and tasks, resources required and allocated to each, internal processes, decision points, data file specifications, etc. This document will be developed in conjunction with the Contract Compliance Inspector

The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

**Contractor Response:**

*RMI will perform under the direction of the Department of Treasury and within 30 days submit the following to the Contract Compliance Inspector:*

*Our organizational structure with all names and contact information for each person is listed (Attachment G). If the individual is determined by Treasury not to be acceptable RMI will replace them.*

*RMI will work with the Contract Compliance Inspector in developing the document which will also list the needed tasks and decision points. Once completed, RMI will submit this in a graphic display showing all these in a time line format using MS Project.*

**1.042 Reports—Deleted, Not Applicable**

**1.050 Acceptance**

**1.051 Criteria**

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



- A. The Contract Compliance Inspector approves, in writing, all test samples, as required in the contract.
- B. The Contract Compliance Inspector approves in writing, all production samples and reports, as required in the contract.

**1.052 Final Acceptance**

Final acceptance is expressly conditioned upon completion of ALL deliverables, completion of ALL tasks in the project plan as approved, completion of ALL applicable inspection and/or testing procedures, and the certification by the Contract Compliance Inspector that Contractor has met the defined requirements.

**1.060 Pricing**

**1.061 Pricing**

For authorized Services and Price List, see Attachment A.

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

**1.062 Price Term**

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

**1.063 Tax Excluded from Price**

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

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

**1.064 Holdback—Reserved, Not Applicable**

**1.070 Commodity Requirements and Terms**

***Product Quality***

**1.0701 Specifications**

Definite Specifications - All commodities and/or services to be furnished hereunder shall conform to the specifications as noted in the "Request for Proposal" and/or copies of specifications attached.

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

**1.0703 Research and Development**

Contractor shall discuss their ability to invest in new product development and research to stay current with ongoing demands.

**Contractor Response:**

*RMI and their partners are constantly reviewing products and processes to stay current with both customers demands and the ever changing markets RMI serves. If RMI determines there is a better*



*method/product RMI will invest in the new technology to offer our clients reduced costs and/or a better product.*

*RMI attends most trade shows, belong to a variety of associations, and meet with equipment manufactures to ensure RMI is up to date with the markets , products, and services.*

**1.0704 Quality Assurance Program**

Contractor shall provide detail regarding any Quality Assurance Program(s) that are currently in place within their organization.

**Contractor Response:**

*See attached.*

**1.0705 Warranty for Products or Services**

Contractor shall discuss all aspects of their warranty. This shall include the warranty associated with the actual product being proposed, as well as the warranty associated with any service work performed under the contract. Contractor shall also discuss how they will handle any repairs that need to be made due to damaged or defective product, how installation problems will be rectified, and the process State agencies should follow to report warranty issues.

**Contractor Response:**

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

**1.0706 Training—Deleted, Not Applicable**

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

**1.0708 Security—Deleted, Not Applicable**

**Delivery Capabilities**

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

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

**1.0711 Packaging**

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

Packaging and containers, etc., shall be in accordance with supplier's commercial practice and shall meet the requirements of Department of Transportation (D.O.T.) and rail and motor carrier freight classifications in effect at time of shipment, which will permit application of the lowest freight rate.

**Contractor Response:**

*Our packaging will match last year's, but if RMI can offer a saving we will notify the Contract Compliance Officer of the option for a determination. All packaging and containers will meet all requirements of the D.O.T. to allow the lowest freight rate.*



**1.0712 Palletizing**

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

- Manufacturer’s standard 4-way shipping pallets are acceptable.
- Maximum height: 5'6"; including pallet.
- Maximum weight: 3500 pounds; including pallet.
- Pallets are to be securely banded or shrink-wrapped.
- The cost of palletizing must be included in the unit price.

**Contractor Response:**

*RMI understands and will use pallets and palletizing that conform to above specifications.*

**1.0713 Delivery Term**

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

**Contractor Response:**

*All prices submitted are based on FOB delivered – see price sheets.*

**1.0714 Contract Performance**

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

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

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

**Termination:** NONE  
**Reason:** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**1.0715 Place of Performance**

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

<b>Place of Performance Full address</b>	<b>Owner/Operator of facility to be used</b>	<b>Percent (%) of Contract value to be Performed at listed Location</b>
Stylecraft Printing 8472 Ronda Drive Canton, MI 48187	Andrea Pesci-Jones	22%
Envelope Printery 8979 Barton Drive Van Buren Twp, MI 48111	Ken Hamilton	8%
Wolverine Solutions 1601 Clay Street Detroit, MI 48211	Robert Tokar	60%



**1.0716 Environmental Requirements**

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

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

**I. Recycled Content and Recyclability**

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

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

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

0% (Total estimated percentage of recovered material)

0% (Estimated percentage of post-consumer material)

0% (Estimated percentage of post-industrial waste)

**Certification**

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

\_\_\_\_\_ (Initial)

**II. Materials Identification and Tracking**



A. Hazardous Material Identification. ‘Hazardous material’, as used in this clause, includes any material defined as hazardous under the latest version of federal Emergency Planning and Community Right-to-Know Act of 1986 (including revisions adopted during the term of the contract).

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

Material (if none, enter ‘None’)	Identification Number
NONE	

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

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

( ) Product contains added-Mercury (attach an explanation that includes: the amount or concentration of mercury and justification as to why this particular product is essential).

In addition, the Bidder shall also ensure that all products to be purchased containing intentionally added-mercury shall be labeled as: “product contains mercury/recycle or dispose of properly.” For instances where space constraints limit the amount or size of print, the chemical symbol “Hg” followed by a picture of a trash container with a diagonal line through it shall suffice for labeling requirements.

**BIDDERS PLEASE NOTE:** Michigan Law Prohibits the sale of mercury-containing thermostats, thermometers, sphygmomanometers (blood pressure monitors) and other types of medical devices. For specific details visit: [http://www.michigan.gov/deq/0,1607,7-135-3307\\_29693\\_4175-160230--,00.html](http://www.michigan.gov/deq/0,1607,7-135-3307_29693_4175-160230--,00.html)

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

( ) Product does not contain BFR’s

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

D. Ozone Depleting Substances

‘Ozone-depleting substance’, as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR part 82 as:



- (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or
- (2) Class II, including, but not limited to, hydrochlorofluorocarbons.

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

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

**A. Clean Air and Water**

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

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

BC (Initial)

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

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

(2) The owner or operator of each facility that will be used in the performance of this contract will maintain compliance with the filing and reporting requirements described in sections 302, 304, 311, 312 and 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11001, et. seq.) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13101, et. seq.) for the life of the contract.

BC (Initial)

**1.0717 Subcontractors**

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

<b>Description of Work to be sub-contracted</b>	<b>Percent (%) of total contract value to be sub-contracted</b>	<b>Sub-contractor’s name and principal place of business (City and State)</b>
Print Forms	22%	Stylecraft Printing Canton, MI
Print Envelopes	8%	The Envelope Printery Van Buren, MI
Image, Insert, Mail	60%	Wolverine Solutions Detroit, MI



1.0718 Reports and Meetings—Deleted, Not Applicable

1.0719 Samples/Models—Deleted, Not Applicable

1.80 Additional Requirements

1.801 Sworn Statement

Attachment G, Sworn Statement.



**Article 2, Terms and Conditions**

**2.000 Contract Structure and Term**

**2.001 Contract Term**

This Contract is for a period of three (3) years beginning September 5, 2009, through September 4, 2012. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

**2.002 Options to Renew**

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

**2.003 Legal Effect**

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

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

**2.004 Attachments & Exhibits**

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

**2.005 Ordering**

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

**2.006 Order of Precedence**

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

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



**2.007 Headings**

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

**2.008 Form, Function & Utility**

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

**2.009 Reformation and Severability**

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

**2.010 Consents and Approvals**

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

**2.011 No Waiver of Default**

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

**2.012 Survival**

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

**2.020 Contract Administration**

**2.021 Issuing Office**

This Contract is issued by the Department of Management and Budget, Purchasing Operations and Department of Treasury (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. Purchasing Operations **is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contractor Administrator within Purchasing Operations for this Contract is:

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



**2.022 Contract Compliance Inspector (CCI)**

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

Darron Birchmeier  
 Department of Treasury  
 Forms and Document Services  
 430 West Allegan Street  
 Lansing, MI 48922  
 Phone: (517) 241-3548  
 Email: [birchmeierd@michigan.gov](mailto:birchmeierd@michigan.gov)

**2.023 Project Manager**

The following individual will oversee the project:

Darron Birchmeier  
 Department of Treasury  
 Forms and Document Services  
 430 West Allegan Street  
 Lansing, MI 48922  
 Phone: (517) 241-3548  
 Email: [birchmeierd@michigan.gov](mailto:birchmeierd@michigan.gov)

**2.024 Change Requests**

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

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

Change Requests:

- (a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a “Contract Change Notice”).
- (b) No proposed Change must be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Management and Budget, Purchasing Operations.
- (c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the



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

**2.025 Notices**

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

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

Contractor:  
 Rotary Multiforms, Inc.  
 2104 East Eleven Mile Road, Suite 400  
 Warren, MI 48091  
 Attention: Bill Condon

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

**2.026 Binding Commitments**

Representatives of Contractor must have the authority to make binding commitments on Contractor’s behalf within the bounds set forth in the table. Contractor may change the representatives from time to time upon written notice.

**2.027 Relationship of the Parties**

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

**2.028 Covenant of Good Faith**

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

**2.029 Assignments**

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



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

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

**2.030 General Provisions**

**2.031 Media Releases**

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

**2.032 Contract Distribution**

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

**2.033 Permits**

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

**2.034 Website Incorporation**

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

**2.035 Future Bidding Preclusion**

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

**2.036 Freedom of Information**

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

**2.037 Disaster Recovery**

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



**2.040 Financial Provisions**

**2.041 Fixed Prices for Services/Deliverables**

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

**2.042 Adjustments for Reductions in Scope of Services/Deliverables**

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

**2.043 Services/Deliverables Covered**

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

**2.044 Invoicing and Payment – In General**

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

**2.045 Pro-ration**

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

**2.046 Antitrust Assignment**

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

**2.047 Final Payment**

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party’s continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by



a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor’s acceptance of final payment by the State under this Contract shall constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

**2.048 Electronic Payment Requirement**

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

**2.050 Taxes**

**2.051 Employment Taxes**

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

**2.052 Sales and Use Taxes**

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

**2.060 Contract Management**

**2.061 Contractor Personnel Qualifications**

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

**2.062 Contractor Key Personnel**

- (a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (c) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any



other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection.

(d) Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the State. The Contractor’s removal of Key Personnel without the prior written consent of the State is an unauthorized removal (“Unauthorized Removal”). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel’s employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.

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

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

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

**2.064 Contractor Personnel Location**

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

**2.065 Contractor Identification**

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

**2.066 Cooperation with Third Parties**

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State’s Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor will provide to the State’s agents and other contractors reasonable access to Contractor’s Project personnel, systems and facilities to the extent the access relates to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor’s time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor’s performance under this Contract with the requests for access.



**2.067 Contract Management Responsibilities**

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

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

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

**2.070 Subcontracting by Contractor**

**2.071 Contractor full Responsibility**

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

**2.072 State Consent to delegation**

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

**2.073 Subcontractor bound to Contract**

In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. Attached as **Exhibit A** is a list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract.



**2.074 Flow Down**

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

**2.075 Competitive Selection**

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

**2.080 State Responsibilities**

**2.081 Equipment**

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

**2.082 Facilities**

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

**2.090 Security**

**2.091 Background Checks**

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

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

**2.092 Security Breach Notification**

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



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

**2.100 Confidentiality**

**2.101 Confidentiality**

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

**2.102 Protection and Destruction of Confidential Information**

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

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

**2.103 Exclusions**

Notwithstanding the foregoing, the provisions of **Section 2.080** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.080** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.



**2.104 No Implied Rights**

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

**2.105 Respective Obligations**

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

**2.110 Records and Inspections**

**2.111 Inspection of Work Performed**

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

**2.112 Examination of Records**

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

**2.113 Retention of Records**

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

**2.114 Audit Resolution**

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

**2.115 Errors**

(a) If the audit demonstrates any errors in the documents provided to the State, then the amount in error must be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount will be due as a payment or refund within



45 days of the last quarterly invoice that the balance appeared on or termination of the contract, whichever is earlier.

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

**2.120 Warranties**

**2.121 Warranties and Representations**

The Contractor represents and warrants:

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

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

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

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

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

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

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

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

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



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

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

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

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

(n) If any of the certifications, representations, or disclosures made in the Contractor’s original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Management and Budget, Purchasing Operations.

**2.122 Warranty of Merchantability**

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

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

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

**2.124 Warranty of Title**

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

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

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



**2.127 Prohibited Products**

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

**2.128 Consequences For Breach**

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

**2.130 Insurance**

**2.131 Liability Insurance**

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

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

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

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

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

See [www.michigan.gov/dleg](http://www.michigan.gov/dleg).

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

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

- 1. Commercial General Liability with the following minimum coverage:
  - \$2,000,000 General Aggregate Limit other than Products/Completed Operations
  - \$2,000,000 Products/Completed Operations Aggregate Limit
  - \$1,000,000 Personal & Advertising Injury Limit
  - \$1,000,000 Each Occurrence Limit

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

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

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

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

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

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

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

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

- 7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: one million dollars (\$1,000,000.00) each occurrence and one million dollars (\$1,000,000.00) annual aggregate.

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



**2.132 Subcontractor Insurance Coverage**

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

**2.133 Certificates of Insurance and Other Requirements**

Contractor must furnish to DMB-PurchOps, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the “Certificates”). The Certificate must be on the standard “accord” form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) must contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer’s attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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

**2.140 Indemnification**

**2.141 General Indemnification**

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

**2.142 Code Indemnification**

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



**2.143 Employee Indemnification**

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

**2.144 Patent/Copyright Infringement Indemnification**

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

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

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

**2.145 Continuation of Indemnification Obligations**

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

**2.146 Indemnification Procedures**

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

- (a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a “Notice of Election”). After notifying Contractor of a claim and before the



State receiving Contractor’s Notice of Election, the State is entitled to defend against the claim, at the Contractor’s expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.

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

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

**2.150 Termination/Cancellation**

**2.151 Notice and Right to Cure**

If the Contractor breaches the contract, and the State in its sole discretion determines that the breach is curable, then the State will provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

**2.152 Termination for Cause**

(a) The State may terminate this contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State

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



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

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

**2.153 Termination for Convenience**

The State may terminate this Contract for its convenience, in whole or part, if the State determines that a termination is in the State’s best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

**2.154 Termination for Non-Appropriation**

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

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

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



**2.155 Termination for Criminal Conviction**

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

**2.156 Termination for Approvals Rescinded**

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

**2.157 Rights and Obligations upon Termination**

(a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor’s possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an “As-Is” basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

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

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

**2.158 Reservation of Rights**

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

**2.160 Termination by Contractor**

**2.161 Termination by Contractor**

If the State breaches the Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not



less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.

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

**2.170 Transition Responsibilities**

**2.171 Contractor Transition Responsibilities**

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 30 days. These efforts must include, but are not limited to, those listed in **Sections 2.141, 2.142, 2.143, 2.144, and 2.145.**

**2.172 Contractor Personnel Transition**

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

**2.173 Contractor Information Transition**

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

**2.174 Contractor Software Transition**

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

**2.175 Transition Payments**

If the transition results from a termination for any reason, reimbursement must be governed by the termination provisions of this Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor



will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

**2.176 State Transition Responsibilities**

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

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

**2.180 Stop Work**

**2.181 Stop Work Orders**

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.150**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.130**.

