



STATE OF MICHIGAN PROCUREMENT

DTMB Central Procurement Services

320 S. Walnut Street, 2nd Floor North
Lansing, MI 48933

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **24000000365**

between

THE STATE OF MICHIGAN

and

CONTRACTOR	RaySecur, Inc.
	356 University Ave.
	Westwood, MA 02090-2311
	Kerry Nelson
	417-844-8638
	knelson@raysecur.com
	VS0247355

STATE	Program Manager	Terry Wilkins	MDOC
		906-495-2275	
		wilkinst1@michigan.gov	
Contract Administrator	Alannah Doak	DTMB	
	517-230-9424		
	doaka@michigan.gov		

CONTRACT SUMMARY

DESCRIPTION: Mailroom Security Scanner- MDOC

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
February 14, 2024	December 31, 2029	3, one-year	12/31/2029
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		Per Delivery Order	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER. This Contract Agreement is awarded on the basis of the State's inquiry bearing the solicitation number ITN 24000000013. Orders for Delivery will be issued directly by the Departments through the issuance of a Delivery Order.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$2,844,300.00

FOR THE CONTRACTOR:

RaySecur, Inc.
Company Name

Authorized Agent Signature

Alexander Sappok, CEO
Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Valerie Hiltz, Category Specialist
Name & Title

DTMB- Central Procurement Services
Agency

Date

STANDARD CONTRACT TERMS

MA 24000000365

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and RaySecur Inc. (“**Contractor**”), a Delaware corporation. This Contract is effective on February 14, 2024 (“**Effective Date**”), and unless terminated, will expire on December 31, 2029 (the “**Term**”).

This Contract may be renewed for up to three (3) additional one-year option period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

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

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities unless otherwise specified in a Statement of Work.

Contractor must: (a) perform the Contract Activities in a timely and professional manner consistent with industry standards; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in with no material defects and in material compliance with the specifications for such items provided by Contractor; (d) not interfere with the State’s operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State’s quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (i) and comply with all State physical and IT security policies and standards applicable to the Contract Activities which will be made available upon request. Any breach under this paragraph is considered a material breach.

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

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

If to State:	If to Contractor:
See Contract Administrator information shown below.	Kerry Nelson 364 University Ave., Westwood, MA 02090 knelson@raysecur.com 417-844-8638

3. **Contract Administrator.** The Contract Administrator, or the individual duly authorized for each party, is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “**Contract Administrator**”):

State:	Contractor:
Alannah Doak 320 S. Walnut, 2 nd Floor N. Lansing, MI 48933 doaka@michigan.gov 517-230-9424	Kerry Nelson 364 University Ave., Westwood, MA 02090 knelson@raysecur.com 417-844-8638

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

State:	Contractor:
Terri Wilkins Chippewa Correctional Facility wilkinst1@michigan.gov 906-495-2275	Kevin LaBrie 364 University Ave., Westwood, MA 02090 klabrie@raysecur.com 508-404-3206

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in a Statement of Work) if, in the opinion of the State, it will ensure performance of the Contract.
6. **Insurance Requirements.** See Schedule C.
7. **Administrative Fee and Reporting. Other than for purchases made by MDOC** the Contractor must pay an administrative fee of 1% on all payments made to Contractor under the Contract including transactions with the State (including its departments, divisions, agencies, offices, and commissions), MiDEAL members, and other states (including governmental subdivisions and authorized entities). Administrative fee payments must be made online by check or credit card at: <https://www.thepayplace.com/mi/dtmb/adminfee>

Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales. Reports should be mailed to MiDeal@michigan.gov.

The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each calendar quarter.

- 8. Extended Purchasing Program.** This contract is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal.

Upon written agreement between the State and Contractor, this contract may also be extended to: (a) other states (including governmental subdivisions and authorized entities) and (b) State of Michigan employees.

If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

- 9. Relationship of the Parties.** The relationship between the parties is that of independent contractors. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Neither party has authority to contract for nor bind the other party in any manner whatsoever.
- 10. Intellectual Property Rights.** If a Statement of Work requires Contractor to create any intellectual property, Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.
- 11. Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual

matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

- 12. Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel providing services by providing a notice to Contractor.
- 13. Background Checks.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, or as may be specified in a Statement of Work, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.
- 14. Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
- 15. Change of Control.** Contractor will notify the State, within 30 days of any public announcement or otherwise once legally permitted to do so, of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

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

- 16. Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in a Statement of Work.
- 17. Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in a Statement of Work. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 24, Termination for Cause.

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

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State may recover any direct costs associated with returning the State to its position immediately prior to the Effective Date of the Contract.

- 18. Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in a Statement of Work. All containers and packaging become the State's exclusive property upon acceptance.
- 19. Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. If removal of the Contract Activities is not initiated by Contractor within 30 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.
- 20. Warranty Period.** Unless otherwise provided in a Statement of Work, the warranty period, if applicable, for Contract Activities is a 90-calendar day period commencing

on the date specified in a Statement of Work. If the Contract Activities do not function as warranted during, the warranty period, the State may return such non-conforming Contract Activities to the Contractor for a full refund.

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

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/SIGMAVSS> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

- 22. Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in this Contract. The parties understand and agree that any liquidated damages (which includes but is not limited to applicable credits) set forth in this Contract are reasonable estimates of the State's damages in accordance with applicable law. The parties acknowledge and agree that Contractor could incur liquidated damages for more than 1 event. The assessment of liquidated damages will not constitute a waiver or release of any other remedy the State may have under this Contract for Contractor's breach of this Contract, including without limitation, the State's right to terminate this Contract for cause under Section 24 and the State will be entitled in its discretion to recover actual damages caused by Contractor's failure to perform its obligations under this Contract. However, the State will reduce such actual damages by the amounts of liquidated damages received for the same events causing the actual damages. Amounts due the State as liquidated damages may be set off against any fees payable to Contractor under this Contract, or the State may

bill Contractor as a separate item and Contractor will promptly make payments on such bills.

23. Stop Work Order. The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or delivery order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.

24. Termination for Cause. (a) The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (i) endangers the value, integrity, or security of any facility, data, or personnel; (ii) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (iii) engages in any conduct that may expose the State to liability; (iv) breaches any of its material duties or obligations under this Contract; or (v) fails to cure a breach within the time stated by the State in a notice of breach, if in its sole discretion the State has chosen to provide a time to cure. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

(b) If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (i) cease performance immediately. Contractor must submit all invoices for Contract Activities accepted by the State within 30 days of the date of termination. Failure to submit an invoice within that timeframe will constitute a waiver by Contractor for any amounts due to Contractor for Contract Activities accepted by the State under this Contract or (ii) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 25, Termination for Convenience.

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

25. Termination for Convenience. The State may immediately terminate this Contract in whole or in part without penalty and for any reason or no reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately. Contractor must submit all invoices for Contract Activities accepted by

the State within 30 days of the date of termination. Failure to submit an invoice within that timeframe will constitute a waiver by Contractor for any amounts due Contractor for Contract Activities accepted by the State under this Contract, or (b) continue to perform the Contract Activities in accordance with Section 26, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities to the extent the funds are available.

- 26. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed **180** calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables as to which State is otherwise entitled to own prepared under this Contract as of the Contract termination date; and (d) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.
- 27. Return of State Property.** Upon termination or expiration of this Contract for any reason, Contractor must take all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to the Contractor by any entity, agent, vendor, or employee of the State.
- 28. Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all third party actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party arising out of or related to use by the State of the Contract Activities consistent with the provisions of this Contract; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees,

agents, subcontractors, or by anyone else for whose acts any of them may be liable). Notwithstanding the foregoing, Contractor shall have no obligation to indemnify the State for claims, liabilities or losses involving personal injury or death arising out of criminal conduct by a third party.

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

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

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

The State is constitutionally prohibited from indemnifying Contractor or any third parties.

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

30. Limitation of Liability and Disclaimer of Damages.

IN NO EVENT WILL THE STATE'S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT. The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS CONTRACT, IN NO EVENT WILL THE CONTRACTOR'S AGGREGATE LIABILITY TO STATE UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN

CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT. Contractor is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

THE LIMITATIONS OF LIABILITY SET FORTH IN THIS SECTION 30 DO NOT APPLY TO ANY OF CONTRACTOR'S CONTRACTUAL OBLIGATIONS RELATED TO STATE DATA, INFRINGEMENT, AND/OR INDEMNIFICATION; NOR WILL ANY SUCH LIMITATION OF LIABILITY APPLY TO ANY ACTS OF GROSS NEGLIGENCE, AND/OR WILLFUL MISCONDUCT OF CONTRACTOR (TO INCLUDE ANY EMPLOYEE, SUBCONTRACTOR OR AGENT THEREOF).

SAFETY ACT WAIVER. CERTAIN OF CONTRACTOR'S SYSTEMS AND SERVICES HAVE RECEIVED DESIGNATION AS QUALIFIED ANTI-TERRORISM TECHNOLOGIES ("QATT") UNDER THE SUPPORT ANTI-TERRORISM BY FOSTERING EFFECTIVE TECHNOLOGIES ACT OF 2002, 6 U.S.C. §§ 441-444 (THE "SAFETY ACT"). AS REQUIRED UNDER 6 C.F.R. 25.5(E), TO THE MAXIMUM EXTENT PERMITTED BY LAW, CONTRACTOR AND STATE HEREBY AGREE TO WAIVE THEIR RIGHT TO MAKE ANY CLAIMS AGAINST THE OTHER FOR ANY LOSSES, INCLUDING BUSINESS INTERRUPTION LOSSES, SUSTAINED BY EITHER PARTY OR THEIR RESPECTIVE EMPLOYEES, RESULTING FROM AN ACTIVITY RESULTING FROM AN "ACT OF TERRORISM" AS DEFINED IN 6 C.F.R. 25.2, WHEN QATT HAVE BEEN DEPLOYED IN DEFENSE AGAINST, RESPONSE TO, OR RECOVERY FROM SUCH ACT OF TERRORISM.

- 31. Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (3) any complaint filed in a legal or administrative proceeding alleging the Contractor or its subcontractors discriminated against its employees, subcontractors, vendors, or suppliers during the term of this Contract; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.
- 32. State Data.** All data and information provided to Contractor by or on behalf of the State, and all data and information derived therefrom, is the exclusive property of the State ("**State Data**"); this definition is to be construed as broadly as possible. Upon request, Contractor must provide to the State, or a third party designated by the State, all State Data within 10 calendar days of the request and in the format requested by the State. Contractor will assume all costs incurred in compiling and

supplying State Data. No State Data may be used for any marketing or commercial purposes.

33. Reserved.

34. Non-Disclosure of Confidential Information. The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties.

a. Meaning of Confidential Information. For the purposes of this Contract, the term “**Confidential Information**” means all information and documentation of a party that: (a) has been marked “confidential” or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked “confidential” or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked “confidential” or with words of similar meaning; or, (c) should reasonably be recognized as confidential information of the disclosing party. The term “Confidential Information” does not include any information or documentation that was or is: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party’s proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.

c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting

the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

- d. **Remedies for Breach of Obligation of Confidentiality.** Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. **Surrender of Confidential Information upon Termination.** Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

35. Reserved

36. Reserved.

37. Reserved.

38. Records Maintenance, Inspection, Examination, and Audit. Pursuant to MCL 18.1470, the State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor general upon request, all records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must

cooperate and provide reasonable assistance. If financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

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

- 39. Representations and Warranties.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) Reserved; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; (g) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (h) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 24, Termination for Cause.

Contractor's services, systems and equipment do not cause and cannot eliminate occurrences of the events they are intended to detect or avert.

State and Contractor recognize that situations involving the utilization of Contractor's services, systems and equipment may require decisions and judgment regarding physical security and the possibility of death, personal injury or property damages. Contractor does not make those decisions or judgments itself; and it does not provide security services. State must obtain advice, make decisions and take actions based on their own professional training or the training of qualified security personnel.

- 40. Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for

Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

- 41. Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
- 42. Reserved.**
- 43. Reserved.**
- 44. Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and [Executive Directive 2019-09](#). Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.
- 45. Unfair Labor Practice.** Under MCL 423.324, the State may void this Contract if the name of the Contractor, or the name of a subcontractor, manufacturer, or supplier of the Contractor, subsequently appears on the Unfair Labor Practice register compiled under MCL 423.322.
- 46. Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in the Michigan Court of Claims. Contractor waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint an agent in Michigan to receive service of process.
- 47. Non-Exclusivity.** Nothing contained in this Contract is intended nor is to be construed as creating any requirements contract with Contractor, nor does it provide Contractor with a right of first refusal for any future work. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
- 48. Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.

49. Dispute Resolution. The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

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

50. Media Releases. News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without the prior written approval of the State, and then only in accordance with the explicit written instructions of the State.

51. Schedules. All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Document Title	Document Description
Schedule A	Statement of Work
Schedule B	Pricing Worksheet
Schedule C	Insurance Requirements
Schedule D	Service Level Agreements (SLAs)

52. Entire Agreement and Order of Precedence. This Contract, which includes Statement of Work, and schedules and exhibits, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Statement of Work; (b) second, Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES, OR DOCUMENTATION HEREUNDER, EVEN IF ATTACHED TO THE STATE'S DELIVERY OR PURCHASE ORDER, WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING

ON THE STATE OR ANY AUTHORIZED USER FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE AND THE AUTHORIZED USER, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

- 53. Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
- 54. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 55. Survival.** Any right, obligation or condition that, by its express terms or nature and context is intended to survive, will survive the termination or expiration of this Contract; such rights, obligations, or conditions include, but are not limited to, those related to transition responsibilities; indemnification; disclaimer of damages and limitations of liability; State Data; non-disclosure of Confidential Information; representations and warranties; insurance and bankruptcy.
- 56. Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

SCHEDULE A – STATEMENT OF WORK CONTRACT ACTIVITIES

Master Agreement No. 24000000365

Mailroom Security Screening Device

BACKGROUND

The Michigan Department of Corrections (MDOC) and other State Agencies handle incoming mail that could potentially contain contraband, narcotics, hazardous chemical, biological threats or other security threats that might endanger the lives of prisoners, State of Michigan Employees or visitors and other state citizens.

Because of certain laws and restrictions, some of these incoming parcels may not be allowed to be opened for inspection, and the State needs a way to ascertain if the parcels contain any threats without them being opened.

SCOPE

This contract is written for the immediate use by the MDOC. It will be a multi-tiered contract. Initially MDOC will lease seven devices provided by this Contractor to ascertain and confirm that the devices will work for their situation as intended.