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

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

**2.183 Allowance of Contractor Costs**

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

**2.190 Dispute Resolution**

**2.191 In General**

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



**2.192 Informal Dispute Resolution**

- (a) All disputes between the parties must be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DMB, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:
  - (i) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
  - (ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other’s position.
  - (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
  - (iv) Following the completion of this process within 60 calendar days, the Director of Purchasing Operations, DMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State’s final action and the exhaustion of administrative remedies.
- (b) This Section will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.163**.
- (c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

**2.193 Injunctive Relief**

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

**2.194 Continued Performance**

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

**2.200 Federal and State Contract Requirements**

**2.201 Nondiscrimination**

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



**2.202 Unfair Labor Practices**

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

**2.203 Workplace Safety and Discriminatory Harassment**

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

**2.204 Prevailing Wage**

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this Contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Labor and Economic Development, Wage and Hour Bureau, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

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

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

**2.210 Governing Law**

**2.211 Governing Law**

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

**2.212 Compliance with Laws**

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

**2.213 Jurisdiction**

Any dispute arising from the Contract must be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably



waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

**2.220 Limitation of Liability**

**2.221 Limitation of Liability**

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

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

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

**2.230 Disclosure Responsibilities**

**2.231 Disclosure of Litigation**

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

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

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



- (a) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and
- (b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

- (c) Contractor must make the following notifications in writing:
  - (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DMB PurchOps.
  - (2) Contractor must also notify DMB PurchOps within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
  - (3) Contractor must also notify DMB PurchOps within 30 days whenever changes to company affiliations occur.

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

**2.233 Bankruptcy**

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

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

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

**2.240 Performance**

**2.241 Time of Performance**

- (a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.
- (b) Without limiting the generality of **Section 2.211(a)**, Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.
- (c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to the Contract time periods notwithstanding the State’s failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

**2.242 Service Level Agreements (SLAs)—Deleted, Not Applicable**



**2.243 Liquidated Damages**

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

A. For 1099G: In the event the January 31 mail date is not met by the Contractor, the following penalties are incurred.

1. Within 30 calendar days after January 31: \$15 per return per day, up to a maximum of \$75,000 per calendar year.
2. Within 31 calendar days after January 31 up to August 1: \$30 per return day, up to a maximum of \$150,000 per calendar year.
3. After August 1: \$50 per return per day, up to a maximum of \$250,000 per calendar year.
4. Contractor shall pay for one year social security fraud prevention services for all taxpayers affected, if confidential information is provided to a party for which it was not intended, as a result of Contractor error. Liquidated damages shall be limited to the total value of the contract.
5. Up to \$600/day for Treasury staff time for resolution of printing/mailings that do not meet the specifications of the contract. Liquidated damages shall be limited to the total value of the contract.
6. Actual costs incurred by Treasury as a result of forms, which do not meet contract specifications that are mailed to taxpayers. This may include, but is not limited to processing costs, notifications to affected taxpayers, staff time, etc. Liquidated damages shall be limited to the total value of the contract.

B. For MBT Estimates and 1040ES forms:

1. \$5,000.00 initially for late mailing due to contractor error and an additional \$100.00 per day for each day Contractor fails to mail forms (Section 1.022-B.14.a.3). Liquidated damages shall be limited to the total value of the contract. Liquidated damages shall be limited to the total value of the contract.
2. Contractor shall pay for one year social security fraud prevention services for all taxpayers affected, if confidential information is provided to a party for which it was not intended, as a result of Contractor error. Liquidated damages shall be limited to the total value of the contract.
3. Up to \$600/day for Treasury staff time for resolution of printing/mailings that do not meet the specifications of the contract. Liquidated damages shall be limited to the total value of the contract.
4. Actual costs incurred by Treasury as a result of forms, which do not meet contract specifications that are mailed to taxpayers. This may include, but is not limited to processing costs, notifications to affected taxpayers, staff time, etc. Liquidated damages shall be limited to the total value of the contract.

It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal.



Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.141**, the State may assess liquidated damages against Contractor as specified below.

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

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

**2.244 Excusable Failure**

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

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

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

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition



described above and Contractor cannot reasonably circumvent the effect of the Subcontractor’s default or delay in performance through the use of alternate sources, workaround plans or other means.

**2.250 Approval of Deliverable—Deleted, Not Applicable**

**2.260 Ownership**

**2.261 Ownership of Work Product by State**

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

**2.262 Vesting of Rights**

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

**2.263 Rights in Data**

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

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

**2.264 Ownership of Materials**

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

**2.270 State Standards**



**2.271 Existing Technology Standards**

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

**2.272 Acceptable Use Policy**

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

**2.273 Systems Changes**

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

**2.280 Extended Purchasing—Deleted, Not Applicable**

**2.290 Environmental Provision**

**2.291 Environmental Provision**

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

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

**Hazardous Materials:**

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

(a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The State must provide a safe and suitable environment for performance of Contractor’s Work. Before the commencement of



Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor must immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.

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

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

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

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

**Refrigeration and Air Conditioning:**

The Contractor shall comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this contract.

**Environmental Performance:**

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

**2.300 Other Provisions**

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

Bidder represents and certifies that, to the best of its knowledge and belief no foreign (outside of the U.S.) made equipment, materials, or supplies, will be furnished to the State under any resulting Contract, that have been produced in whole or in part by forced labor, convict labor, or indentured servitude.

BC (Initial)



**2.321 Knowledge of Child Labor for Listed End Products**

- (a) “Forced or indentured child labor” means all work or service:
  - (i) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or
  - (ii) Performed by any person under the age of 18 under a contract the enforcement of which can be accomplished by process or penalties.
  
- (b) *Listed end products.* The following end product(s) being acquired under this solicitation is (are) included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, identified by their country of origin. There is a reasonable basis to believe that listed end products from the listed countries of origin may have been mined, produced, or manufactured by forced or indentured child labor.

Listed End Product	Listed Country of Origin

- (c) *Certification.* The State will not make award to a Bidder unless the Bidder, by checking the appropriate block, certifies to one of the following:
  - ( ) The Bidder will not supply any end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in a corresponding country as listed for that end product.
  
  - ( ) The Bidder may supply an end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product. The Bidder certifies that it has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture the end product. On the basis of those efforts, the Bidder certifies that it is not aware of any the use of child labor.

\_\_\_\_\_ (Initial)



**MIDEAL - Extended Purchasing**

NON-STATE AGENCY STATEMENT

Act Number 431 of the Public Acts of 1984 permits the State of Michigan, Department of Management and Budget, to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. As a result of the enactment of this legislation, the MIDEAL Program has been developed. This program extends the use of state contracts to program members. The governmental agency must enter into an agreement with the State of Michigan to become authorized to participate, thus ensuring that local units of government secure a greater return for the expenditure of public funds. It is the policy of the DMB-PurchOps, that the final approval to utilize any contract in this manner must come from the contract vendor.

In those cases, contract vendors supply merchandise at the established State of Michigan contract prices and terms. Inasmuch as these are non-state agencies, all purchase orders will be submitted by, and invoices will be billed to, the authorized MIDEAL member who will remit payment on a direct and individual basis in accordance with contract terms will remit payment

All bidders must indicate, by checking the appropriate box below, whether they will **(first box)** or **will not (second box)** honor orders on any contract resulting from this Request for Quotation from State of Michigan authorized MIDEAL members. It is the responsibility of the contractor to ensure the non-state agency is an authorized MIDEAL member before extending the state contract price.

BIDDER MUST CHECK ONE BOX BELOW

- Commodities and/or services on this Request for Quotation will be supplied to State of Michigan departments and agencies, and authorized MIDEAL Program members according to the terms and prices quoted. A complete listing of eligible participants in the MIDEAL Program will be provided if this option is selected.
  
- Commodities and/or services on the Request for Quotation will not be supplied to State of Michigan authorized MIDEAL members. We will supply to State of Michigan departments and agencies only.



**PRICE SHEET  
1040ES AND MBT ESTIMATES**

**A. Printing**

Item	Annual Quantity (est.)	Printing \$/M (include Ag Ink & 1 dylux)	Annual Cost (Price/M x Quantity)	Total Price (x 3 years)	Negative/each	Add'l Dylux/each	2 <sup>nd</sup> Color
MI-1040ES	150,000	\$ 101.66	\$ 15,249.00	\$ 44,865.00	\$ 20.00	\$ 10.00	\$ 100.00
+/- 10% Add'l/M		\$101.66					
MBT Estimates	230,000	\$ 104.52	\$ 24,039.60	\$ 72,118.80	\$ 20.00	\$ 10.00	\$ 100.00
+/- 10% Add'l/M		\$ 104.52					
<b>TOTALS</b>	<b>380,000</b>		<b>\$ 38,589.80</b>	<b>\$ 115,769.40</b>			

**B. Paper**

Item	Annual Quantity (est.)	Annual Tonnage	Paper Cost (cwt.)	Annual Cost (Tonnage x Paper Cost)	Total Price (x 3 years)	Roll Size
MI-1040ES	150,000	3800	\$ 51.50	\$ 1,957.00	\$ 5,871.00	18"
+/- 10% Add'l/M			\$ 51.50			
MBT Estimates	230,000	8200	\$ 51.50	\$ 3,862.50	\$ 11,587.50	18"
+/- 10% Add'l/M			\$ 51.50			
<b>TOTALS</b>	<b>380,000</b>			<b>\$ 51,819.50</b>	<b>\$ 17,458.50</b>	

**C. Envelopes**

Item	Annual Quantity (est.)	Annual Tonnage	Paper Cost (cwt.)	Annual Cost (Tonnage x Paper Cost)	Total Price (x 3 years)
MI-1040ES	150,000	2300	\$ 49.50	\$ 1,138.50	\$ 3,415.00
+/- 10% Add'l/M					
MBT Estimates	230,000	3550	\$ 49.50	\$ 1,757.25	\$ 5,271.75
+/- 10% Add'l/M					
<b>TOTALS</b>	<b>380,000</b>			<b>\$ 2,895.75</b>	<b>\$ 8,687.25</b>



**(D) NCOA Updating**

Item	One-Year Cost Estimate	Three-Year Cost Estimate
MBT Estimates	<b>\$ 550.00</b>	<b>\$ 1,656.00</b>

**E. GRAND TOTAL COST**

Item	One-Year Total	Three-Year Total
MI-1040ES	\$ 18,550.00	\$ 55,651.50
MBT Estimates	\$ 30,569.85	\$ 91,709.55
<b>TOTALS</b>	<b>\$ 49,120.35</b>	<b>\$147,361.05</b>

**F. Additional Pricing**

**(1) NCOA Updating**

Item	One-Year Cost Estimate	Three-Year Cost Estimate
MI-1040ES	<b>\$ 360.00</b>	<b>\$ 1,080.00</b>

**(2) Postage**

Item	Annual Quantity (est.)	Postage Cost per Piece	Total Annual Postage Cost	Total Postage Cost (x 3 years)
MI-1040ES	150,000	\$0.217 3-digit rate <b>BMC Entry</b>	\$ 38,250.00	\$ 114,750.00
MBT Estimates	230,000	\$0.217 3-digit rate <b>BMC Entry</b>	\$ 58,650.00	\$ 175,950.00
<b>TOTAL</b>	<b>380,000</b>		<b>\$96,900.00</b>	<b>\$ 290,700.00</b>

**(3) Overtime**

Item	Hourly Overtime Rate
MI-1040ES	<b>\$ 100.00</b>
MBT Estimates	<b>\$ 100.00</b>



**(4) Delivery Costs Estimates**

<b>Location</b>	<b>Mileage</b>
Detroit SCF	5
Flint	69
Gaylord	233
Grand Rapids	161
Iron Mountain	487
Jackson	79
Kalamazoo	141
Lansing	94
Royal Oak	32
Saginaw	103
Traverse City	256

Total Miles	1660
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Cost Per Mile	\$ 1.63
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Total Cost	\$ 2,700.00
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**PRICE SHEET  
1099G**

**A. Printing**

Item	Annual Quantity (est.)	Printing &M (include Ag Ink & 1 dylux)	Annual Cost (Price/M x Quantity)	Total Price (x 3 years)	Negative /each	Add'l Dylux/ each	2 <sup>nd</sup> Color
1099G	1,300,000	\$ 53.44	\$ 69,472.00	\$ 208,416.00	\$ 20.00	\$ 10.00	\$ 100.00
+/- 10% Add'l/M		\$ 53.44					
<b>TOTALS</b>	<b>1,300,000</b>		<b>\$ 69,472.00</b>	<b>\$ 208,416.00</b>			

**B. Paper**

Item	Annual Quantity (est.)	Annual Tonnage	Paper Cost (cwt.)	Annual Cost (Tonnage x Paper Cost)	Total Cost (x 3 years)	Roll Size
1099G	1,300,000	16800	\$ 42.50	\$ 7,140.00	\$ 21,420.00	18"
+/- 10% Add'l/M						
<b>TOTALS</b>	<b>1,300,000</b>			<b>\$ 7,140.00</b>	<b>\$ 21,420.00</b>	

**C. Envelopes (informational only)**

Item	Annual Quantity (est.)	Estimated Tonnage	Paper Cost (cwt.)	Annual Cost (Tonnage x Paper Cost)	3-Year Total Cost
1099G	1,300,000	N/A	N/A	N/A	N/A
+/- 10% Add'l/M					
<b>TOTALS</b>	<b>1,300,000</b>			<b>N/A</b>	<b>N/A</b>

**D. GRAND TOTAL COST**

Item	One-Year Total	Three-Year Total
1099G	\$ 76,612.00	\$ 229,836.00



**E. Additional Pricing**

**(1) NCOA Updating**

Item	One-Year Cost Estimate	Three-Year Cost Estimate
NCOA for 1099G	\$ 3,120.00	<b>\$ 9,360.00</b>

**(2) Postage**

Item	Annual Quantity (est.)	Postage Cost per Piece	Total Annual Postage Cost	Total Postage Cost (x 3 years)
1099G	1,300,000	\$0.218 – 3 digit	\$ 283,400.00	<b>\$ 850,200.00</b>

**\*There are no entry discounts or carrier route discounts for First Class mail. RMI's prices include delivery to Detroit.**

**(3) Overtime**

Item	Hourly Overtime Rate
1099G	<b>\$ 100.00</b>

**(4) Delivery Costs Estimates**

Location	Mileage
Detroit SCF	5
Flint	69
Gaylord	233
Grand Rapids	161
Iron Mountain	487
Jackson	79
Kalamazoo	141
Lansing	94
Royal Oak	32
Saginaw	103
Traverse City	256

Total Miles	1660
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Cost Per Mile	\$ 1.63
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Total Cost	<b>\$ 2,700.00</b>
------------	--------------------



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**SAFEGUARD REQUIREMENTS OF CONFIDENTIAL DATA**

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

**I. Authority**

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

**II. Confidentiality**

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

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

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

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



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

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

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

**III. Procedure for Security**

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

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



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be commingled with other information. Further, when appropriate, Michigan tax return information will be marked as follows:

**CONFIDENTIAL-MICHIGAN TAX RETURN INFORMATION**

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

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

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

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

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

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

**A. Controlled Access Protection**

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

- 1) **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer



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system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.

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

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

Any employee granted access privileges through the Contractor’s Security Administrator will be approved for access and viewing rights to Treasury on-line systems by the Department of Treasury Security Administrator. The on-line access will be provided by Treasury’s Security Division.

**b) Operating Features of System Security**

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

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



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

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

**MICHIGAN PENALTIES**

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

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

- 3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant enhancements or other changes to a security system must follow the process of review, independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.
  - a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Contract Compliance Inspector. Notice of the corrective action must be provided to the Contract Compliance Inspector. All non-conformities must be reported to the Contract Compliance Inspector with the following:
    - a. Duration of non-conformity/interruption
    - b. Reason for non-conformity/interruption
    - c. Resolution.
  - b) All non-conformities to the specifications/tasks of the Contract must be corrected within four (4) hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four (4) hours to the Contract Compliance Inspector for approval.



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- 4) **Documentation** – Design and test documentation must be readily available to the state. The developer or manufacturer should initially explain the security mechanisms, how they are implemented and their adequacy (limitations). This information should be passed on to the security officer or supervisor. Test documentation should describe how and what mechanisms were tested and the results. If recognized organizations/tests/standards are used, then a document to that effect will suffice. For example, a system that has been tested and certified as meeting certain criteria may have a document stating this fact, without detailed tests/results of information. Contractor, however, must ensure the documentation covers the exact system and that it includes the specific computer system used by Contractor.