If the devices are satisfactory to the MDOC, the State may purchase these previously leased devices and potentially more new devices to fulfill MDOC's facility requirements.

The Contractor will provide maintenance and service on all devices for duration of the service plan.

This contract will be open to be utilized by any other State Agency or MiDEAL member who may wish to purchase the Contactor's mailroom security screening device equipment and services, based upon their own Statement of Works if necessary.

REQUIREMENTS

1. General Requirements

1.1. Product Specifications

A. The Contractor must provide the following imaging devices and equipment.

1) RaySecur MailSecur 300

This all-in-one desktop mail security screener, utilizing T-ray imaging technology will provide the following attributes:

- a. Power Specifications. The equipment will operated on standard 110/120v AC power and be capable of operating solely on a battery pack for a minimum of 10 hours.
- b. Design. The imaging device will have the dimensions of 32" deep, 32" tall and 19" wide and will weigh no more than 100 lbs.
- c. Operation. The device will require no licenses or permits to operate.

- d. User Interface. The device will have an adjustable, high resolution monitor and touch screen user interface.
- e. Radiation Detection. The device will provide BETA and GAMMA radiation detection.
- f. Metal Detection. The device will include metal detectors, with adjustable sensitivity and will provide visual and audible alerts to the presence of metals.
- g. Multiple Imaging Modes. The devices will provide real-time imaging to optimize viewing capabilities for different items:
 - I. Envelopes and flats.
 - II. Boxes (for larger items).
 - III. Treated paper (utilizing enhancement software for detection of altered paper in unopened envelopes and flats).
- h. 3D Real-Time View of concealed items from all angles.
- i. Zoom and Dual View Imaging. Two fields of view, including standard wide format field of view and 3x optical zoom.
- j. Imaging Enhancement. Includes a multi-pixel real-time T-ray cameras for non-invasive internal imaging and an integrated high-definition 1080P optical camera which provides external imaging to enhance inspection and detection accuracy.
- k. Image and Video Capture. During operation the mail screening imaging device will capture T-ray images and videos of the internal contents of screened items and optical images and videos of the external packaging and screening process which allows operators to save findings for auditing or reporting purposes.
- l. Storage capacity. The device will have at least 50 GB of on-board storage, and the ability for media files to be copied or offloaded via Universal Serial Bus (USB) or compact disc (CD) for further analysis and investigation.
- m. Meets the requirements of the USDHS Safety Act Designated Qualified Anti-Terror Technology (QATT).
- n. Detection. The device will be capable of detecting 9 types of postal threats identified by the Department of Homeland Security. These threats include:
 - I. Explosives
 - II. Illicit Items
 - III. Contraband
 - IV. Powders
 - V. Liquids
 - VI. Chemicals
 - VII. Biological Substances

VIII. Radiological Substances

IX. Nuclear Substances

- o. Seamless Network Integration which allows the equipment to connect to external networks through LTE, ensuring efficient data sharing and communication using an air-gapped LTE modem for direct cellular connection without the need to access an agencies' network.

2) RaySecur MailSecure Workstation/Transport Crate

The devices will be shipped to the State in a workstation/ transportation crate combo system.

- a. The State will be required to hold/store the crates used to deliver the leased equipment in the event that the State decides to return the devices at the end of the lease. The State will lease the Workstation/Crates for \$27.16 per device, per month, in addition to the device lease costs.
- b. The cost of the Workstation/Transport Crate, when MailSecure devices are purchased, will be charged to the State at the price established in Schedule B in addition to the cost to purchase the devices.

3) RaySecur Mobile Carts

The Contractor has designed mobile carts manufactured specifically to serve as a mobile working platform for the MailSecure devices. MailSecure devices must be installed onto the carts by the Contractor once they have been delivered to the facility prior to use, the cost of which is included in the cost of the device during the lease period. The State may choose this option as deemed necessary for each individual facility.

- a. These mobile carts will:
 - I. Have large wheels to allow for easy mobility.
 - II. Include a battery pack, having a minimum of 10 hours life, for cordless operation. The battery is covered under the Premium service plan if maintenance or replacement is necessary.
 - III. Cart dimensions alone are 44" tall by 25" deep by 63.5" long. The bottom shelf is approximately 32" x 23" and the Handle tray dimensions are approximately 4" x 22".
- b. All seven of the leased devices will be installed on Mobile Carts to allow the MDOC to ascertain their usefulness.
 - I. If at the end of the lease the MDOC elects not to purchase the devices, the Contractor will remove the devices from the carts and package them for shipment back to the Contractor's location, at no cost to the State. Return shipping will be paid by the State.

- II. If at the end of the lease MDOC elects not to use/keep the Mobile Cart, but chooses to keep the device:
 - a) the Contractor will remove the device from the cart and install the device either on a purchased Workstation/Crate or a State provided desk at no additional cost to the State.
 - b) If the State elects to keep the Mobile Carts at the end of the lease period they will be purchased by the State based on the pricing established in Schedule B- Pricing.
- c. The State may elect to purchase Mobile Carts for any of its facilities as deemed necessary based on the pricing established in Schedule B- Pricing. Installation of devices onto the Mobile carts will be done by the Contractor at the facility at no additional cost to the State during the initial installation and training period established for each new purchased device. If the Contractor has to come back to the State of Michigan to any of its facilities after formal training an onsite cost will be incurred by Michigan DOC.
- d. If the device has been installed on a Mobile Cart, and the State decides they no longer want it to be mobile and want it removed from the mobile cart to a stationary location, the removal of the device from the cart must be conducted by the Contractor, at additional cost to the State if removal occurs during the established installation and training period. If the Contractor has to come back to the State of Michigan to any of its facilities after formal training, an onsite cost will be incurred by Michigan DOC.

4) On-Site Installation

All RaySecur devices **MUST** be installed by the Contractor only or the State risks voiding the equipment warranty.

- a. Equipment will be delivered to the State, with devices packaged in the Workstation/Crate.
- b. MDOC will not open the Workstation/Crates, attempt to open, or set up the devices.
- c. Devices will be installed at each location solely by the Contractor.
- d. Devices will be installed either utilizing the Workstation/Crate, a desktop, or in the Mobile Cart, whichever has been selected for the MDOC facility.
- e. Devices are installed at no additional cost to the State.

B. Service (Product Maintenance, Repair and Calibration).

This contract will include the Service Plan 300-Premium. This premium service includes:

- 1) Installation and certification
- 2) Access to the Contractors online learning management platform
- 3) The Contractors cellular network via LTE connection/modem
- 4) Annual Maintenance and Calibration. This will include ordinary equipment maintenance, calibration, and repair due to normal wear and tear (except for those caused by Repair Exclusions see **Section 1.2.D.** below).
 - a. Ordinarily inspections will be conducted remotely and will require the Product to be powered on with a stable LTE connection as provided through the Contractor's service plan.
 - b. In the event that the Contractor cannot, after repeated efforts perform any necessary maintenance, The State's sole remedy will be for the Contractor to refund all pre-paid maintenance fees received from the State for the Product in question and terminate the maintenance obligation.
- 5) Remote software updates.
- 6) Extended Warranty. This extends the Warranty and coverages described in **1.2. Warranty** for 60 months and longer if selected.
- 7) EODSecur™ Service. This service provides 24x365 on-call response by trained narcotics, law enforcement and military threat experts.

1.2. Warranties

The warranty period for all equipment will begin at the date that MDOC takes final acceptance of the purchased equipment.

- A. Product Warranty. The Contractor warranties that the operation of the Product will be uninterrupted and error free for 90 calendar days (the Warranty Period). The State's exclusive remedy and Contractor's sole liability under this warranty will be for the Contractor to, at its option,
 - 1) provide replacement parts and service necessary to repair the Product, and use reasonable efforts to modify the Product to make it conform to its warranty,
 - 2) replace the Product with comparable product, or
 - 3) refund the amount paid by the State for the affected Product in exchange for the return of the Product.
 - 4) After the 90-calendar day warranty period has expired, the Premium Service Plan begins.
- B. In order to be entitled to the above warranty remedies, the State must report the failure to the Contractor within the Warranty Period and the State, at the Contractor's request, must provide the Contractor with sufficient information (which may include access to the Product and the State's systems used in connection with the Product) to reproduce the defect in question.

- 1) To initiate a Warranty claim, the State must contact:

Kevin LaBrie, Customer Success Manager
356 University Ave.
Westwood, MA 02090
klabrie@raysecur.com
(504) 404-3206
 - 2) If The State calls the Contractor for service under the warranty (or the service plan see **Section 1.1.B.**, and upon inspection by the Contractor’s representative it is found that one of these Repair Exclusions (see **Section 1.2.D** below) has led to the inoperability or apparent inoperability of the system, a charge will be made for the service call of the Contractor’s representative whether or not he actually works on the system.
 - a. Should it actually be necessary to make repairs to the system due to one of the Repair Exclusions, a charge will be made for such work at the Contractor’s then applicable rates for labor and material.
 - b. Any service work will be furnished by The Contractor either on-site or at The Contractor facilities, at The Contractor’s option.
- C. Replacements. Any replacement Product or components will be comparable in function and performance to the original Product and be warranted for the remainder of the original warranty period, or for 90 calendar days, whichever is greater.
- 1) All replaced Product or components will be returned to and become the property of Contractor. The Contractor will arrange for return shipment at the Contractor’s cost.
 - 2) Any Product or components not returned to the Contractor within ten (10) business days of arranged return shipping will be invoiced to the State.
 - 3) The Contractor will use new parts in performing Product warranty repairs and building replacement products.
 - 4) The Contractor is responsible for shipping and insurance charges on replacements parts.
- D. Repair Exclusion. Errors or requirement for repair arising from the following conditions are excluded from warranty or maintenance (“Repair Exclusions”) with standard costs for travel (see Schedule B) and associated services and parts:
- 1) damage or extra service time resulting from accidents, acts of God, lightning, strikes, riots, floods, terrorism, acts of war, alteration, misuse, tampering or abuse, adjustments, repairs or maintenance not done by the Contractor, or from parts, accessories, attachments or other devices not furnished by the Contractor,
 - 2) The State’s improper operation per instructions,

- 3) adjustments necessitated by video camera misalignment, improper monitor brightness and contrast tuning dials, or inadequate lighting on viewing area,
 - 4) trouble due to interruption of commercial power to the phone or internet service,
 - 5) devices designed to fail in protecting the Product such as, but not limited to, fuse and circuit breakers, or
 - 6) due to alterations in the State's premises, alterations of the system made at the request of the State, or made necessary by changes in the State's premises, damage to the premises or to the Contractor system, or to any cause beyond the control of the Contractor.
- E. In the event that the Contractor cannot, after repeated efforts, remedy such failure, the Contractor will refund all fees received from the State for the Product in questions and terminate this Agreement, and The State thereafter will return all Product and copies of all software in its possession. This warranty is made solely to State.

1.3. Quality Assurance Program

Following a strict build plan and assembly cycle that is controlled with ISO9001 capable documentation, MailSecur machines are placed into a Quality Control regimen to ensure product functionality and quality of image.

Part of the final build steps is a proprietary hardware focus and software calibration process. This process aligns the camera to the Terahertz emitter and synchronizes image quality using the following steps:

- A. An engineered target is placed onto the deck to be able to visually see reflective vs. absorbed wave forms. The target is used to physically locate center position on the working table(deck) and the camera is aligned and zeroed into that centered position and focused to the physical form of the target.
- B. Using the focus adjustment, the system is adjusted to the target on the deck and the camera is aligned to the target's silhouette. Once completed we lock down the camera and source to the specified locations determined by the adjustment process and now the system is physically aligned and focused.
- C. A software algorithm is run to see how the signal is being received by the camera. The source and camera must pass an automated calibration operation that ensures the system is operating to specification with margin. If the resulting does not pass this process, Steps A and B are repeated.
- D. Once the Software algorithm passes, several standard controlled samples are passed through the deck of the machine to ensure imaging is clear and consistent with expectations.
- E. A log is created and stored as a record for reference should the unit need to be repaired. Physical images of these samples are recorded and stored both on the MailSecur machine and in our manufacturing database.

- F. A final checklist is filled out and signed to ensure all components are checked out and packed for delivery and filed (see below). All this data and the signed build traveler for the unit are entered in our CRM system for traceability and any future reference.

1.4. Transition

- A. **Contract Execution:** The Contractor will be required to attend the Contract Kick-off meeting as described in Statement of Work, Section 2.5. Meetings, and set up any accounts necessary to ensure the timely execution of the contract duties.
- B. **Post-Contract Transition:** Invoices must be sent within 45 calendar days after expiration of contract. Any invoices received after 45 calendar days will result in a non-payment of invoice.

2. Service Requirements

2.1. MDOC Contract Timelines

- A. Lease. At contract inception the MDOC will initiate seven six-month leases for devices to be used at seven different facilities. These devices will be installed, operators will be trained and the MDOC will use these devices to ensure that they will meet all of MDOC's ongoing mailroom security requirements.
 - 1) The timelines for the receipt, installation and training for these devices will be outlined in the Delivery Order (DO) written by MDOC. The lease beginning date will be the date the final device on-site training session has been completed.
 - 2) Before the expiration of these seven leases, if MDOC has determined that these devices do not satisfy their requirements, they will contact the Contractor Representative to inform the Contractor that at lease expiration the equipment will be returned to the Contractor.
 - a. Return shipping will be arranged with
Renee Griffin
rgriffin@raysecur.com
844-729-7328 (ext. 707)
 - b. Shipping Costs to be paid by the State, **See Schedule B- Pricing Matrix.**
- B. Purchase. If before the expiration of these seven leases, MDOC has determined that these devices do satisfy all of their requirements:
 - 1) MDOC may write a DO to purchase the seven leased devices and the associated maintenance and service. The Contractor will credit the amounts paid for the lease against the purchase price.
 - 2) MDOC may write a new DO for equipment to be delivered and installed at up to the remaining 20 MDOC facilities as well as the related Service and Maintenance. Timelines for delivery of the equipment and training will be provided in the MDOC Delivery Order which are dependent on the Contractor's lead times at time of the Delivery Order creation.

2.2. Delivery

Delivery will be expected within the timeframes established in the DOs. Delivery will be made to the following locations.

A. Lease Locations.

- 1) Bellamy Creek Correctional (IBC)
- 2) Chippewa Correctional (URF)
- 3) Newberry Correctional (NCF)
- 4) Thumb Correctional (TCF)
- 5) Women's Huron Valley (WHV)
- 6) Charles E. Elger Reception and Guidance Center (RGC)
- 7) Carson City (DRF)

B. Remaining Purchase Locations include remaining MDOC facility locations to be identified.

2.3. Technical Support, Repairs, Service and Maintenance

Technical Support, Repairs, Maintenance, or Service is available from 8:00 a.m. to 5:00 p.m. Eastern Time, Monday through Friday excluding State Holidays and Indigenous Peoples Day which is the second Monday in October.