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

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

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

**V. Electronic Transmission of Michigan Tax Information**

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

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



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

**A. Remote Access**

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

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

**B. Portable Computer Devices**

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

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

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

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

**A. Electronic Media**

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

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



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

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

**VII. Contract Services**

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

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

Definition of Treasury Tax Return Information

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

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

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



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

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

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

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

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

**VIII. Transport of Tax Information**

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

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

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



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

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

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

Contractor and its subcontractor(s) will retain all confidential tax information received by Treasury only for the period of time required for any processing relating to the official duties and then will destroy the records. Any confidential tax information that must be kept to meet evidentiary requirements must be kept in a secured, locked area and properly labeled as confidential return information. See Procedure for Security (Section V of this section) for more details.

### **X. Security Responsibility**

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

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

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

### **XI. Effective Date**

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



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

Reset Form

### Vendor, Contractor or Subcontractor Confidentiality Agreement

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

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

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

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

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

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

**Michigan Penalties**

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

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

**Federal Penalties**

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

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

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

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

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

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

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



United States Postal Service

# Postage Statement — Standard Mail Attachment C

Post Office: Note Mail Arrival Date & Time

Mailer	Permit Holder's Name and Address and Email Address, if Any	Telephone	Name and Address of Mailing Agent (if other than permit holder)	Telephone	Name and Address of Individual or Organization for Which Mailing is Prepared (if other than permit holder)
	CAPS Cust. Ref. No. Customer No.		Customer No.		

Mailing	Post Office of Mailing	Processing Category <input type="checkbox"/> Letters <input type="checkbox"/> CMM <input type="checkbox"/> Flats <input type="checkbox"/> NPM <input type="checkbox"/> Parcels - Mailable <input type="checkbox"/> Parcels - Irregular <input type="checkbox"/> Letters - Postnet/HFMs <input type="checkbox"/> ECR Letters - Paid as ECR Flats	Mailing Date	Federal Agency Cost Code	Statement Seq. No.	No. and type of Containers ----- Secks ----- 1 E. Letter Trays ----- 2 E. Letter Trays ----- EMM Letter Trays ----- Flat Trays ----- Pallets ----- Other
	Type of Postage <input type="checkbox"/> Permit Imprint <input type="checkbox"/> Precanceled Stamps <input type="checkbox"/> Metered	Weight of a Single Piece _____ pounds	Total Pieces			
	Permit #	For Mail Enclosed within Another Class <input type="checkbox"/> Bound Printed Matter <input type="checkbox"/> Library Mail <input type="checkbox"/> Media Mail <input type="checkbox"/> Parcel Post	<input type="checkbox"/> Periodicals	If Secked, Based on <input type="checkbox"/> 135 pcs <input type="checkbox"/> 15 lbs. <input type="checkbox"/> 600	Total Weight	
For Automation Price Pieces, Enter Date of Address Matching and Coding ____/____/____		For Enhanced Center Route Price Pieces, Enter Date of Address Matching and Coding ____/____/____		For Enhanced Center Route Price Pieces, Enter Date of Carrier Route Sequencing ____/____/____		
Move Update method: <input type="checkbox"/> Auxiliary service endorsement <input type="checkbox"/> FASTforward <input type="checkbox"/> NCOA/IR <input type="checkbox"/> ACS <input type="checkbox"/> Alternative method <input type="checkbox"/> Multiple						

Postage	Parts Completed (Select all that apply) <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F <input type="checkbox"/> G <input type="checkbox"/> H <input type="checkbox"/> I <input type="checkbox"/> J <input type="checkbox"/> K <input type="checkbox"/> L <input type="checkbox"/> S	<b>Total Postage</b> (Add parts totals)		
	Price at Which Postage Affixed (Check one) <input type="checkbox"/> Correct <input type="checkbox"/> Lowest <input type="checkbox"/> Neither	_____ pcs. x \$ _____ = <b>Postage Affixed</b>		
	<b>Net Postage Due</b> (Subtract postage affixed from total postage)			
	For USPS Use Only: Additional Postage Payment: (State reason)			
	For postage affixed add additional payments to net postage due; for permit imprint add additional payment to total postage.		<b>Total Adjusted Postage Affixed</b>	
Postmaster: Report Total Postage in (Permit Imprint Only) <b>AIC 130</b>		<b>Total Adjusted Postage Permit Imprint</b>		

Certification	The mailer's signature certifies acceptance of liability for and agreement to pay any revenue deficiencies assessed on this mailing, subject to appeal. If an agent signs this form, the agent certifies that he or she is authorized to sign on behalf of the mailer, and that the mailer is bound by the certification and agrees to pay any deficiencies. In addition, agents may be liable for any deficiencies resulting from matters within their responsibility, knowledge, or control. The mailer hereby certifies that all information furnished on this form is accurate, truthful, and complete; that the mail and the supporting documentation comply with all postal standards and that the mailing qualifies for the rates and fees claimed; and that the mailing does not contain any matter prohibited by law or postal regulation. I understand that anyone who furnishes false or misleading information on this form or who omits information requested on this form may be subject to criminal and/or civil penalties, including fines and imprisonment. <p style="text-align: right;">Privacy Notice: For information regarding our Privacy Policy visit <a href="http://www.usps.com">www.usps.com</a>.</p>		
	Signature of Mailer or Agent	Printed Name of Mailer or Agent Signing Form	Telephone
	<p>Weight of a Single Piece _____ pounds</p> <p>Total Pieces _____ Total Weight _____</p> <p>Total Postage _____</p> <p>Permit Verification Performed? (Check one) <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>I CERTIFY that this mailing has been inspected concerning: (1) eligibility for postage rates claimed; (2) proper preparation (and permit where required); (3) proper completion of postage statement; and (4) payment of annual fee (if required).</p> <p>Date Mailed _____ Contact _____ By (initials) _____</p> <p>Verifying Employee's Signature _____ Print Verifying Employee's Name _____ Time _____ AM _____ PM</p>		

USPS Use Only	Are postage figures at left adjusted from mailer's entries? If "Yes" state reason. <input type="checkbox"/> Yes <input type="checkbox"/> No	Round Stamp (Required)



**Standard Mail**

**Part A**  
Automation Letters

Check box at left if prices are populated in this section.

Letters 3.3 oz. (0.2063 lbs.) or less

Entry	Price Category	Price	No. of Pieces	Total
A1	None	5-Digit	\$0.225	
A2	None	3-Digit	0.241	
A3	None	AADC	0.244	
A4	None	Mixed AADC	0.257	
A5	DBMC	5-Digit	0.192	
A6	DBMC	3-Digit	0.208	
A7	DBMC	AADC	0.211	
A8	DBMC	Mixed AADC	0.224	
A9	DSCF	5-Digit	0.183	
A10	DSCF	3-Digit	0.199	
A11	DSCF	AADC	0.202	

Letters Over 3.3 oz. up to 3.5 oz. - Rate includes a discount that equals the nonletter piece price minus the letter piece rate.

Entry	Price Category	Piece Price	Or Amount Affixed	No. of Pieces	Pieces Subtotal	Pound Price	Pounds	Pounds Subtotal	Total
A12	None	5-Digit	\$0.074			\$0.733			
A13	None	3-Digit	0.090			0.733			
A14	None	AADC	0.093			0.733			
A15	None	Mixed AADC	0.106			0.733			
A16	DBMC	5-Digit	0.074			0.574			
A17	DBMC	3-Digit	0.090			0.574			
A18	DBMC	AADC	0.093			0.574			
A19	DBMC	Mixed AADC	0.106			0.574			
A20	DSCF	5-Digit	0.074			0.530			
A21	DSCF	3-Digit	0.090			0.530			
A22	DSCF	AADC	0.093			0.530			

For affixed postage mailings as described in DMM 243, compute and enter the price for each piece in the Amount Affixed column, multiply by No. of Pieces and total in the Total column.

Part A Total



**Standard Mail**

**Part B**  
Automation Flats

Check box at left if prices are populated in this section.

Flats 3.3 oz. (0.2063 lbs.) or less

Entry	Price Category	Price	No. of Pieces	Total
B1	None	5-Digit	\$0.339	
B2	None	3-Digit	0.400	
B3	None	ADC	0.436	
B4	None	Mixed ADC	0.489	
B5	DBMC	5-Digit	0.306	
B6	DBMC	3-Digit	0.367	
B7	DBMC	ADC	0.403	
B8	DBMC	Mixed ADC	0.456	
B9	DSCF	5-Digit	0.297	
B10	DSCF	3-Digit	0.358	
B11	DSCF	ADC	0.394	

Flats Over 3.3 oz. but less than 16 oz.

Entry	Price Category	Piece Price	Or Amount Affixed	No of Pieces	Pieces Subtotal	Pound Price	Pounds	Pounds Subtotal	Total
B12	None	5-Digit	\$0.188			\$0.733			
B13	None	3-Digit	0.249			0.733			
B14	None	ADC	0.285			0.733			
B15	None	Mixed ADC	0.338			0.733			
B16	DBMC	5-Digit	0.188			0.574			
B17	DBMC	3-Digit	0.249			0.574			
B18	DBMC	ADC	0.285			0.574			
B19	DBMC	Mixed ADC	0.338			0.574			
B20	DSCF	5-Digit	0.188			0.530			
B21	DSCF	3-Digit	0.249			0.530			
B22	DSCF	ADC	0.285			0.530			

For affixed postage mailings as described in DMM 343, compute and enter the price for each piece in the Amount Affixed column, multiply by No. of Pieces and total in the Total column.

Part B Total



**Standard Mail**

**Part C**  
Parcels

Check box at left if prices are populated in this section.

**Machinable Parcels**

Entry	Price Category	Piece Price	Or Amount Affixed	No. of Pieces	Pieces Subtotal	Pound Price	Pounds	Pounds Subtotal	Total
C1	None	5-Digit	\$0.400			\$0.733			
C2	None	BMC	0.799			0.733			
C3	None	Mixed BMC	1.007			0.733			
C4	DBMC	5-Digit	0.400			0.574			
C5	DBMC	BMC	0.799			0.574			
C6	DSCF	5-Digit	0.400			0.524			
C7	DOU	5-Digit	0.400			0.402			
C8	Nonbarcoded Surcharge		0.050						

For affixed postage mailings as described in DMM 443, compute and enter the price for each piece in the Amount Affixed column, multiply by No. of Pieces and total in the Total column.

Part C Total

**Part D**  
Nonautomation Letters

Check box at left if prices are populated in this section.

**Machinable Letters 3.3 oz. (0.2063 lbs.) or less**

Entry	Price Category	Price	No. of Pieces	Total
D1	None	AADC	\$0.258	
D2	None	Mixed AADC	0.260	
D3	DBMC	AADC	0.225	
D4	DBMC	Mixed AADC	0.227	
D5	DSCF	AADC	0.216	

**Nonmachinable Letters 3.3 oz. (0.2063 lbs.) or less**

Entry	Price Category	Price	No. of Pieces	Total
D6	None	5-Digit	\$0.343	
D7	None	3-Digit	0.438	
D8	None	ADC	0.461	
D9	None	Mixed ADC	0.561	
D10	DBMC	5-Digit	0.310	
D11	DBMC	3-Digit	0.405	
D12	DBMC	ADC	0.428	
D13	DBMC	Mixed ADC	0.528	
D14	DSCF	5-Digit	0.301	
D15	DSCF	3-Digit	0.396	
D16	DSCF	ADC	0.419	

Part D Total



**Standard Mail**

**Part E**  
Nonautomation Flats

Check box at left if prices are populated in this section.

Flats 3.3 oz. (0.2003 lbs.) or less

	Entry	Price Category	Price	No. of Pieces	Total
E1	None	5-Digit	\$0.366		
E2	None	3-Digit	0.451		
E3	None	ADC	0.483		
E4	None	Mixed ADC	0.553		
E5	DBMC	5-Digit	0.333		
E6	DBMC	3-Digit	0.418		
E7	DBMC	ADC	0.450		
E8	DBMC	Mixed ADC	0.520		
E9	DSCF	5-Digit	0.324		
E10	DSCF	3-Digit	0.409		
E11	DSCF	ADC	0.441		

Flats Over 3.3 oz. but less than 16 oz.

	Entry	Price Category	Piece Price	Or Amount Affixed	No. of Pieces	Pieces Subtotal	Pound Price	Pounds	Pounds Subtotal	Total
E12	None	5-Digit	\$0.215				\$0.733			
E13	None	3-Digit	0.300				0.733			
E14	None	ADC	0.332				0.733			
E15	None	Mixed ADC	0.402				0.733			
E16	DBMC	5-Digit	0.215				0.574			
E17	DBMC	3-Digit	0.300				0.574			
E18	DBMC	ADC	0.332				0.574			
E19	DBMC	Mixed ADC	0.402				0.574			
E20	DSCF	5-Digit	0.215				0.530			
E21	DSCF	3-Digit	0.300				0.530			
E22	DSCF	ADC	0.332				0.530			

For affixed postage mailings as described in DMM 343, compute and enter the price for each piece in the Amount Affixed column, multiply by No. of Pieces and total in the Total column.

Part E Total



**Standard Mail**

**Part F**  
Irregular Parcels

Check box at left if prices are populated in this section.

Parcels 3.3 oz. (0.2053 lbs.) or less

Entry	Price Category	Price	No. of Pieces	Total
F1	None	5-Digit	\$0.708	
F2	None	3-Digit	0.761	
F3	None	ADC	1.080	
F4	None	Mixed ADC	1.330	
F5	DBMC	5-Digit	0.675	
F6	DBMC	3-Digit	0.728	
F7	DBMC	ADC	1.047	
F8	DBMC	Mixed ADC	1.297	
F9	DSCF	5-Digit	0.665	
F10	DSCF	3-Digit	0.718	
F11	DSCF	ADC	1.037	
F12	DDU	5-Digit	0.640	
F13	Nonbarcoded Surcharge		0.050	

Parcels Over 3.3 oz. but less than 16 oz.

Entry	Price Category	Piece Price	Or Amount Affixed	No of Pieces	Pieces Subtotal	Pound Price	Pounds	Pounds Subtotal	Total
F14	None	5-Digit	\$0.557			\$0.733			
F15	None	3-Digit	0.610			0.733			
F16	None	ADC	0.929			0.733			
F17	None	Mixed ADC	1.179			0.733			
F18	DBMC	5-Digit	0.557			0.574			
F19	DBMC	3-Digit	0.610			0.574			
F20	DBMC	ADC	0.929			0.574			
F21	DBMC	Mixed ADC	1.179			0.574			
F22	DSCF	5-Digit	0.557			0.524			
F23	DSCF	3-Digit	0.610			0.524			
F24	DSCF	ADC	0.929			0.524			
F25	DDU	5-digit	0.557			0.402			
F26	Nonbarcoded Surcharge		0.050						

For affixed postage mailings as described in DIMM 443, compute and enter the price for each piece in the Amount Affixed column, multiply by No. of Pieces and total in the Total column.

Part F Total



**Standard Mail**

**Part G**  
Not Flat-Machinable

Check box at left if prices are populated in this section.

**Not Flat-Machinables 3.3 oz. (0.2003 lbs.) or less**

Entry	Price Category	Price	No. of Pieces	Total
G1	None	5-Digit	\$0.519	
G2	None	3-Digit	0.580	
G3	None	ADC	0.871	
G4	None	Mixed ADC	1.183	
G5	DBMC	5-Digit	0.486	
G6	DBMC	3-Digit	0.547	
G7	DBMC	ADC	0.838	
G8	DBMC	Mixed ADC	1.150	
G9	DSCF	5-Digit	0.476	
G10	DSCF	3-Digit	0.537	
G11	DSCF	ADC	0.828	
G12	DDU	5-Digit	0.451	
G13	Nonbarcoded Surcharge		0.050	

**Not Flat-Machinables Over 3.3 oz. but less than 16 oz.**

Entry	Price Category	Piece Price	Or Amount Affixed	No of Pieces	Pieces Subtotal	Pound Price	Pounds	Pounds Subtotal	Total
G14	None	5-Digit	\$0.368			\$0.733			
G15	None	3-Digit	0.429			0.733			
G16	None	ADC	0.720			0.733			
G17	None	Mixed ADC	1.032			0.733			
G18	DBMC	5-Digit	0.368			0.574			
G19	DBMC	3-Digit	0.429			0.574			
G20	DBMC	ADC	0.720			0.574			
G21	DBMC	Mixed ADC	1.032			0.574			
G22	DSCF	5-Digit	0.368			0.524			
G23	DSCF	3-Digit	0.429			0.524			
G24	DSCF	ADC	0.720			0.524			
G25	DDU	5-Digit	0.368			0.402			
G26	Nonbarcoded Surcharge		0.050						

For affixed postage mailings as described in DIMM 443, compute and enter the price for each piece in the Amount Affixed column, multiply by No. of Pieces and total in the Total column.