- A. MDOC Staff will initiate this by calling the Contractor at 800-731-3445, Option #4.
- B. If all agents are busy, MDOC staff should leave a message and the Call Center will respond to the message within 30 minutes, the Contractor will create a work ticket and provide the caller, the Program Manager and the Contract Monitor with the ticket number via e-mail.
- C. Remote troubleshooting and system diagnostic work will be performed within 24 hours, during the business hours outlined above.
- D. If the caller's issue cannot be resolved within two (2) business days, on-site service must be scheduled at no additional cost to the State.
 - 1) Onsite work commences within three (3) business days once onsite travel is approved by the State and site visit is authorized.
 - 2) The Contactor reserves the right to resolve any issues with the temporary replacement unit delivered via ground transportation until a permanent solution is reached.

2.4. Expert on Demand Service

The Contractor will provide EODSecur™ real-time narcotics and tech support is 24 hours per day and 7 days per week. The phone number for this service is tagged on each device and is available by selecting the appropriate button on the device interface screen. Standard response time is expected to be no longer than 5 minutes.

2.5. Continuous Enhancements via Software Updates.

The Contractor will automatically provide via the LTE modem, under the Premium Service Plan, software updates for image processing, device version and AI-base image enhancement techniques to ensure the State has the most up to date product as long as the Premium Service Plan remains in effect.

2.6. Training

The Contractor will provide the following training and user certifications.

- A. Leased Equipment Training. Initial training will be at no cost and will be held at seven locations, one day each on consecutive days.
- 1) The format of the training at each site will include:
 - a. 8:00 am – 9:00 am- Contractor arrives and sets up device & mobile cart.
 - b. 9:00 am – 11:30 am- Overview device mail screening inside facility training room (large group)
 - c. 11:30 pm – 12:30 pm- Lunch
 - d. 12:30 pm – 3:00 pm- Hands on with device – inside mailroom (small group)
 - e. 3:00 pm – Finish Proficiency Assessment. (A copy of these results will be submitted to the Program Manager and site designee.)
 - 2) The following MDOC staff may be asked to attend but are not limited to:
 - a. Expert user (mandatory attendance)
 - b. Command Staff
 - c. Mailroom Staff
 - d. Investigators
 - e. Legal
 - 3) Remote and web training for equipment, after initial training, will be available at no cost. The Contractor will work collaboratively with MDOC to create internal State training, if necessary.
- B. Purchased Equipment/Full Deployment Training. Will follow the format of training described in **Section 2.6.A** above, modified as necessary for each location, and as agreed upon by the Contractor and the Program Manager.
- C. Scheduled Virtual Trainings will be available for the 60 months as part of the Premium Service package. MDOC will arrange these trainings with the Contractors Program Manager.

2.7. Reporting

- A. Lease Reporting:
- 1) The Contractor requires during the lease of the devices that all users record the following:

- a. Collecting daily the total number of legal mail items coming into each facility. All these items will be screened by the MailSecur device throughout the lease period.
 - b. Collecting daily the total number legal mail items coming into each facility that are screened anomalous/abnormal. This will continue throughout the lease.
- 2) Contractor will provide Service Ticket Log reports to the Program Manager monthly.
- B. Owned Machine Reporting:
1. Contractor will provide Service Ticket Log reports to the Program Manager monthly.

2.8. Meetings

The Contractor must attend the following meetings:

- A. Contract Kick-off Meeting.
- 1) Attendance. This web-based meeting will be held between the MDOC Program Manager and any other MDOC staff deemed necessary and the Contractor's Contract Administrator and any other staff they deem necessary to ensure smooth acquisition, delivery and training of the Contractor's equipment.
 - 2) This meeting will be held within 30 calendar days of the effective date of the contract.
- B. The State may request other web-based meetings as it deems appropriate.

3. Staffing

3.1. Contractor Representative

The Contractor must appoint an individual specifically assigned to State of Michigan accounts who will respond to State inquiries regarding the Contract Activities, answer questions related to ordering and delivery, etc. (the "Contractor Representative").

The Contractor must notify the Contract Administrator at least 15 calendar days before removing or assigning a new Contractor Representative.

The Contractor Representative is identified as:

Kerry Nelson
364 University Ave, Westwood, MA 02090
Email: knelson@rasysecur.com
Phone: 417-844-8638

3.2. Program Manager

The Contractor must appoint an individual who will be directly responsible for the day-to-day operations of the Contract ("Program Manager"). The Program Manager must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 4 business hours.

The Contractor may not remove or assign Key Personnel without the prior consent of the State. Prior consent is not required for reassignment for reasons beyond the Contractor's control, including illness, disability, death, leave of absence, personal emergency circumstances, resignation, or termination for cause. The State may request a résumé and conduct an interview before approving a change. The State may require a 30-calendar day training period for replacement personnel.

The Contractor's Program Manager is identified as:

Name: Kevin LaBrie

Address: 364 University Ave, Westwood, MA 02090

Email: klabrie@raysecur.com

Phone: 508-404-3206

3.3. EODSecur Service/Support (Expert on Demand). See Schedule A, Section 2.4.

3.4. Technical Support, Repairs, Service and Maintenance. Schedule A, Section 2.3.

3.5. Disclosure of Subcontractors

- A. The Contractor does not intend to utilize subcontractors for the performance of this Contract.
- B. If the Contractor determines that they wish to utilize subcontractors, the Contractor must disclose the following:
 - 1) The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.
 - 2) The relationship of the subcontractor to the Contractor. Of the total bid, the price of the subcontractor's work. Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.
 - 3) A complete description of the Contract Activities that will be performed or provided by the subcontractor.
 - 4) The State reserves the right to approve or decline use of any subcontractor.
 - 5) All subcontractors will be bound to the terms of this contract.

3.6. Security

The Contractor/subcontractor and any staff assigned to this contract will be subject to the following security procedures:

- A. No active warrants or pending charges on any staff assigned to this contract.
- B. MDOC reserves the right to approve, decline, or remove Contractor and subcontractor staff from providing services on this Contract.

- C. Not under investigation or under disciplinary action of the Michigan Department of Licensing and Regulatory Affairs.
- D. Has not engaged in sexual abuse in a prison, jail, lockup, community confinement facility, juvenile facility or other institution as defined in 42 U.S.C. 1997.
- E. Has not been convicted of engaging in, attempting to engage in or conspiracy to engage in sexual activity facilitated by force, overt or implied threats of force or coercion, or if the victim did not consent or was unable to consent or refuse.
- F. Has not been civilly or administratively adjudicated to have engaged in the activity described in letter E above.
- G. The MDOC may investigate the Contractor/subcontractor's personnel before they may have access to MDOC facilities and systems. The scope of the background check is at the discretion of the MDOC, and the results will be used to determine Contractor/Subcontractor's personnel eligibility for working within MDOC facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and the Law Enforcement Information Network (LEIN) and may include the National Crime Information Center (NCIC). Proposed Contractor/subcontractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Fingerprint Check. Any request for background checks will be initiated by the MDOC and will be reasonably related to the type of work requested.
- H. The Contractor/subcontractor's personnel must be LEIN cleared and received written approval from the MDOC's Program Manager and Contract Manager initially and annually by MDOC prior to any work with MDOC offenders. Any Contractor/subcontractor staff with an identified felony conviction must receive approval through the MDOC Deputy Director or designee.
- I. A completed LEIN Information Form for each staff assigned to the contract must be sent to the MDOC-PMCD-CFA-LEINS@michigan.gov and approved by MDOC prior to Contractor/subcontractor's personnel working with MDOC offenders and annually following approval. There is no cost associated with the LEIN. The LEIN form will be provided to the Contract awardee(s).
- J. The Contractor/subcontractor must document if a Contractor/subcontractor's personnel assigned to the Contract is related to or acquainted with an offender incarcerated and under the jurisdiction of the MDOC. For Contractor/subcontractor's personnel who are related to or acquainted with an offender, the Contractor/subcontractor's staff member must complete the MDOC LEIN Information Form and submit it to the MDOC Program Manager or designee. The Contractor must ensure its personnel and subcontractor's personnel complete the form and notify the MDOC Program Manager of any changes throughout the contract term.

- K. The Contractor/subcontractor's personnel will be required to enter State facilities. The State may require the Contractor/subcontractor's personnel to wear State-issued identification badges.
- L. The Contractor/subcontractor's personnel must anticipate delays when visiting any correctional facility due to issues within the facility.
- M. The Contractor/subcontractor's personnel must comply with the State's security and acceptable use policies for State IT equipment and resources. Contractor/subcontractor personnel must also agree to the State's security and acceptable use policies before the Contractor/subcontractor personnel will be accepted as a resource to perform work for the State. The Contractor must present these documents to prospective Contractor/subcontractor personnel before the Contractor/subcontractor presents the individual to the State as a proposed resource. Contractor/subcontractor personnel must comply with all physical security procedures in place within the facilities where they are working.
- N. The MDOC reserves the right to deny access to any correctional facility to anyone who fails to comply with any applicable State, Federal, or local law, ordinance or regulation or whose presence may compromise the security of the facility, its offenders, or staff. Weapons, alcoholic beverages, poison, and prescription drugs and controlled substances without written certification of needs from a licensed physician (does not include medical supplies for the facility), cellular devices, cameras, and audio or visual recording devices are prohibited from being brought into all MDOC correctional facilities. Tobacco products and smoking also are prohibited both inside a correctional facility and on facility grounds except as specifically authorized by MDOC policy. Wardens may prohibit other items from being brought into their respective correctional facilities.
- O. Security is the facility's first priority and the Contractor/subcontractor and its personnel must be responsive and respectful of these needs.
- P. The Contractor/subcontractor and its personnel must comply with and cooperate with all correctional facility rules, procedures and processes as well as State and federal laws. Contractor/subcontractor personnel must ensure that they are complying with all facility rules and regulations including, but not limited to, dress code and items allowed to be possessed.
- Q. The Contractor/subcontractor personnel must follow the facility entry, exit, manifest process, including the following:
 - 1) The Contractor/subcontractor personnel will receive an orientation and training by the MDOC on security, procedures, etc., inside the correctional facility. The Contractor must maintain a copy of the Contractor/subcontractor personnel's training certificates in the appropriate file for auditing purposes.
 - 2) The Contractor/subcontractor personnel must follow all MDOC rules, procedures and security processes at all times.

- 3) The Contractor must ensure that all Contractor/subcontractor personnel working in a correctional facility are familiar and in compliance with the necessary routines and increased awareness of working inside a facility. Working inside the facility requires that the Contractor/subcontractor personnel develop positive and cooperative relationships with MDOC facility staff.
- 4) The Contractor/subcontractor personnel must report any concerns, issues, or rule violations to the MDOC facility staff immediately.
- 5) The Contractor/subcontractor personnel must use the MDOC facility staff as a resource for questions and guidance working with prisoners and inside a correctional facility.
- 6) The Contractor/subcontractor personnel must defer to MDOC correctional facility staff for directions. The Contractor/subcontractor personnel must remember they are a guest in the facility and that security is the first priority of the facility.

3.7. Prison Rape Elimination Act of 2003 (PREA), 42 U.S.C. § 15601

- A. The Contractor and the Contractor Personnel shall comply with the Final Rule implementing PREA, all applicable PREA standards and the agency's policies. The Contractor and Contractor Personnel shall make itself familiar with and at all times shall observe and comply with all PREA regulations that in any manner affect the performance under this Contract. Failure to comply with the PREA standards and related polices of the MDOC will be considered a breach of contract and may result in termination of the contract.
- B. Contract Personnel who may have contact with prisoners must complete PREA training Program A - Correctional Facilities Administration (CFA) Security Regulations prior to entrance in any MDOC Facility. Upon completion, Contractor Personnel shall submit a signed memorandum to the Contract Administrator documenting completion of the training and date of completion.
- C. As is deemed necessary, the MDOC Contract Monitor or Program Manager will provide the Contractor with current copies of all PREA documents via email. Any revisions to the documents will be emailed to the Contractor throughout the Contract period, and the Contractor must comply with all documentation provided.
- D. The Contractor must report any information concerning violations of PREA as soon as made aware of the alleged occurrence to the Program Manager and Contract Monitor.

3.8. Vendor Rules and Regulations

The Contractor will require all contractual staff, including temporary and subcontractor staff, working inside an MDOC correctional facility to review and verify acceptance of the MDOC Vendor Rules and Regulations upon award of Contract. The purpose of the MDOC Vendor Rules and Regulations is to provide the Contractor with general

information regarding basic requirements of providing services to the MDOC and provide notice of work rules. Any revisions to the document will be provided to the Contractor throughout the Contract period, and all contractual staff, including temporary and subcontractor staff, must comply with all documentation provided. The Contractor must maintain copies of their staff's completion certificates for auditing purposes.

3.9. Staff and Facility COVID Protocols

Contractor staff may be subject to rapid COVID testing to enter a MDOC Facility.

3.10. Contractor Training- MDOC Provided

- A. Contractor and/or subcontractor staff, as applicable, providing services under the MDOC contract are required to complete MDOC training prior to providing services or entering into MDOC facilities. The training assigned will be specific to Contractor worksite, level of offender contact, and the services provided under the Contract. Contact the MDOC Contract Manager or designee with any questions concerning MDOC training.
- B. Contractor and/or subcontractor staff must complete MDOC provided training annually before the end of training year. (The State's training year is October 1st through September 30th.)
- C. Contractor and/or subcontractor staff must annually review and accept the MDOC Vendor Rules and Regulations document as one of the training requirements. See Section 3.6. C.
- D. Any contractor staff and/or subcontractor staff who do not complete training by the annual September 30th training deadline may have their permission to provide contract deliverables revoked, as determined by the Program Manager or designee.

4. Pricing

4.1. Price Term

Pricing is firm for the entire length of the Contract with no anticipated changes.

4.2. Price Changes

Adjustments will be based on changes in actual Contractor costs. Any request must be supported by written evidence documenting the change in costs. The State may consider sources, such as the Consumer Price Index; Producer Price Index; other pricing indices as needed; economic and industry data; manufacturer or the Contractor letters noting the increase in pricing; and any other data the State deems relevant.