**Part G Total**



**Standard Mail**

**Part H**  
Enhanced Carrier Route Letters

Check box at left if prices are populated in this section.

**Letters 3.3 oz. (0.2063 lbs.) or less**

	Entry	Price Category	Price	No. of Pieces	Total
H1	None	Saturation	\$0.179		
H2	None	High Density	0.190		
H3	None	Basic	0.234		
H4	DBMC	Saturation	0.146		
H5	DBMC	High Density	0.157		
H6	DBMC	Basic	0.201		
H7	DGCF	Saturation	0.137		
H8	DGCF	High Density	0.148		
H9	DGCF	Basic	0.192		

**Letters Over 3.3 oz. up to 3.6 oz. - Price includes a discount that equals the nonletter piece price minus the letter piece price.**

	Entry	Price Category	Piece Price	Or Amount Affixed	No of Pieces	Pieces Subtotal	Pound Price	Pounds	Pounds Subtotal	Total
H10	None	Saturation	\$0.054				\$0.604			
H11	None	High Density	0.065				0.604			
H12	None	Basic	0.103				0.635			
H13	DBMC	Saturation	0.054				0.445			
H14	DBMC	High Density	0.065				0.445			
H15	DBMC	Basic	0.103				0.476			
H16	DGCF	Saturation	0.054				0.401			
H17	DGCF	High Density	0.065				0.401			
H18	DGCF	Basic	0.103				0.432			

For affixed postage mailings as described in DMM 243, compute and enter the price for each piece in the Amount Affixed column, multiply by No. of Pieces and total in the Total column.

Part H Total



**Standard Mail**

**Part I**  
Enhanced Carrier Route Flats

Check box at left if prices are populated in this section.

Flats 3.3 oz. (0.2063 lbs.) or less

	Entry	Price Category	Price	No. of Pieces	Total
I1	None	Saturation	\$0.191		
I2	None	High Density	0.210		
I3	None	Basic	0.255		
I4	DBMC	Saturation	0.158		
I5	DBMC	High Density	0.177		
I6	DBMC	Basic	0.222		
I7	DSCF	Saturation	0.149		
I8	DSCF	High Density	0.168		
I9	DSCF	Basic	0.213		
I10	DDU	Saturation	0.140		
I11	DDU	High Density	0.159		
I12	DDU	Basic	0.204		
I13	Detached Address Labels		0.017		

Flats Over 3.3 oz. but less than 16 oz.

	Entry	Price Category	Piece Price	Or Amount Affixed	No of Pieces	Pieces Subtotal	Pound Price	Pounds	Pounds Subtotal	Total
I14	None	Saturation	\$0.066				\$0.604			
I15	None	High Density	0.085				0.604			
I16	None	Basic	0.124				0.635			
I17	DBMC	Saturation	0.066				0.445			
I18	DBMC	High Density	0.085				0.445			
I19	DBMC	Basic	0.124				0.476			
I20	DSCF	Saturation	0.066				0.401			
I21	DSCF	High Density	0.085				0.401			
I22	DSCF	Basic	0.124				0.432			
I23	DDU	Saturation	0.066				0.356			
I24	DDU	High Density	0.085				0.356			
I25	DDU	Basic	0.124				0.387			
I26	Detached Address Labels		0.017							

For affixed postage mailings as described in DMM 343, compute and enter the price for each piece in the Amount Affixed column, multiply by No. of Pieces and total in the Total column.

Part I Total



**Standard Mail**

**Part J**  
Enhanced Carrier Route Parcels

Check box at left if prices are populated in this section.

**Parcels 3.3 oz. (0.2063 lbs.) or less**

	Entry	Price Category	Price	No. of Pieces	Total
J1	None	Saturation	\$0.389		
J2	None	High Density	0.405		
J3	None	Basic	0.519		
J4	DBMC	Saturation	0.356		
J5	DBMC	High Density	0.372		
J6	DBMC	Basic	0.486		
J7	DSCF	Saturation	0.346		
J8	DSCF	High Density	0.362		
J9	DSCF	Basic	0.476		
J10	DDU	Saturation	0.321		
J11	DDU	High Density	0.337		
J12	DDU	Basic	0.451		
J13	Detached Address Labels		0.017		

**Parcels Over 3.3 oz. but less than 16 oz.**

	Entry	Price Category	Piece Price	Or Amount Affixed	No of Pieces	Pieces Subtotal	Pound Price	Pounds	Pounds Subtotal	Total
J14	None	Saturation	\$0.264				\$0.604			
J15	None	High Density	0.280				0.604			
J16	None	Basic	0.388				0.635			
J17	DBMC	Saturation	0.264				0.445			
J18	DBMC	High Density	0.280				0.445			
J19	DBMC	Basic	0.388				0.476			
J20	DSCF	Saturation	0.264				0.395			
J21	DSCF	High Density	0.280				0.395			
J22	DSCF	Basic	0.388				0.426			
J23	DDU	Saturation	0.264				0.273			
J24	DDU	High Density	0.280				0.273			
J25	DDU	Basic	0.388				0.304			
J26	Detached Address Labels		0.017							

For affixed postage mailings as described in DMM 443, compute and enter the price for each piece in the Amount Affixed column, multiply by No. of Pieces and total in the Total column.

Part J Total



**Standard Mail**

**Part K**  
Customized MarketMail

Check box at left if prices are populated in this section.

Pieces 3.3 oz. (0.2053 lbs.) or less.

	Price	No. of Pieces	Total
K1	\$0.460		

Part K Total

**Part L**  
Repositionable Notes

Check box at left if prices are populated in this section.

Price includes only charge for RPN, it does not include applicable postage charges. If using RPNs, all pieces in mailing must include RPNs.

	Price Category	Price	No. of Pieces	Total
L1	Letters and Flats	\$0.015		

Part L Total

**Extra Services**

**Part S**  
Extra Service

Check box at left if prices are populated in this section.

Items mailed with Extra Services must meet the mailing standards for the extra service.

	Fee	No. of Pieces	Total
S1			
S2			
S3			
S4	Delivery Confirmation (electronic only)		
S5	Insurance (bulk only)		
S6			
S7	Restricted Delivery	\$4.30	
S8			
S9			
S10	Return Receipt for Merchandise*	3.60	
S11			
S12			
S13			

\*parcels only

Part S Total




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## Standard Mail — Instructions

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Use this form for regular Standard Mail prices.

**Step 1:** Complete Mailer and Mailing sections on page 1.

**Step 2:** Before you complete the Postage section, go to parts A through L and S. Complete the part(s) that pertain to your mailing. The following information will help you to determine which parts to complete:

**Parts A-C: Automation/Machinable Letters, Flats, and Parcels**

Part A: Automation price letters. Enter total in Part A Total box.

Part B: Automation price flats. Enter total in Part B Total box.

Part C: Machinable price parcels. Enter total in Part C Total box.

**Parts D-F: Nonautomation/Nonmachinable Letters, Flats, and Parcels**

Part D: Nonautomation letters. Enter total in Part D Total box.

Part E: Nonautomation flats. Enter total in Part E Total box.

Part F: Irregular parcels. Enter total in Part F Total box.

**Parts G: Not Flat-Machinable**

Part G: Not Flat-Machinable pieces or nonmachinable letters paying NFM prices. Enter total in Part G Total box.

**Parts H-J: Enhanced Carrier Route Letters, Flats, and Parcels**

Part H: Enhanced carrier route letters. Enter total in Part H Total box.

Part I: Enhanced carrier route flats or ECR letters paying flats prices. Enter total in Part I Total box.

Part J: Enhanced carrier route parcels. Enter total in Part J Total box.

**Part K: Customized MarketMail (CMM) - Enter total in Part K Total box.**

**Part L: Repositionable Notes (RPN) - Enter total in Part L Total box.**

**Part S: Extra Services - Enter total in Part S Total box.**

**Step 3:** Add the postage in parts A through S. For Permit Imprint mailings round off to four decimal places. For Postage Affixed round off to three decimal places. Once completed, return to the Postage section on page 1. Check the boxes that correspond to all applicable parts completed. Enter the Total Postage, rounded off to two decimal places.

**Step 4:** Complete the line for Postage Affixed (if applicable). Check the box for the Price at Which Postage Affixed (Correct, Lowest, or Neither). Multiply the number of pieces times the postage affixed. Put the total in the Postage Affixed block. Subtract the amount of Postage Affixed from the Total Postage and enter the remainder in Net Postage Due.

**Step 5:** Read and sign the Certification section, including your telephone number. Attach all completed pages and submit with the mailing.

**Information:** For more information on mailing standards, prices, and fees please go to Postal Explorer at [pe.usps.com](http://pe.usps.com).



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

# Attachment D

Reset Form

## Notification of Mail Drop to Treasury USPS Permit

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

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

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



# Attachment E

Reset Form

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

## Vendor, Contractor or Subcontractor Confidentiality Agreement

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

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

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

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

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

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

**Michigan Penalties**

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

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

**Federal Penalties**

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

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

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

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

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

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

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



**JPMorgan CHASE**  
**Retail Lockbox**  
**Scannable Document**  
**Specifications**

---

**Introduction** We have prepared the following document for the use of our customers to aid in the design of efficient and high quality OCR documents. These recommendations are in accordance with industry norms.

---

**Length and Height** Aspect Ratio: The document length should be greater than the document height.

	<b>Minimum</b>	<b>Maximum</b>
Length	4.5 inches	8.5 inches
Height	2.5 inches	4.5 inches

6 inch length, 3 inch height is recommended document size.

---

<b>Weight/Grain</b>	<b>Minimum</b>	<b>Maximum</b>
Weight	20 lb.	Card stock
Thickness	.004	.010

We recommend that the grain lie along the horizontal axis of the document.

---

**Surface Texture** The surface texture must be such that ink will adhere to it during multiple passes through MICR readers. Documents should be encoded on their felt side, which is the obverse side of the document. The reverse side is the wire side.

---

**Perforation** If the document consists of a form with a tear-off return portion, be sure to position the tear-off return portion at the bottom of the form. This ensures that the perforation will lie on the top of the return portion document to be processed.

---

**Scan Line** 1 scan line per document can be supported.  
 Maximum OCR scanline length is 90 characters.  
 Maximum number of fields per scan line is 30.  
 Maximum number of amount fields per scan line is 6.  
 Preferable scan line fields include:  
     Account number (including check digit)  
     Amount due



The scan line should contain a single scan line check digit at the right end of the scan line.

Scan line data fields should be printed elsewhere on the form with field titles, to facilitate correction by the operator (*e.g., Customer account number, Amount due, etc.*).

The following fonts are supported:

- OCR A
- OCR B
- OCR A alpha-numeric
- OCR B alpha-numeric

---

**Scan Line Location**

The height of the print area centerline can be set from 0.25 to 3.25 inch from the bottom edge. Experience indicates that the most desirable position is 0.5 inch from the bottom of the scan line to the bottom of form.

There must be a minimum 0.5 inch of clear space above the top of the scan line.

There must be a minimum 0.25 inch of margin from both the left and right edges of the document. Experience indicates that a 0.50 inch spacing from the right margin is more desirable.

No other information or graphics should appear on the same line as the scan line.

Information printed on the back of the form must not be printed directly opposite of the scan line, as this may cause read errors.

We recommend establishing print guidelines to ensure that the scan line horizontal and vertical placement will be exactly the same between print runs/cycles.

---

Address Change

The address change area should be located on the face of the document, but removed from the scan line area to minimize potential obstruction of OCR line caused by customer handwriting the address change information.

---

**Approval**

We advise not printing a large supply of invoice stock until Chase has reviewed, tested and approved your document.



Attachment G

## Roles and Responsibilities

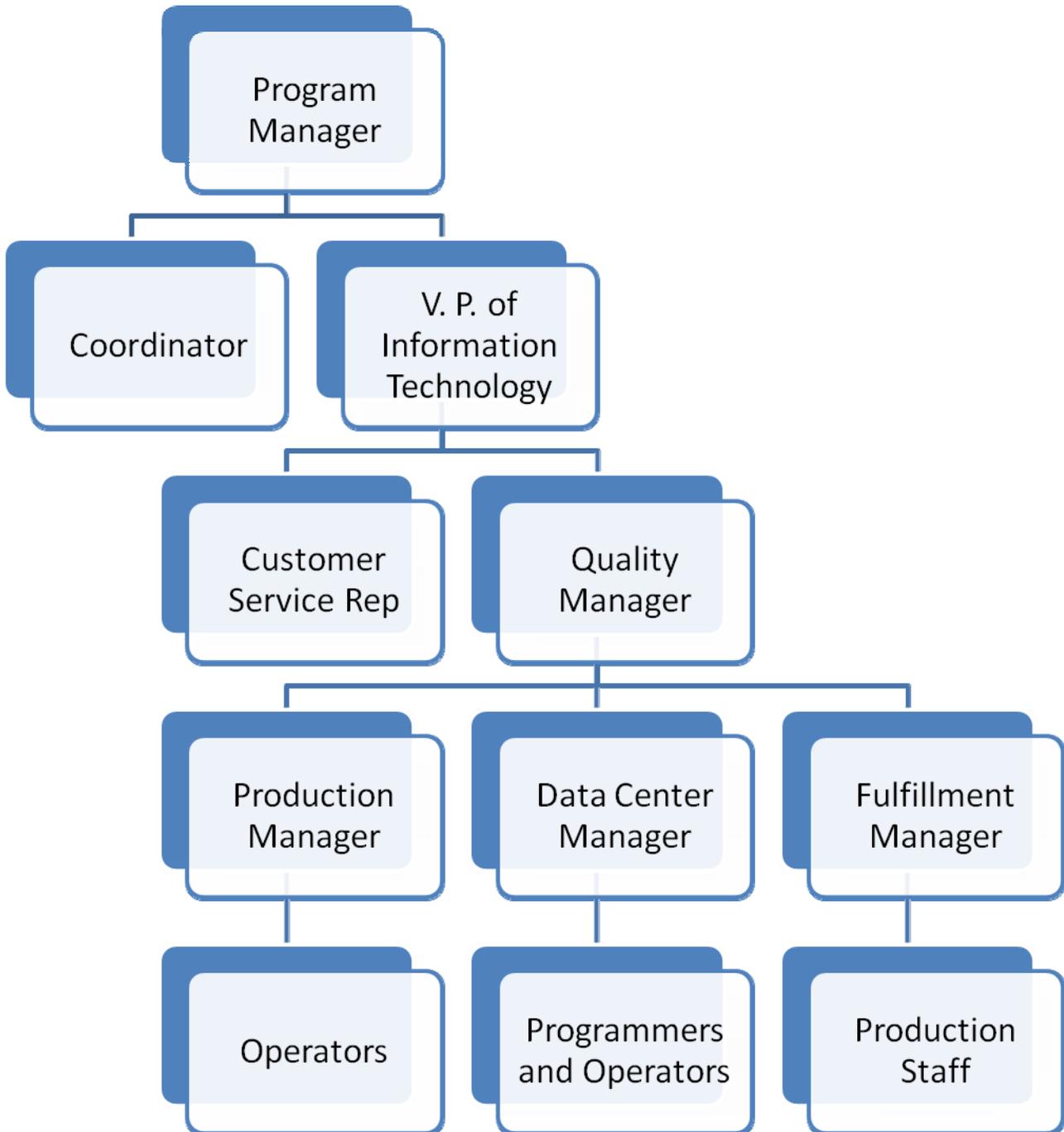
<u>Staff</u>	<u>Role and Responsibility</u>
<p><b>Program Manager</b></p> <p>Bill Condon</p>	<ul style="list-style-type: none"> <li>• Work with the Contract Administrator to establish DATA requirements for bulk distribution.</li> <li>• Work with the Contract Administrator to complete all reports and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



<p><b>Quality Manager</b> Ernesta Bagaric</p>	<ul style="list-style-type: none"> <li>• Establish procedures and train personnel</li> <li>• Log and track any issues</li> </ul>
<p><b>Production Manager</b> Lavain Dezerne</p>	<ul style="list-style-type: none"> <li>• Review production ticket and production samples to verify completeness</li> <li>• Instruct and verify production</li> <li>• Spot inspections of product</li> </ul>
<p><b>Data Center Manager</b> Brian Anger</p>	<ul style="list-style-type: none"> <li>• Review production ticket and production samples to verify completeness</li> <li>• Instruct and verify postal processing/NCOA of data and laser printing.</li> </ul>



**Article 1- Attachment B**  
Organizational Chart





## **Wolverine Solutions Emergency vs. Disaster**

Listed below are general definitions for two terms used throughout this manual: Emergency and Disaster. Please keep in mind that these are general definitions only; an emergency to one customer may be a disaster to another. It will be up to the Wolverine management to declare an actual disaster.

*Emergency:*

An Emergency is a unforeseen combination of circumstances, which requires immediate action. Interruption to Service is either non-existent or minimal.

*Disaster:*

A significant event resulting in damage, loss, or destruction to property and/or service.

## **Four Types of Service Interruptions**

It is essential that the Wolverine Print Center be prepared to react to any event likely to cause a significant interruption in its ability to deliver service to its customers. In an effort to classify different levels of service interruptions, some definitions and examples have been defined. The following is a description of four levels of events that are possible. The frequency and severity are arranged from least (type 4) to most severe (type 1).

### Computing and/or Communications Interruptions

**TYPE 4**      Characterized by frequent outages with anticipated reoccurrence. Involves small capacity losses or short outages. Recovery is normally performed within the current physical environment.

Example:      Print equipment failure, control unit failure or software change error.

**TYPE 3**      Characterized by loss of significant processing capacity (30% - 50%) without physical damage to processing site or equipment. Recovery implemented by repositioning or rerouting work within the same facility.

Example:      Internal Network Failure.



**TYPE 2** Characterized by loss of significant processing capacity (50% - 75%) with physical damage to processing site, equipment, and personnel. Recovery implemented by bringing backup & recovery facilities into the process.

Example: Flood or weather damage, fire, or electrical short.

**TYPE 1** Complete loss of facility and contents. Recovery requires reconstruction of facilities. Suppliers needed to provide major assistance.

Example: Weather related destruction, chemical or radioactive disturbance.

### Nominal Recovery Time For Service Interruptions

The table below describes the nominal recovery time in the event of a service interruption. The intent is for use as a planning tool. If particular applications or accounts have more stringent requirements, a special situation should be engaged. The target times are not guaranteed and should NOT be used for contractual commitments.

*Chart For Nominal Recovery*

Interruption Type	Nominal Computing Recovery		Nominal Communications / Printer Recovery	
	Critical Services	Full Service	Critical Services	Full Service
Type 4	Same Day	1 Day	Same Day	1 Day
Type 3	1-2 Days	4 Days	3 Days	5 Days
Type 2	1-3 Days	7 Days	4 Days	7 Days
Type 1	4-5 Days	14 Days	7 Days	20 Days

### Disaster Recovery Overview

The Disaster Recovery Action (DRA) Plan provides procedures enabling employees of Wolverine to continue processing data in the event of partial or total destruction of Wolverine.



The plan details specific duties and responsibilities for Wolverine personnel ensuring the most rapid recovery possible. The procedures established to prevent or limit the extent of a disaster are as important as the Disaster Recovery Plan.

Chapter 2, "Emergency Procedures," contains instructions for handling situations that could lead to a disaster. Wolverine is responsible for ensuring a facility and hardware are available, a network is established and the operating environment is restored. Chapter 3, "Disaster Recovery Procedures", details Wolverine's plan. The Accounts are responsible for all application data recovery.

Wolverine will test the "Disaster Recovery Procedures" section by staging disaster scenarios on a regularly scheduled basis (twice per year at a minimum). During an actual disaster, the procedures in the "Disaster Recovery procedures", along with teamwork and common sense, should dictate appropriate action.

## **CHAPTER 2**

### **Introduction**

The procedures in Chapter 2 provide Wolverine employees with step-by-step instructions for responding to emergency situations that could occur in any area of Clay Facility. All personnel must be familiar with these procedures to be able to react in an appropriate and effective manner in an emergency. Familiarity with procedures will ensure the:

- Safety of personnel
- Integrity of customer files
- Preservation of the equipment and building

The number one priority during any emergency or disaster is the safety of all personnel. Prompt and effective action by Wolverine team members can prevent loss of life and/or costly damage to existing operations.



## **Personnel Responsibilities**

The following are responsibilities for all employees within Wolverine:

### *Life Safety Coordinator / Operations Shift Manager*

The Life Safety Coordinator will be responsible for the following:

1. Be familiar with the written evacuation plan and procedures.
2. Maintain a record of all employees at the site and ensure that:
  - a. The employees receive a copy of the Emergency Procedures.
  - b. The employees attend the annual training class.
3. Provide the opportunity for practice drills.

### *Assistant Life Safety Coordinator/Shift Managers*

The Assistant Life Safety Coordinator will be responsible for the following:

1. Be familiar with the Life Safety Coordinator's duties in case he/she would have to assume that position.
2. Assume the Life Safety Coordinator's position on off shifts, weekends and holidays.
3. Coordinate with the Life Safety Team, the evacuation of the building during an emergency.
4. Issue the order for partial or a total evacuation of Clay Facility.
5. Execution of an orderly power down or emergency power off procedure

### *Life Safety Team Members / Team Leaders*

The Life Safety Team members will be responsible for the following:

1. Ensuring that all personnel within their area are trained in proper building evacuation.
2. Ensuring that all personnel are familiar with the quickest evacuation route.
3. Powering off all electrical office equipment, when time permits, during an evacuation.
4. Knowing the daily personnel of their area and ensuring that all personnel are evacuated prior to leaving the area themselves.



5. Ensuring that the personnel know where to assemble once they have evacuated the building.

Employees

The employees will be responsible for the following:

1. Personnel will await orders to evacuate the building unless circumstances dictate the immediate evacuation of the area.
2. When ordered to evacuate, disconnect office machines when possible.
3. Follow directions from the Life Safety Team members.
4. Once outside proceed to a designated safe area so a head count can be made to ensure that all personnel have made it out of the building.
5. Remain in the assembly area until advised otherwise by the Life Safety Coordinator.

Security Officers

The Security Officers will be responsible for the following:

1. Respond to the site of the alarm and evaluate the situation.
2. Contact the local authorities for any assistance for example: Police, Fire, Medical, etc.
4. Keep the Life Safety Coordinator informed of any changes in the situation.
5. Assist in the evacuation of personnel from the building.
6. Direct the Police/Fire to the location inside Wolverine.

**Building Evacuation**

The purpose of this safety plan is to provide an evacuation procedure for any disaster, actual or potential, that might occur in Wolverine Clay Facility. The safety of all persons involved in an emergency is dependent upon effective organization, planning, and implementation of emergency procedures. These procedures define specific duties and responsibilities for key personnel during emergency situations. This procedure was designed to familiarize all occupants with all available means of exit, including those that are not normally used during regular working hours. For this reason, unannounced drills will be conducted. The Fire Safety Coordinator will determine frequency of the drills.



Evacuation Procedures

The Life Safety Team will, in an evacuation, be responsible for the following:

1. Direct all employees to the nearest exit.
2. Double check all areas of responsibility to ensure all personnel have been evacuated.
3. Keep all employees calm.
4. Keep personnel moving toward the nearest exit at a steady pace.
5. Ensure no one returns back into the building.
6. Assemble in a designated area so a head count can be taken.
7. Inform the Assistant Life Safety Coordinator of any personnel you suspect may be missing.
8. If an evacuation route is blocked use an alternate exit.
9. Re-enter the building only after a Life Safety Coordinator has received authorization to do so.

**EQUIPMENT FAILURE PROCEDURES**

1. Transformer
  - a. Action: Call Detroit Edison and facilities (see appendix 7).
2. Air Conditioning Unit(s)
  - a. Call Mark Causley (see appendix 7).
  - b. In the event any water is detected leaking from the false ceiling above the computer room, an immediate effort must be made to protect the hardware. Plastic tarps should be used to cover affected equipment to prevent damage.
3. Tape Drives
  - a. Action: Contact Oce' Printing Systems (see appendix 7).  
-Vary inoperative device(s) off-line.
  - b. All subsystems of tape drives are serviced by two tape control units. If one control unit goes down, the other will handle all drives on that string (dual path feature).
4. Printers
  - a. Action: Contact Oce' or Xerox Printing Systems for service (see appendix 7).
  - b. Wolverine has a 24-hour service agreement with Oce' and Xerox.



### **Building Water Main Shutoff**

In the event of a serious water line leak, the supply of water to the building can be terminated at the water main located in the back of the building, on the west side of the building unit.

### **Building Gas Main Shutoff**

In the event of a gas line leak, the supply of gas to the building can be terminated at the gas main located outside the building near the southwest corner of the computer room.

**CAUTION:** In case either of these valves has to be closed, immediately contact a member of Senior Management.

### **Fire Detection and Suppression Systems / Procedures**

This section defines personnel responsibilities, procedures and suppression systems in the event of a fire. Everyone should be familiar with the fire exits, fire extinguishers, and be aware of the Evacuation Procedures described earlier.

#### Wet Pipe Sprinkler System

A wet pipe system is located throughout the facility. With this system the pipes are always filled with water, but will not go off unless the glass bulb bursts. The glass bulb bursts when the temperature reaches 160 degrees or greater.

#### Portable Fire Extinguishers

#### **FIRE FIGHTING INSTRUCTIONS**

1. LOCATE THE NEAREST FIRE EXTINGUISHER.

Fire extinguishers are mounted on walls or vertical columns. Signs affixed to the wall above eye level so as to be visible from a distance mark their locations.

NOTE: There are three types of fires:



- Combustible (Wood, Cloth, Paper, etc.)
- Burning Liquid (Gasoline, etc.)
- Electrical

All extinguishers in Wolverine are ABC Extinguishers. That is, they are designed to extinguish all three types of fire.

2. PULL THE PIN.

Some units may require the releasing of a locked latch, pressing a puncture lever, inversion or other motion.

3. AIM.

Aim the extinguisher nozzle at the base of the fire.

4. SQUEEZE.

Squeeze or press the release handle.

5. SWEEP.

*Sweep the spray from side to side at the base of the fire. Watch for the fire to restart. Move in closer to get at hot spots. Separate the material of the burned area, after extinguishing it, to get at covered areas. Discharge the entire contents of the extinguisher.*

Foam and water extinguishers require slightly different action. Read the instructions.

Summary

Delays cause a small fire to become a big one. Send someone to call the Fire Department before you attempt to put out a fire. If you have the slightest doubt about handling the fire yourself **DON'T**. Get out and call the Fire Department and Security. DIAL 911

- Know how to work the extinguisher beforehand.
- Fight only small fires, such as a waste paper basket.
- Make sure you have access to an exit.



## Other Emergency Situation Procedures

### Introduction

These procedures will provide Wolverine employees with step-by-step instructions for responding to emergency situations that could occur in any area of the facility. All personnel must be familiar with these procedures to be able to react in an appropriate and effective manner in an emergency.

The number one priority during any emergency is the safety of all personnel. Emergencies are unexpected occurrences that are costly to any organization. Prompt and effective action can prevent loss of life and costly damage to existing operations.

### Personal Emergency Procedures

Should an individual within Wolverine experience a personal emergency, the following resources are available to aid in responding to the specific situation.

### EMERGENCY MEDICAL CALLS

(see appendix 5 for telephone numbers for this section)

1. Fire and Ambulance assistance may be obtained.
2. Notify Operations Leadership.
3. Notify Human Resources, as soon as possible.

### Assistance during normal working hours:

(Monday - Friday 08:00 - 17:00)

1. Call Wolverine Administration. Administration will contact the proper authority.
2. Notify Shift Manager.
3. Notify Wolverine Security.



Assistance after normal working hours:

1. Notify Shift Manager.
2. Notify Wolverine Security.

Life or Death Situations

Heart attacks, difficulty in breathing, burns, severe pains, shock, unconsciousness or other serious condition; follow the procedure below at all times.

- Call appropriate emergency number. **(911)**
- Describe the emergency situation to the dispatcher, who will determine the service required.
- Ambulance or Emergency medical technicians will be dispatched.
- Ambulance attendants will determine the appropriate hospital if needed.

Non Life Threatening Situations:

Minor bleeding, nausea, faintness, shortness of breath; follow the procedures below.

1. Call Human Resources. Make sure the person coming to give aid knows the location of the ill person. Have someone meet the person at the door to bring him/her to the scene.
2. Tell them your name, location, and nature of problem.
3. Notify the employee's leader.

**NOTE:** All incidents require an employer's "Injury Report". If the situation escalates or is more critical than was expected, follow the procedures for "Life or Death Situation".

First Aid Equipment

*First aid kit is available in each operations department. It is located in the Shift Leader office. First aid should only be administered by those trained to do so.*

CPR Assistance

*If someone requires is unconscious and is not breathing and/or does not have a pulse call 911 immediately providing all necessary information to the operator, while having someone administer CPR.*

*Check with everyone in building to see if there are any CPR Certified people available.*



Hazardous Materials

*Wolverine is subject to federal legislation regarding hazardous chemicals in the work place. Since any chemical is potentially hazardous, reasonable care and attention must be given to all chemical used in the work place.*

Safety Procedures for Hazardous Chemicals

Responsibility for a safe work place falls on all Wolverine employees. Management is responsible for implementing safety procedures and for teaching the Hazard Communication. Employees are responsible for understanding all safety procedures and for retaining the information they are taught in the Hazard Communication Program. All Employees are responsible for being continuously alert for unsafe acts and potential safety and health risks and for reporting these to the appropriate individual.

Chemicals can be quickly absorbed through the eyes, skin, respiratory system (inhalation), and mouth (ingestion). The following personal protective equipment (PPE) is recommended when noted within \the MSDS sheet for a particular chemical:

EYES: Safety glasses, chemical goggles, face shields, side shields

SKIN - impermeable gloves, aprons, shop coats, barrier creams

The following procedures are recommended for individuals who are over exposed to chemicals.

EYE CONTACT:

1. Flush victim's eyes with a steady stream of water for a minimum of 15 minutes. Contact lenses should be taken out and the eyelids should be held apart.
2. Do not rub the eyes under any circumstances.
3. Have another employee to assist the victim with flushing process.

SKIN CONTACT:

1. Wash with lots of soap and water.
2. Remove contaminated clothing, if any.



INHALATION:

1. Get victim into fresh air.
2. Administer CPR if victim is not breathing.

INGESTION:

1. **Do not** automatically induce vomiting, **consult** Material Safety Data Sheet (MSDS) for instructions

Some effects of over exposure may include eye discomfort, breathing difficulty, dizziness, nausea, vomiting, loss of consciousness or respiration, and skin irritation or burning. Tolerance levels to chemicals are different for each individual. Prompt first aid treatment followed with proper medical attention can greatly lessen the harmful effects of hazardous chemicals.

Work Safety Practices

When working around chemicals, it is very important to follow good work safety practices. This prevents the chemicals from entering the body and causing damage to the skin or the body. It usually takes only a very small amount of a chemical to cause skin irritation or other bodily symptoms.