Following the presentation of supporting documentation, both parties will have 30 days to review the information and prepare a written response. If the review reveals no need for modifications, pricing will remain unchanged unless mutually agreed to by the parties. If the review reveals that changes are needed, both parties will negotiate such changes, for no longer than 30 days, unless extended by mutual agreement.

The Contractor remains responsible for Contract Activities at the current price for all orders received before the mutual execution of a Change Notice indicating the start date of the new Pricing Period.

5. Ordering

5.1. Authorizing Document

The appropriate authorizing document for the Contract will be a Delivery Order (DO).

5.2. Order Verification

The Contractor must have internal controls approved by the State Agencies, to verify abnormal orders and to ensure that only authorized individuals place orders.

6. Delivery

6.1. Delivery Programs

- A. Product Shipping. The Contractor will ship products to the State, FOB destination PREPARED & ADDED onto the 1st invoice. These shipping costs will be quote and established in the Delivery Order.
- B. Product is shipped via freight; therefore, it must be delivered to a receiving area only (i.e. loading dock to loading dock).
- C. The Contractor utilizes third-party carriers for deliveries. The geographical location of the facility will dictate which carrier is utilized. The Contractor rotates between the following Less than Load (LTL) carriers for shipping:
 - 1. Forward Air,
 - 2. XPO,
 - 3. Estes, and
 - 4. DayLight Transportation.

6.2. Packaging and Palletizing

- A. Devices will be shipped from the Contractor to the State utilizing the Contractor's Workstation/Crate.
- B. Mobile Carts will be shipped in cardboard cartons.

7. Acceptance

7.1. Acceptance, Inspection and Testing

The State will use the following criteria to determine acceptance of the Contract Activities:

The State will use an installation Checklist to confirm the MailSecur Device is received, installed, and working before accepting the device as received and accepted. The checklist will consist of the following points of emphasis:

- 1. Device delivered undamaged. The Shipping Manifest, Packing List, or any other deliver documentation for all installations is collected and provided to the MDOC Program Manager.
- 2. Contractor removed device from shipping container and installed in a location determined by the site (Counter, shipping crate desktop, or mobile cart).
- 3. Device radiation detector is connected and software installed/updated.

4. External camera connected, and MailTech-on-demand software is installed/updated.
5. USB Hub connected.
6. WIFI Antenna connected.
7. Modification of time and date of unit for client based on EST zone.
8. LTE modem serial number is collected and documented.
9. Connection via Contractor's modem is established and tested.
10. Contractor completed a remote in test.
11. Contractor fully tests the device after installation and provides written confirmation that the device is fully functional.
12. Training is provided on site.
13. Training materials for corrections are provided to site.

7.2. Final Acceptance

- A. Final Acceptance will be made once the device is installed at each location, is deemed fully functional by the Contractor, and an Acceptance Checklist for each location is fully executed.
- B. A fully executed Acceptance Checklist for each location is completed and signed off on by the MDOC Program Manager, each site designee, and Contractor representative.
- C. Upon completion of all installations, Final Acceptance for the entire installation project will be made in writing by the MDOC Program Manager.

8. Invoice and Payment

8.1. Invoice Requirements

- A. All invoices will be submitted to the State once final acceptance has been provided by the MDOC staff. Invoices must include: (a) date; (b) delivery/purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); (g) vendor-generated invoice number; and (h) total price.
- B. The Contractor must submit a monthly statement while there are open invoices or Service Level assessment pending, including unpaid invoices and unapplied credits. The monthly statement must include at a minimum:
 - 1) Delivery Order (DO/PO) number,
 - 2) Total outstanding invoice or credit amount(s),
 - 3) Invoice or credit memo number(s),
 - 4) Invoice or credit memo date(s),
 - 5) Invoice due date(s), and

- 6) Summary of accrual of days past due on each invoice.
- 7) Days credit memo has been available.
- C. The invoices and monthly statement are emailed to MDOC-Accounting@michigan.gov. The program manager and contract monitor should be cc'd.

8.2. Payment Methods

The State will make payment for approved Contract Invoices via Electronics Fund Transfer (EFT).

9. Lease Period Project Plan

During the lease portion of this contract:

- A. The MDOC Program Manager will support the Contractor by coordinating ongoing “assessment calls” between the Contractor’s Representative, Contract Administrator, the Program Manager for MDOC, MDOC Contract Monitor, and MDOC Leadership designee.
 - a. These calls will be conducted to assess how the machines are meeting the State’s needs, what issues need to be addressed, and solutions to meet those issues.
 - b. These calls will occur weekly in the first 30 days. Thereafter, the frequency will be determined between Contractor’s Representative and the Program Manager for MDOC.
 - c. Nothing in this section prohibits the Contractor or MDOC to ask for more frequent or unscheduled call based on need.
- B. The Contractor’s Program Manager will coordinate with MDOC to schedule “Troubleshooting/Q&A virtual meetings” for each site, and with the Contractor’s Customer Success Representative to ensure successful use and operation of all devices.
 - a. These virtual meetings will be set up by the Contractor’s Customer Success Representative and the Program Manager for MDOC who will be present on the call.
 - b. Each MDOC site should have staff on the call who currently use the device and can discuss operational problems and operational benefits.
 - c. In addition to the site expert, MDOC attendees should be the mailroom supervisor and user staff.
 - d. During the first 30 days of the lease period these calls will occur weekly.
 - e. During the second 30 days of the lease period these calls will occur bi-weekly.
 - f. After 60 days of the lease period these the frequency of these calls will be determined by mutual agreement between Contractor’s Representative and the Program Manager for MDOC.

10. Licensing Agreement

LICENSE; EXCLUSIONS; OWNERSHIP OF THE PRODUCT.

- A. Software. The Contractor hereby grants to State, subject to the terms and conditions of this Contract including without limitation payment of all applicable fees, a non-exclusive, non-transferable license for the period for which the State utilizes the MailSecur devices (the Product) described in this Schedule A – Statement of Work to use any software provided by Contractor under this Contract (including software embedded in any equipment) solely in connection with the use of the Product. Licenses for such software are for object code only.
- B. License Exclusions. Except as expressly authorized herein, the State shall not: (i) copy any software included in the Product; (ii) distribute, disclose, market, rent, lease or transfer to any third party any portion of the Product or documentation,; (iii) Reserved; or (iv) Reserved. The State shall ensure that the Product is not modified, translated, examined, tested, subjected to simulated input, decompiled, reverse-engineered, or disassembled (including software “disassembly” by attempted recreation of source code) in any manner, for any reason including but not limited determining the mechanism, algorithms, processes or characteristics of the Product, provided that The State may examine or test the Product only for authorized maintenance and error correction or otherwise solely as such access by The State is required by applicable local law.
- C. Ownership. The State agrees that the Contractor is the sole and exclusive owner of all intellectual property rights in the Product, including all rights in software, and all intellectual property rights in the Product, and any modifications thereto, including all intellectual property rights associated therewith (including without limitation any inventions, creations and improvements whether or not patentable or copyrightable).
- D. U.S. Government Rights. The software is a “commercial item,” as that term is defined in 48 C.F.R. 12.101 (Oct. 1995), consisting of “commercial computer software” and “commercial computer software documentation,” as such terms are used in 48 C.F.R. 12.212 (Sept. 1995). Consistent with 48 C.F.R. 12.212 and 48 C.F.R. 227.7202-1 through 227.7202-4 (June 1995), all U.S. Government End Users acquire the Product with only those rights set forth herein.