The following hygiene practices will help prevent chemicals from entering the body systems:

- Always wash hands thoroughly with soap and water after handling any chemical or containers of chemicals, even though the chemical or the container may be dry.
- Wash hands thoroughly before eating, smoking, or using toilet facilities.
- Do not eat food or drink liquids where hazardous chemicals are handled or stored.
- Do not wear chemically contaminated clothing until it is properly laundered. Dermatitis can be easily contracted in this way.

Emergencies

In the event of an emergency involving a hazardous chemical, written emergency procedures should be followed that include:



1. Consulting the Material Safety Data Sheet for the chemical and administering first aid.
2. Notifying your leader.
3. Call Paramedics and/or Wolverine Leadership member when appropriate.
4. Contact Risk Management through your leader.

If the emergency is serious or could potentially become serious, it is important that the emergency resources be contacted as soon as possible after the emergency occurs. (See Appendix 6)

### Non-Routine Tasks

Employees may at times be engaged in non-routine tasks dealing with hazardous chemicals( e.g. cleaning out photomatic processors or cleaning up a chemical spill - battery acid). Employee should receive prior training on how to perform these tasks in a safe manner.

### Labeling Requirements for Hazardous Chemicals

Each account must have a labeling system that monitors container labels for all hazardous chemicals in the work place from the time the materials are received to the time they are disposed of. The definition of "container" is any bag, barrel, bottle, box, can cylinder, drum, reaction vessel, storage tank, or the like that contains a hazardous chemical. In addition, warning signs should be attached to pipes containing hazardous chemicals.

**Note:** Containers that are brought into the work place which contain Hazardous Chemicals must have labels affixed to them that identify:

1. The hazardous chemical contained in the container. (the identity must be the same one used on MSDSs so employees can link the label with the MSDS.)
2. The name, address, and telephone number of the chemical manufacturer, supplier, importer, or other responsible party.
3. Appropriate hazard warnings (signs and symptoms of exposure, changes in body functions and protection required).

All chemical manufacturer, importers, and distributors must label, tag, or mark containers of hazardous chemical leaving their work places. If a hazardous chemical is shipped to the work site without the proper labeling, it should not be accepted and the distributor should be contacted for the appropriate label. Containers received and/or shipped from each location



must retain the label as it is received. If material is normally referred to by another name in your location, then a label with that

#### Employee Responsibilities

- Employees should take care not to deface or remove warning labels from containers containing hazardous chemicals. The labels must remain on the container and remain legible at all times. Employees should promptly notify your leader of missing or defaced labels.
- Employees should not transfer a hazardous chemical from a labeled container to an unlabeled container (pail, bottle, the like), unless the unlabeled container will be under the employee's exclusive control during the employee's work shift. The chemical should not be left in the unlabeled container after the employee leaves work.
- If the portable container is used by more than one employee, this container must be labeled the same as the original container.
- Employees should not use chemicals they find in unlabeled containers and should notify their supervisor of any chemicals in unlabeled containers.

#### Material Safety Data Sheets (MSDS)

MSDSs are prepared and distributed by the chemical manufacturers or suppliers from whom Wolverine obtains chemicals. Manufacturers are required by law to supply MSDSs on the first shipment for each hazardous chemical they produce and whenever they change its chemical composition. Wolverine must rely on the chemical manufacturers and suppliers to provide accurate and updated MSDSs.

For each chemical that is hazardous, each Wolverine account must keep on file a Material Safety Data Sheet (MSDS). These MSDSs are kept with a manager of each area that the employees that might be affected. A compiled list of all MSDS sheet reside in the DRA area for OSHA requirements. These MSDS sheets will provide the following information about the chemical:

- Chemical name AND common name of the chemical substance.
- Chemical and common name of all hazardous ingredients in substance.
- The physical and chemical characteristics of the substance (vapor pressure, flash point, etc.).
- The substance's physical and health hazards (potential for fire, explosion, reactivity, and signs and symptoms of exposure).
- The manner of contact with the substance that could cause health risks (skin contact, inhalation, absorption, ingestion).



- Medical conditions generally recognized as being aggravated by exposure.
- Permissible exposure limits and threshold limit values.
- Whether the chemical is a carcinogen or potential carcinogen.
- Safety recommendations.
- Control Measure (engineering controls, work practices protective equipment).
- Emergency and first aid procedures.
- Date of preparation of MSDS or latest amendment.
- Name, address, and telephone number of chemical manufacturer, importer, employer, or other responsible party who prepared the MSDS.
- No blank spaces (use N/A or NONE) where no information is available.

Severe Weather/Natural Disaster Procedures

In the case of severe weather conditions (snowstorm, flooding, etc.) or if forecasts predict weather severe enough that the operations of the systems at the complex may be threatened, the Shift Supervisor or Manager is to periodically contact the Operations Manager to advise of the present situation and to receive advice on additional emergency action. Personnel must advise their direct supervisor regarding adverse conditions in their areas.

In the event of severe weather conditions the shift on duty is to remain on duty until the subsequent shift arrives.

If the building is damaged to such an extent that evacuation is necessary, all employees will be evacuated to a safe location. If feasible, normal shutdown procedures are to be followed prior to the evacuation.

If operations become disrupted, or appear as if they may become disrupted, the Shift Manager is to notify the Operations Manager.

If equipment was damaged, the Shift Manager is to advise the vendor's dispatcher of the situation, and request service as soon as possible.

Bad weather may develop quickly in the surrounding areas. Reports of flooding, heavy thunderstorms, hail, and in winter; freezing rain and snow are common occurrences.

Thunder Storms

If a severe thunderstorm is reported, leaders will keep employees informed.



The most likely effect of thunderstorms is a power fluctuation (Refer to Chapter 2 System Power Failure Procedures) in the event a sequential power down is required due to a power flux.

During a rainstorm, personnel should avoid high ground, trees, flagpoles and other possible "lightning rods". Hail accompanies many storms and often reaches golf ball size. Employees should remain inside the buildings or take cover if hail threatens.

Flooding

Flash flooding is another result of thunderstorms. If heavy rains continue, employees should avoid flood-prone areas on Wolverine property. In addition, low lying sections of town should be bypassed by using alternate routes to and from home.

In the event of flooding, the protection of the equipment is extremely important for continued operations. A FLOOD WATCH implies that flood conditions are a real possibility but are not imminent. A FLOOD WARNING implies that a flood is imminent or in progress, and that immediate precautions should be taken. The following procedures should be followed:

- If water is falling on a computer, immediately turn off circuit breakers for that computer, and put plastic covers over it.
- In the event of a small leak, contain it with wastebaskets, etc.

If flooding endangers the computer unit or processing, notify the Operations Manager.

When the flood waters recede:

- An immediate damage assessment should be made.
- Any openings made in a building by debris should be temporarily repaired.
- Salvage operations should be initiated.
- Never approach damaged or submerged power lines, the utility company should be notified immediately. (Detroit Edison; Appendix 7)
- Drains should be cleared of debris.
- Emergency crews should be cautioned not to smoke or use heat producing devices if there is a possibility that flammable liquids or gases are present.



Torrential rains can cause a roof to collapse. If this should occur emergency procedures are to be followed for injured employees.

Tornados

A tornado is a violently whirling column of air with a funnel-like center. During a tornado, the safest places in a building are the basement and narrow hallways without windows or glass doors.

A TORNADO WATCH implies that tornado's are expected to develop due to weather conditions.

A TORNADO WARNING means that tornado's have been sighted in the areas.

If a tornado is sighted approaching Wolverine, follow the direction of the Shift Supervisor. If time permits, employees should be sent to the nearest tornado shelter. If employees remain in the building during the tornado, they may find additional shelter underneath desks and overturned chairs.

Injuries may be prevented by employees staying away from windows and doors. Employees should never attempt to look out the windows or doors to observe the tornado.

Earthquakes

Earthquakes are not a significant threat to Wolverine.

Hurricanes

Hurricanes are not a significant threat to the Wolverine.

Winter Storms

Employee safety is the main consideration when driving conditions are dangerous. Winter storms can cause many problems. These storms usually contain freezing rain that make streets icy and driving extremely hazardous.

If a winter storm begins during business hours, employees may be sent home to prevent them from being stranded at work.

When freezing rain occurs overnight, the staff may consist of a skeleton crew the next day due to impassable roads.



Salt crews will treat Wolverine streets and parking areas to improve driving conditions. Driver caution is required to prevent accidents.

Bomb Threat Procedures

(see appendix 6 for telephone numbers)

All personnel located in the Wolverine Facility will be notified of a bomb threat by senior level leaders.

The senior leader in the facility has the authority to order the evacuation of the building. All personnel are to comply with those instructions. All personnel evacuating the Facility are to assemble in the pre designated safe area.

Responsibilities:

If a bomb threat is received over the telephone:

ALL WOLVERINE PERSONNEL

- Remain calm.
- Contact the nearest supervisor and supply all information gathered.
- Remain with the supervisor while information is relayed.

LEADERSHIP

- Supply all available information to the Detroit Police Department.
- Stand by the phone, and assist the Detroit Police Department.

FACILITIES AND SECURITY

- Act as liaison with Police Department.
- Make recommendation on necessity of evacuation to the senior leaders.
- Inform senior leaders of results of search and/or "all clear".
- Clear involved personnel.

**Evacuation Procedure**

1. Direct all employees to the nearest exit.
2. Double check all areas of responsibility to ensure all personnel have been evacuated.



3. Keep all employees calm.
4. Keep personnel moving toward the nearest exit at a steady pace.
5. Ensure no one returns back into the building.
6. Assemble in a designated area so a head count can be taken.
7. Inform the Assistant Life Safety Coordinator of any personnel you suspect may be missing.
8. If an evacuation route is blocked use an alternate exit.
9. Re-enter the building only after a Life Safety Coordinator has received authorization to do so.

Civil Disturbance Procedures

In the event of a civil disturbance notify the shift leader on duty, who will:

- Call Wolverine Security.
- Call the Police Emergency Number - 911, and

**STATE:**                      Name of company:      Wolverine Mailing  
    Address:                      1601 Clay Street  
       Detroit, MI 48211

Problem:                      (Brief Description)

- Pull down all shades.
- Lock all doors.
- Evacuate personnel to a safe area of the building.
- Notify the Operations Manager of the problem and any changes that may occur.

Depending on the nature and location of the disturbance, the operators on duty are to:

- Cease production as soon as possible.
- Power-down all systems.
- Remove all mountable disk packs and tapes to the library area.
- Turn off all lights.



## **Emergency Notification Procedures**

The purpose for Emergency Notification Procedures is to ensure that all individuals who are possibly affected by an emergency situation or have the need to know are advised of the problem. This notification procedure will ensure that the proper individuals are involved to quickly resolve any minor problem.

These procedures are to be followed for incidents which only affect a group or minimal customers for a period of time less than 4 hours. Some of the more common reasons to begin the emergency notification procedures would be:

- Personnel emergency
- Minor hardware failure
- System down for a short duration
- Facility problem with no customer impact

Refer to the following chart for notification procedures and remember, If in doubt as to whether or not to notify an individual, CALL!

### **3.1 - Introduction**

This disaster recovery action plan (DRA) provides procedures to enable Wolverine to continue processing data in the event of partial or total destruction. The plan details specific duties and responsibilities for Wolverine personnel to ensure the most rapid recovery possible.

The information provided in this section will facilitate restoration of the computer facilities.

All personnel at Wolverine are responsible for being familiar with their specific duties under the plan and the overall recovery process.

Since the effects of the down time may vary between industries and customers, the severity of a situation and the decision to declare a disaster becomes a judgment call. Therefore, Wolverine Management will assess any situation, and based on each customer's needs, contract commitments, and business ethics, shall determine whether processing can wait for on-site repairs or must be moved off-site.

Wolverine will test the "Disaster Recovery Procedures" section by staging disaster scenarios on a regularly scheduled basis. During an actual disaster, the procedures in the Disaster Recovery Procedures, along with teamwork and common sense, should dictate appropriate action.



## 3.2 - When Disaster Strikes

### Notification Process

#### Shift Leaders

The Shift Leader on duty is responsible for:

- Contacting the Disaster Recovery Management Team (Appendix 8).
- Contacting other Emergency Contacts (Appendix 6).
- Assisting in securing the Facility.
- Remaining at the scene or in the vicinity if the Facility is uninhabitable.
- Using good judgment regarding outside assistance. (Fire, Police, etc.).

### **Command Center Post & Communications Center**

The first duties of the Disaster Recovery Management Team leader are to designate a site, establish a Command Post from which to direct the recovery efforts, and establish a Communications Center to include an Employee Hotline for personnel. Certain telephone numbers will be identified and utilized by the Disaster Recovery Management team to support recovery activities. The Command Post / Communications Center will consist of all communication equipment necessary to monitor a disaster situation. This includes telephones, terminal and PC workstations, radio, television, overhead viewers, projectors, and screens, as well as portable communications and support systems.

#### 3.4.1 - Employee Hotline

The employee hotline will be one or more telephone numbers at the Communications Center designated for contact with personnel at the recovery site. The employee hotline number(s) will be given to all personnel on site. On site employees may give the numbers to immediate family members for contact purposes.

#### 3.4.2 - Alternate Voice Communications Plan

If voice communication to Wolverine has been disrupted, alternate means must be established. One alternative is the use of cellular phones. Other options will be reviewed by the management team.



### 3.5 - Disaster Teams

When a disaster strikes, three teams are formed:

1. Disaster Recovery Management Team
2. Disaster Recovery Action Team
3. Applications Recovery Team

*Disaster Recovery Management Team*

The Disaster Recovery Leadership Team assumes immediate responsibility for initiating recovery action. The team is composed of several people who represent high-level management throughout Wolverine.

Robert Tokar	President
Ed Tokar	Vice President of Sales & Service
Darryl English	Vice President of IT Services
Debbie Paris	Vice President of Production
Kevin Yost	General Manager
Marcel Bulic	Network/IT
Belinda Schultz	Customer Service Manager
Diana Gross	Fulfillment Manger

Disaster Recovery Management Team Objectives

By priority :

1. Establish command post
2. Assess damage
3. Evaluate seriousness of problem and available options
4. Organize Disaster Recovery Action Teams
5. Notify Corporate contacts
6. Notify customer account leaders
7. Notify all required personnel
8. Activate Disaster Recovery Action Teams
9. Establish Public Relations team
10. Once recovery has been completed, authorize testing



11. Once testing has been successful, authorize application recovery team to
12. Begin restoring account recovery plans.

Disaster Recovery Action Teams

The teams are composed of the following personnel:

- Team leader/2nd-line Manager
- Alternate Team Leader
- MVS Technician
- ACF2 Security technician
- Storage Administration technician
- Program Products technician
- Hardware coordinator
- Network technician
- Capacity Planning coordinator
- Automation technician

3.5.2.1 - Disaster Recovery Action Team Objectives

By Priority:

1. Initiate the process of recovery under the direction of the Management Recovery Team.
2. Organize and dispatch teams to retrieve any item required for full restoration. (i.e. tapes, supplies, hardware)
3. Perform recovery.
4. Test operating systems after recovery.
5. Remain on-site and respond to requests at the recovery facility until manpower relief is available.
6. Apprise disaster recovery management team of any new developments and/or problems.
7. Once processing has been restored, notify management that testing can begin.
8. The disaster recovery action team leader has the authority to call upon any resource required to accomplish the goals of the team.



Disaster Recovery Action Team responsibilities:

1. Assemble team members and brief them on the scope of the disaster.
2. Determine transportation requirements for individuals and teams (rental cars, flight reservations, hotels, etc.).
3. Establish two smaller teams: one team will proceed to the off-site storage facility; the second team will remain at the recovery site to receive returning files.
4. Individuals dispatched to the off-site storage facility must have prior written approval; a list of authorized personnel is located in the sleeve of this manual.
5. Sign-in at the off-site facility and request one of the Disaster Recovery containers.
6. Retain a copy of all forms used to remove items from the off-site facility.
7. Box tapes and ship to the recovery site.
8. Inventory remaining tape volumes and process any further requests from the recovery site.
9. The team at the recovery facility should obtain a list of those tape files returning to the recovery site.
10. Upon receipt of tape volumes, transport tapes to the tape library or in close proximity to available tape drives.
11. After systems have been recovered, "fine tune" them (i.e. for last minute changes or recently changed equipment).
12. Test application software to ensure the environment can provide computer services to recovering customers.
13. Update disaster recovery management team on all progress.
14. Once testing has been completed, notify disaster recovery management team that Application Recovery Teams can begin performing customer recoveries.
15. Provide on-site application support.

Applications Recovery Teams

*The Disaster Recovery Action will assume responsibilities for the applications recovery team. Products such as Solimar and BARR will be handled here.*

### **3.6 - Recovering From A Disaster**

This section describes plans to recover from a disaster. Specifically, actions needed to recover a facility, hardware environment, operating system software environment, network and applications data are described.

When disaster strikes, three teams are formed: Disaster Recovery Management Team, Disaster Recovery Action Team and the Application Recovery Team. The Disaster Recovery Management Team is responsible for overall direction and coordination. The Disaster Recovery



Action team is responsible for physically recovering the facility, (if necessary), hardware, operating system software, and network. The Application Recovery Team restores the site specific information for products like TLS and Dispatch.

A team approach is followed in the recovery process. A Disaster Recovery Team Roster can be found in Appendix 7. Specific teams, their mission statement, pre-plan tasks, and recovery tasks follow.

3.6.1 - Recovering the Facility

**TASK 1**

RESPONSIBILITY	: Overall Direction and Pre-Planning Coordination
TEAM LEADER	:
BACKUP	:
TEAM MEMBERS	:

**MISSION:**

Manage the disaster recovery planning during the planning and recovery phases.

**PRE-PLAN TASKS:**

- Provide overall direction in response to any emergency situation.
- Coordinate the off-site back-up material updates.
- Coordinate evacuation drills with building security.
- Organize regular testing for segments of the disaster recovery plan.

**RECOVERY TASKS:**

- Direct the recovery action at the Print Center.

**TASK 2**

RESPONSIBILITY:	Administration - Admin Supplies - Emergency Travel
TEAM LEADER:	
BACKUP:	
TEAM MEMBERS:	



**MISSION:**

Support the disaster recovery teams with off-site administrative functions and arrangement of emergency transportation requirements.

**PRE-PLAN TASKS:**

- Maintain off-site emergency contact information.
- Maintain a ready access to required office supplies.
- Maintain off-site financial data for the Print Center.

**RECOVERY TASKS:**

- Provide capability for off-site administrative functions.
- Arrange emergency travel and transportation requirements.
- Coordinate communications with Corp. Risk Management.
- Contact corporate risk management(see appendix 6)
- Assess physical damage and bodily injury.
- Assess the amount of damage and assistance needed.
- Forward advice on emergency action being taken.
- Provide information for insurance carriers.
- Document actions taken and costs incurred.

**TASK 3**

**RESPONSIBILITY:** Physical Forms - Printer Supplies

**TEAM LEADER:**

**BACKUP:**

**TEAM MEMBERS:**

**MISSION:**

Coordinate shipment of physical forms and printer supplies to the temporary recovery site(s).

**PRE-PLAN TASKS:**

- Maintain accurate phone number listing of vendors.
- Maintain accurate phone number paper suppliers and ensure availability of stock.



RECOVERY TASKS:

- Coordinate the acquisition of required paper stock for temporary and permanent recovery action.

TASK 4

RESPONSIBILITY: Facility Salvage- Replacement Acquisition / Install  
TEAM LEADER:  
BACKUP:  
TEAM MEMBERS:

MISSION:

Coordinate facility salvage activity and, if required, the move to temporary recovery site(s).

PRE-PLAN TASKS:

- Ensure that recovery site(s) are available.
- Maintain accurate equipment and facility information in the designated off-site location.

RECOVERY TASKS:

- Recover and protect all equipment and supplies that can be salvaged within the Print Center complex.
- Coordinate the acquisition of required equipment for temporary and permanent recovery action.

TASK 5

RESPONSIBILITY: Business Support: All Customer Accounts  
TEAM LEADER:  
BACKUP:  
TEAM MEMBERS:

MISSION:

Assist personnel and the account support staff communications.



PRE-PLAN TASKS:

- Evaluate application recovery capability with customer.
- Assist customer accounts to identify their critical jobs and business systems.
- Coordinate system recovery tests for the accounts

RECOVERY TASKS:

- Assist personnel and customer accounts to recover applications at a recovery site.
- Support the operators staff in restoring production schedules.

3.6.2 - Recovering The Network

TASK 6

RESPONSIBILITY: Network Communications (Hardware - Operations) TEAM LEADER: BACKUP: TEAM MEMBERS:
--

MISSION:

Maintain the capability to construct or reconstruct the data communications network.

TASKS:

- Assess extent of damage to network hardware and lines.
- Initiate front-end equipment acquisition as required.
- Construct network at alternate site, if required.

3.6.3 - Recovering The Hardware

TASK 7

RESPONSIBILITY: Computer Operations - Off-Site Storage TEAM LEADER: BACKUP: TEAM MEMBERS:
--



MISSION:

Recovery of day to day production operations.

PRE-PLAN TASKS:

- Manage off-site tape cycles and off-site tape inventory for recovery use.
- Participate in system recovery tests.

RECOVERY TASKS:

- Assess extent of damage to mainframe hardware.
- Install host hardware in an alternate site, if required.
- Retrieve recovery tapes from off-site vault.
- Restore operating system environment.

TASK 8

RESPONSIBILITY: Print Operations

TEAM LEADER:

BACKUP:

TEAM MEMBERS:

MISSION:

Maintain output center requirements under emergency conditions.

PRE-PLAN TASKS:

- Identify responsibilities/tasks that must be performed by the output center team - and keep them current as the organization and other team responsibilities change.
- Identify and keep current data that will permit the team to carry out its responsibilities.
- Keep the membership of the team current, keep members educated as to their role in the team, and ensure that a process is in place that will initiate the team, provide a team "headquarters", and make available data and resources required for recovery.
- Maintain off-site backup software for printers and microfiche systems.

RECOVERY TASKS:



- Assemble the print-distribution center recovery team and establish a command center.
- Participate in the recovery and check-out of output center hardware and ensure that output processing capabilities exist to meet customer needs.
- Retrieve stored off-site print-distribution procedures and data and restore the "operational environment" of the center. Identify any additional training that is generated by this restored environment and provide as required.
- Provide the necessary supplies required to maintain print processing.
- Ensure that output deliveries are maintained to customers serviced through the print-distribution center and coordinate locally-contracted delivery service activity.
- Provide interface to other recovery teams.

3.6.4 - Recovering The Software

TASK 9

RESPONSIBILITY: OTS TEAM LEADER: BACKUP: . TEAM MEMBERS:
---

MISSION:

Maintain the capability to restore all system software and operations procedures to an alternate site(s) with the most current back-up available in an emergency condition.

PRE-PLAN TASKS:

- Identify system software needed to process the workload.
- Review and refresh system software list on a regular basis. (generally monthly)
- Test to ensure that procedures necessary to restore tapes with critical system software is working and exercised on a regular scheduled basis.
- On alternate months, check system software by restoring to installed systems in the and validate that system software is at correct version and level number.



RECOVERY TASKS:

- Ensure that all team members are aware of the location of all material necessary to restore system software in the event of a disaster.

TASK 10

RESPONSIBILITY: Technical Services TEAM LEADER: BACKUP: TEAM MEMBERS:
--

MISSION:

Support utility software and restore the software operating environment in an emergency condition.

PRE-PLAN TASKS:

- Develop and maintain recovery scripts for workload movement in case of internal hardware failures.
- Participate in system recovery tests.

RECOVERY TASKS:

- Verify proper volume restoration from backup tapes.
- Assist operations and customer accounts to resume application processing at an alternate site, if required.

**Timeline for Disaster Recovery Situations**

**2 Hours:**

Contact “Class A Customer” personnel to notify of the current situation and attempt to resolve the situation internally. During this timeframe, it is likely that most issues will be resolved. Upon the issue being resolved, “Class A Customer” Personnel will be notified.

**4 Hours:**

Contact “Class A Customer” personnel to provide status update, and simultaneously notify critical print end-users of the issue at hand. In the event that any critical print delivery will be affected, the decision may be made to route print to the alternate site.



**8 Hours:**

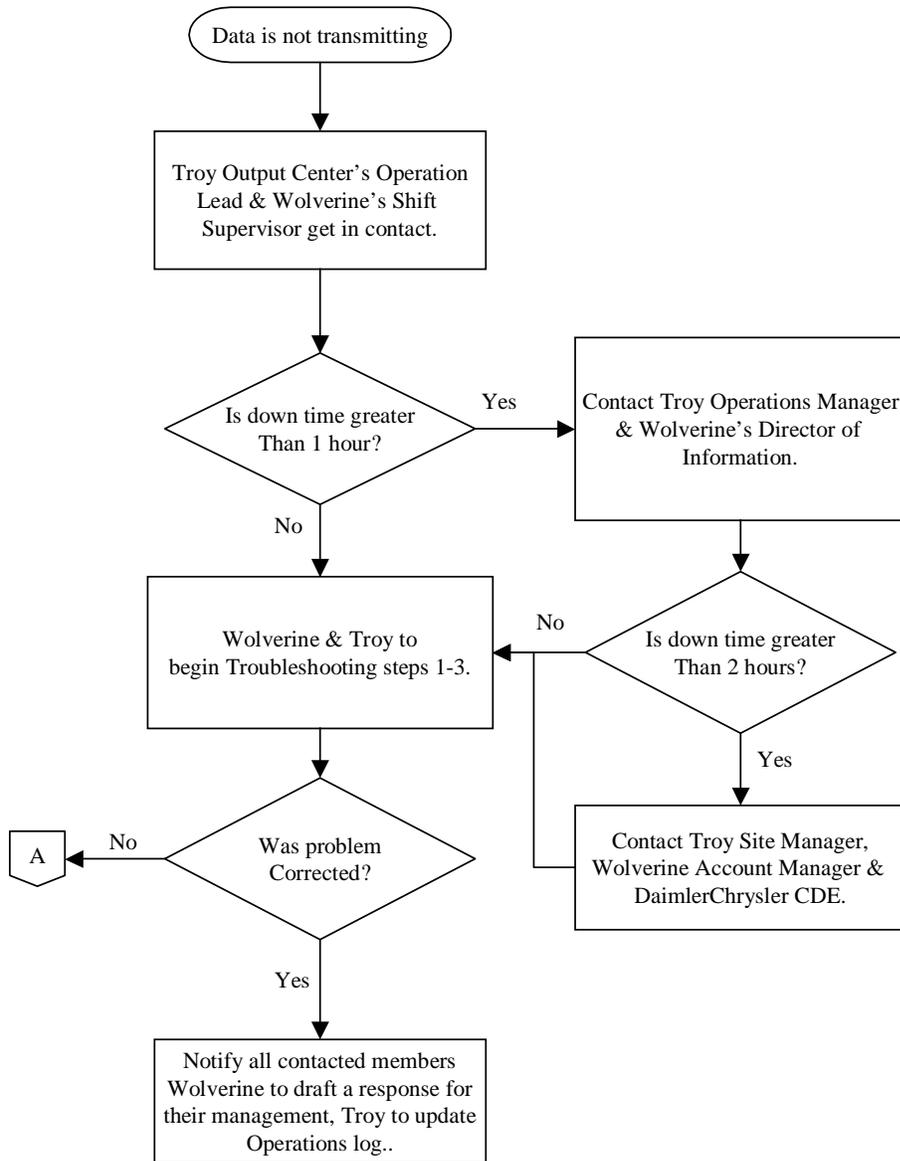
Contact “Class A Customer” personnel to provide status update, and internally redirect print to alternate site. In the event that personnel issues are involved, operators Wolverine/EDS operators may be moved to the alternate site for support.

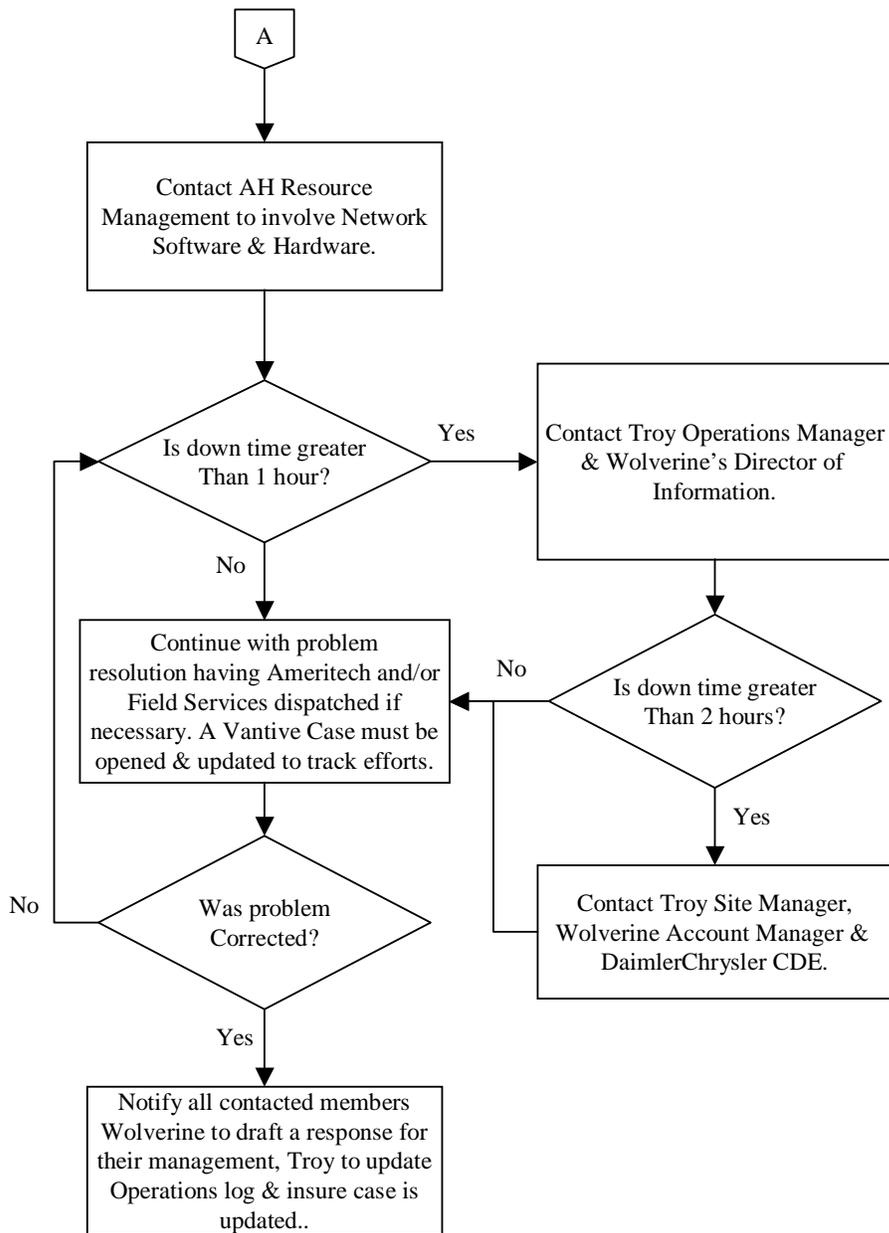
**24 Hours:**

Contact “Class A Customer” personnel to provide status update, and request that all print is routed to alternate site until the issue at hand has been resolved. Operators may also be redirected until all issues have been resolved.

**1 Week:**

Contact Critical Customer personnel to provide status update on a daily basis. Engage Disaster Recovery Management Team to design a plan to either establish a temporary site or build permanent site, depending on the situation at hand.







Appendix A

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

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

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

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

**Backup Processing Center**

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

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



**Data Security Policy - Structure and Guidelines**

**Introduction**

The purpose of this document is to define the Wolverine Solutions Group Data Security Policy.

Data is considered a primary asset and as such must be protected in a manner commensurate to its value. Data security is necessary in today's environment because data processing represents a concentration of valuable assets in the form of information, equipment, and personnel. Dependence on information systems creates a unique vulnerability for our organization. Security and privacy must focus on controlling unauthorized access to data. Security compromises or privacy violations could jeopardize our ability to provide service; lose revenue through fraud or destruction of proprietary or confidential data; violate business contracts, trade secrets, and customer privacy; or reduce credibility and reputation with its customers, shareholders and partners. This policy therefore discusses:

- Data content
- Data classification
- Data ownership
- Data security

The main objective of this policy is to ensure that data is protected in all of its forms, on all media, during all phases of its life cycle, from unauthorized or inappropriate access, use, modification, disclosure, or destruction. This policy applies to all of our and all customer data assets that exist, in any of our processing environments. The processing environment is considered to be, collectively, all applications, systems, and networks that we own or operate or that are operated by our agents.

This policy defines the Wolverine Solutions Group overall security and risk control objectives that we endorse. The premise for the policy can be stated as:

“Other than data defined as public, which is accessible to all identified and authenticated users, all data and processing resources are only accessible on a need to know basis to specifically identified, authenticated, and authorized entities.”

This embodies the principle of least privilege.

This document forms part of your conditions of employment for employees, a part of the contractual agreement for vendors, suppliers, and third party processor or agents, hereafter referred to as vendors. All parties must read the policy completely, and confirm that they understand the contents of the policy and agree to abide by it.

**Breach of Policy and Enforcement**

*What is considered a breach and the consequences of a breach occurring are stated in this section. The breach of a policy usually implies an adverse action. If there are no adverse ramifications of a breach, then you should review the necessity of the policy.*



A breach of this policy could have severe consequences to Wolverine Solutions Group, its ability to provide services, or maintain the integrity, confidentiality, or availability of services.

**Data Security Policy - Structure and Guidelines**

Intentional misuse resulting in a breach of any part of this policy will result in disciplinary action at the discretion of Wolverine Solutions Group senior management. Severe, deliberate or repeated breaches of the policy may be considered grounds for instant dismissal; or in the case of a Wolverine Solutions Group vendor, termination of their contracted services. All employees and vendors are bound by these policies and are responsible for their strict enforcement.

**Scope of the Policy**

This policy applies to all Wolverine Solutions Group and customer data assets that exist in any Wolverine Solutions Group processing environment, on any media during any part of its life cycle. The following entities or users are covered by this policy:

- Full or part-time employees of Wolverine Solutions Group who have access to Wolverine Solutions Group or customer data.
- Wolverine Solutions Group vendors or processors who have access to Wolverine Solutions Group or customer data.
- Other persons, entities, or organizations that have access to Wolverine Solutions Group or customer data.

**Data Life Cycle**

The security of data can be understood through the use of a data life cycle. The typical life cycle of data is: generation, use, storage and disposal. The following sections provide guidance as to the application of this policy through the different life cycle phases of data.

Users of data assets are personally responsible for complying with this policy. All users will be held accountable for the accuracy, integrity, and confidentiality of the information to which they have access. Data must only be used in a manner consistent with this policy.

**Sample Data Security Policy**

**Data Usage**

All users that access Wolverine Solutions Group or customer data for use must do so only in conformance to this policy. Uniquely identified, authenticated and authorized users must only access data.



Each user must ensure that Wolverine Solutions Group data assets under their direction or control are properly labeled and safeguarded according to their sensitivity, proprietary nature, and criticality.

Access control mechanisms must also be utilized to ensure that only authorized users can access data to which they have been granted explicit access rights.

**Data Transmission**

Access control mechanisms must be utilized to ensure that only authorized users can access data to which they have been granted explicit access rights.

**Data Disposal**

Access control mechanisms must also be utilized to ensure that only authorized users can access data to which they have been granted explicit access rights during the disposal process.

The Data Security organization must develop and implement procedures to ensure the proper disposal of various types of data. These procedures must be made available to all users with access to data that requires special disposal techniques.

**Data Security Policy Statement**

This policy has been written with the following goals in mind:

- To educate Wolverine Solutions Group users and vendors about their obligation for protection all data assets.
- To ensure the security, integrity, and availability of all Wolverine Solutions Group and customer data.

**Processing Environment**

The Wolverine Solutions Group processing environment that this policy applies to is comprised of:

**Applications** – Application software is system or network-level routines and programs designed by (and for) system users and customers. It supports specific business-oriented processes, jobs, or functions. It can be general in nature or specifically tailored to a single or limited number of functions.

**Systems** – A system is an assembly of computer hardware (e.g., sub-networks, application servers, file servers, workstations, data, etc.) and application software configured for the purpose of processing, handling, storing, transmitting, and receiving data, that is used in a production or support environment to sustain specific applications and business organizations in their performance of tasks and business processes.

**Networks** – A network is defined as two or more systems connected by a communication medium. It includes all elements (e.g., routers, switches, bridges, hubs, servers, firewalls, controllers, and other devices) that are used to transport information between systems.



The Data Security organization is responsible for:

- Defining the security requirements, controls and mechanisms applicable to all data assets.
- Defining the methods and guidelines used to identify and classify all data assets.
- Defining the procedures for identifying data owners for all data assets.
- Defining the labeling requirements for all data assets.
- Defining all other data security usage, processing, transmission, storage and disposal processes and procedures.
- Defining the procedures necessary to ensure compliance to this policy by all

Wolverine Solutions Group users and vendors.

- Facilitating the evaluation of new regulatory, legal, and also best practice requirements as they are mandated or become recognized in industry.

The *Data Security*, *Network Operations* and *Systems Administration* organizations must ensure the activation of all security mechanisms.

Management Responsibilities

- The *Network Operations and Systems Administration* organizations must ensure that adequate logs and audit trails are kept of all data access.
- The *Data Security*, *Network Operations and Systems Administration* organizations must ensure the activation of all security mechanisms.
- The *Risk Management* organization is responsible for communicating business requirement and issues for business processes and the data those include, to ensure their correct data classification.
- The internal audit organization is responsible for regularly evaluating the data classification schema for consistent application and use.

**Other Responsibilities**

Other organizations have responsibilities to comply with this policy, such as:

- All Wolverine Solutions Group agents, vendors, content providers, and third party providers that process customer data must have a documented security policy that clearly identifies those data and other resources and the controls that are being imposed upon them.
- All Wolverine Solutions Group agents, vendors, content providers, and third party providers that access the Wolverine Solutions Group processing environment and its data or provide



content to it must have a security policy that complies with and does not contradict the Wolverine Solutions Group security policy.

- All agents, vendors, content providers, and third party providers must agree not to bypass any of our security requirements.

**Documentation**

This policy requires procedures be developed, managed and performed. As such, written documentation must be developed for all procedures necessary to fulfill this policy including:

- The management of all userids on all platforms.
- The management of all access control lists on all platforms.
- The execution and review of all audit trails.
- All incident response and reporting.
- All other tasks necessary to support this policy.

**Policy Review**

It is the responsibility of the Data Security organization to facilitate the review of this policy on a regular basis. Because of the dynamic nature of the Internet, this policy should be reviewed annually. Senior management, Systems administration, and Legal should, at a minimum, be included in the annual review of this policy.

**Data Content**

The nature of specific data content that exists in the processing environment, and the controls that should apply to these, is dependent upon various factors. This policy does not mandate or endorse particular data content. Rather, the business decision process used to evaluate the inclusion or exclusion of particular data content should consider those items listed below. Regardless as to the specific data content that exists in the environment, all aspects of this policy must be enforced. Considerations for evaluating data content include:

- Legal and regulatory obligations in the locales in which we operate.
- Can privacy, confidentiality, security, and integrity of the data be ensured to the satisfaction of customers and legal authorities?
- Is it in line with our business goals and objectives?

**Public Company Data** – Public company data is defined as data that any entity either internal or external to Wolverine Solutions Group can access. The disclosure, use or destruction of Public company data will have limited or no adverse affects on Wolverine Solutions Group nor carry any significant liability. (Examples of Public company data include readily available news, stock quotes, or sporting information.)

**Proprietary Company Data** – Proprietary company data is any information that



derives its economic value from not being publicly disclosed. It includes information that Wolverine Solutions Group is under legal or contractual obligation to protect. The value of proprietary company information to Wolverine Solutions Group would be destroyed or diminished if such information were disclosed to others. Most Wolverine Solutions Group sensitive information should fall into this category. Proprietary company information may be copied and distributed within Wolverine Solutions Group only to authorized users. Proprietary company information disclosed to authorized

external users must be done so under a non-disclosure agreement. (Examples of Proprietary company data include company policies, sales plans, and application source code.)

**Data Security Policy Statement**

**Confidential Company Data** – Confidential Company Data is information that is not to be publicly disclosed, regardless of its economic value. The disclosure, use, or destruction of Confidential Company Data can have adverse affects on Wolverine Solutions Group and possibly carry significant civil, fiscal, or criminal liability. This designation is used much less frequently. It is used for highly sensitive information whose access is restricted to selected, authorized employees. The recipients of confidential information have an obligation not to reveal the contents to another individual unless that person has a valid need to know for the information. Company confidential information must not be copied without authorization from the identified owner. (Examples of Confidential Company Data include company strategic plans or cryptographic keys.)

**Confidential Customer Data** – Confidential customer data is defined as data that only authorized internal Wolverine Solutions Group entities or specific authorized external entities can access. The disclosure, use, or destruction of confidential customer data can have adverse affects on Wolverine Solutions Group and their relationship with their customers, and possibly carry significant liability for both. Confidential customer data is entrusted to and may transit or is stored by Wolverine Solutions Group (and others) over which they have custodial responsibility but do not have ownership. (Examples of Confidential customer data including customer bank or brokerage account information, cryptographic keys, or other data considered private.)

**Public Customer Data** – Public customer data is defined as data that any entity either internal or external to Wolverine Solutions Group can access. The disclosure, use, or destruction of Public customer data will have limited or no adverse affects on Wolverine Solutions Group or the customer, and carry no significant liability. Public customer data is entrusted to, and may transit or be stored by Wolverine Solutions Group (and others) over which they have custodial responsibility but do not have ownership. (Examples of Public customer data include emails, public key certificates or other customer data that is readily available through other public channels or records.)

**Non-disclosure Agreements**



On occasion, data assets may need to be released to entities outside of Wolverine Solutions Group. When a legitimate business reason exists for releasing sensitive information, a written Non-Disclosure Agreement (NDA), requiring the data recipient's agreement to maintain that data in confidence and restrict its use and dissemination, must be obtained before disclosing the data.

**Data Security Principles**

Wolverine Solutions Group's business goals, objectives, and needs for security can be derived from three principles: accountability, authorization, and availability. These three principles emphasize the need for security to function properly in Wolverine Solutions Group's processing environment, which is comprised of applications, network, and system resources. Non-compliance with these principles can have serious, adverse, and deleterious Effects on Wolverine Solutions Group.

In the context of this policy, the following provides the overall concepts or security principles for which all users and vendors are responsible. It is the responsibility of the Data Security organization to define the specific mechanisms necessary to support these principles.

**Accountability**

*Accountability is the concept that every user must be responsible for their actions, so that in the event of any questionable activity or breach of policy, a specific user can be identified. The specific security services that support accountability are identification, authentication, and auditing.*

**Data Security Policy Statement**

*claim of identity by comparing a userid offered with stored security information. Authentication refers to a security service that verifies the claimed identity of the user, for example a password. Auditability refers to a security service that records information of potential security significance.*

All network, system, and application events should be attributable to a specific and unique individual. It should be possible to attribute a responsible individual to every event through an identification service and to verify that the individual so assigned has been properly identified through an authentication service. It must also be possible to trace any event so as to reconstruct the time, place, and circumstances surrounding it through an audit service.

In this context identification refers to a security service that recognizes a claim of identity by comparing a userid offered with stored security information.

Authentication refers to a security service that verifies the claimed identity of the user, for example a password. Auditability refers to a security service that records information of potential security significance.



*Authorization is a concept that access to data and system resources should be limited to a need to know basis, and that specific users must be specifically allowed such access. For this policy statement access control refers to a security service that allows or denies a user request based on privilege, group information, or context. The specific security services that support authorization are access control and confidentiality. Confidentiality refers to a security service that prevents disclosure of information to unauthorized parties while the information is in use or in transit, or while the information is being stored or destroyed.*

All network, system, and application events must only result from allowable actions through access control mechanisms. Permission may be derived directly from an individual's identity, or from a job classification or administrative privilege based on that individual's identity. The principle of "least privilege" specifies that individuals only be granted permission for actions needed to perform their jobs. Limiting actions to those properly authorized protects the confidentiality and integrity of data within the Wolverine Solutions Group processing environment.

In this context access control refers to a security service that allows or denies a user request based on privilege, group information, or context. Confidentiality refers to a security service that prevents disclosure of information to unauthorized parties while the information is in use or transit, or being storage or destroyed.

**Availability**

*Availability is the concept that system and data resources must be accessible whenever they are needed. The necessity for availability is dependent upon your particular business proposition. The specific security service that supports availability is integrity. For this policy statement, integrity refers to a security service that guarantees data has not been altered, deleted, repeated, or rearranged during transmission, storage, processing, or recovery*

All permitted activity should operate with reliability. The data necessary to carry out such events must be readily retrieved and correct with high confidence. All results of an event must be completed, unless the event is aborted in its entirety. The results of an event should not depend in unexpected ways on other concurrent events. The security services themselves must be documented and easily administered. In this context integrity refers to a security service that guarantees data has not been altered, deleted, repeated, or rearranged during transmission, storage, processing, or recovery.

**Core Security Principles**

**Accountability Principle** – The accountability and responsibility of information systems security should be explicit.

**Awareness Principle** – Owners, providers, and users of information systems, and other parties should be informed about (or readily able to gain appropriate knowledge of) the existence and general extent of policies, responsibilities, practices, procedures, and organization for security of information systems.

**Ethics Principle** – Information systems and the security of information systems should be provided and used in accordance with the ethical standards applicable to your operating environment.

**Multidisciplinary Principle** – Policies, responsibilities, practices, and procedures for the security of information systems should consider all relevant aspects of this effort, including technical (e.g. software and hardware engineering),



administrative, organizational, operational, commercial, educational, and legal.

**Proportionality Principle** – Security levels, costs, practices, and procedures should be appropriate and proportionate to the values of and degree of reliance on the information systems and to the severity, probability, and extent of potential for direct and indirect, tangible and intangible harm.

Core Security Principles

**Integration Principle** – Policies, practices, and procedures for the security of information systems should be coordinated and integrated with each other and with other measures, practices, and procedures of the organization to ensure a coherent system of security.

**Timeliness Principle** – All personnel, assigned agents, and third party providers, should act in a timely, coordinated manner to prevent and to respond to breaches of the security of information systems.

**Reassessment Principle** – The security of information systems should be reassessed periodically.

**Democracy Principle** – The security of an information system should be weighted against the rights of customers, users, data owners, data custodians and other individuals affected by the system, and against your rights as the owners and operators of these systems.

**Certification and Accreditation Principle** – Information systems and information security professionals should be certified to be technically competent and management should approve them for operation.

**Internal Control Principle** – Information security forms the core of an organization’s information internal control system.

**Adversary Principle** – Controls, security strategies, architectures, policies, standards, procedures, and guidelines should be developed and implemented in anticipation of attack from intelligent, rational, and irrational adversaries with harmful intent or harm from negligent or accidental actions.

**Least Privilege Principle** – An individual should be granted only enough privilege to accomplish assigned tasks, but no more.



**Separation of Duty Principle** – Responsibilities and privileges should be allocated in such a way that prevents an individual or a small group of collaborating individuals from inappropriately controlling multiple key aspects of a process and causing unacceptable harm or loss.

**Continuity Principle** – Information security professionals should identify their organization’s needs for disaster recovery and continuity of operations and should prepare the organization and its information systems accordingly.

**Simplicity Principle** – Information professionals should favor small and simple safeguards over large and complex safeguards.

**Policy-Centered Security Principle** – Policies, standards, and procedures should be established as a basis for managing the planning, control, and evaluation of information security activities.