11. Additional Requirements

11.1. Hazardous Chemical Identification

In accordance with the federal Emergency Planning and Community Right-to-Know Act, 42 USC 11001, *et seq.*, as amended, the Contractor must provide a Material Safety Data Sheet listing any hazardous chemicals as defined in 40 CFR §370.2, to be delivered. Each hazardous chemical must be properly identified, including any applicable identification number, such as a National Stock Number or Special Item Number.

The Contractor must identify any hazardous chemicals that will be provided under any resulting contract.

11.2. Mercury Content

Pursuant to MCL 18.1261d, mercury-free products must be procured when possible. The Contractor must explain if it intends to provide products containing mercury, the amount or concentration of mercury, and whether cost competitive alternatives exist. If a cost competitive alternative does exist, the Contractor must provide justification as to why the particular product is essential. All products containing mercury must be labeled as containing mercury.

11.3. Brominated Flame Retardants

The State prefers to purchase products that do not contain brominated flame retardants (BFRs) whenever possible. The Contractor must disclose whether the products contain BFRs and describe how the products are identified or otherwise labeled.

12.5 Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS)

The Contractor has confirmed that the provided products do not intentionally contain PFAS. This consists of all components of the provided products, including product packaging.

12. Service-Level Agreements (SLAs)

- A. Service Level Agreements for this Contract will be as follows attached in Schedule D.
- B. Procurement, Monitoring and Compliance Division
 - 1) The Procurement, Monitoring, and Compliance Division (PMCD) provides oversight of MDOC contracts and ensures contractors are delivering services according to contract requirements. The Contract Manager or assigned Contract Monitor will serve as the lead for all contract related issues. They will ensure the contractual requirements are being met through monitoring activities such as: scheduling kick off meetings, developing monitoring plans, managing service level agreements and transition timelines, and partnering with the MDOC program manager to ensure deliverables are met.
 - 2) Should any issue(s) arise with a contractor's performance, PMCD is engaged to document the issue(s) and may pursue a model of progressive discipline that leverages tools such as meetings, Corrective Action Plan Requests, and Vendor Performance letters. When a Corrective Action Plan Request is issued, the State requires that the Contractor confirm receipt and submit their Plan of Action within the timeframe outlined in the request. The State also requires that the Contractor must cure, at no additional cost to the State, any deficiency identified in a Corrective Action Plan Request. The Plan of Action must include a solution that resolves the issue so that it does not reoccur.
 - 3) PMCD utilizes a progressive correction process for unsatisfactory vendor performance. PMCD reserves the right to utilize any of its contract compliance tools to address contract deficiency(cies) whether progressive

or not. PMCD will utilize corrective action tools according to the significance of the contract deficiency

SCHEDULE B- PRICING
Mailroom Security Screening Device
MA 240000000365

PRICING FOR SIX-MONTH LEASE PERIOD					
Product #	Product Name	Price per month per each	Extended Six Month Lease Cost Each	Number of Units	Total Six Month Lease Cost
MS300	MailSecur 300, Rental	\$ 1,998.00	\$ 11,988.00	7	\$ 83,916.00
SP300	Service Plan 300, Premium	\$ 2,349.00	\$ 14,094.00	7	\$ 98,658.00
Crate	MailSecur Workstation/Transport Crate- Flat Rate	\$ 27.160	\$ 162.96	7	\$ 1,140.72
Cart	MailSecur Cart	\$ -	\$ -	7	
			TOTALS		\$ 26,244.96
					\$ 183,714.72

Monthly	After the six-month lease, if equipment isn't purchased or returned, the month-to-month lease cost for all seven units is \$30,619.12 per month due the first day of each month
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PRICING FOR PURCHASE
The price to purchase devices, service plans and other equipment is based on the total number of units the MDOC purchases. Pricing tiers have been established as indicated below.

Cost to Purchase Leased Items at End of the Six-Month Lease if MDOC Purchases 20- 29 Total Units				
Product #	Product Name	Unit Pricing Each	Minus Credit for Lease Payment	Total Cost to Purchase Each
MS300	MailSecur 300	\$ 41,999.00	\$ 11,988.00	\$ 30,011.00
SP300	Service Plan 300, Premium (60 months)	\$ 57,000.00	\$ 14,094.00	\$ 42,906.00
Crate	MailSecur Workstation/Transport Crate- Flat Rate	\$ 999.00	\$ 162.96	\$ 836.04
Cart	MailSecur Mobile Cart (if MDOC elects to keep)*	\$ 3,750.00	\$ -	\$ 3,750.00
OONSITET	Onsite Installation/Training (based on 7 leased machines)	\$ -	\$ -	\$ -

Purchase Price for Each Previously Leased Unit * \$ 77,503.04

Cost to Purchase Leased Items at End of the Six-Month Lease if MDOC Purchases 10-19 Total Units

Product #	Product Name	Unit Pricing Each	Minus Credit for Lease Payment	Total Cost to Purchase Each
MS300	MailSecur 300	\$ 43,999.00	\$ 11,988.00	\$ 32,011.00
SP300	Service Plan 300, Premium (60 months)	\$ 65,940.00	\$ 14,094.00	\$ 51,846.00
Crate	MailSecur Workstation/Transport Crate- Flat Rate	\$ 999.00	\$ 162.96	\$ 836.04
Cart	MailSecur Mobile Cart (if MDOC elects to keep)*	\$ 3,750.00	\$ -	\$ 3,750.00
OONSITET	Onsite Installation/Training (based on 7 leased machines)	\$ -	\$ -	\$ -

Purchase Price for Each Previously Leased Unit * \$ 88,443.04

Cost to Purchase Leased Items at End of the Six-Month Lease if MDOC Purchases 1-9 Total Units

Product #	Product Name	Unit Pricing Each	Minus Credit for Lease Payment	Total Cost to Purchase Each
MS300	MailSecur 300	\$ 45,999.00	\$ 11,988.00	\$ 34,011.00
SP300	Service Plan 300, Premium (60 months)	\$ 68,940.00	\$ 14,094.00	\$ 54,846.00
Crate	MailSecur Workstation/Transport Crate- Flat Rate	\$ 999.00	\$ 162.96	\$ 836.04
Cart	MailSecur Mobile Cart (if MDOC elects to keep)*	\$ 3,750.00	\$ -	\$ 3,750.00
OONSITET	Onsite Installation/Training (based on 7 leased machines)	\$ -	\$ -	\$ -

Purchase Price for Each Previously Leased Unit * \$ 93,443.04

Cost to Purchase New based on MDOC Purchase of 20-29 Total Units

Product #	Product Name	Unit Pricing Each
MS300	MailSecur 300	\$ 41,999.00
SP300	Service Plan 300, Premium (60 months)	\$ 57,000.00
CRATE	MailSecur Workstation/Transport Crate- Flat Rate	\$ 999.00
CART	MailSecur Mobile Cart (if Selected) *	\$ 3,750.00
OONSITET	Onsite Installation/Training	\$ -
SHIP	Shipping Charges	\$ 725.00

Total Unit Purchase Cost* \$ 104,473.00

Cost to Purchase New based on MDOC Purchase of 10-19 Total Units		
Product #	Product Name	Unit Pricing Each
MS300	MailSecur 300	\$ 43,999.00
SP300	Service Plan 300, Premium (60 months)	\$ 65,940.00
CRATE	MailSecur Workstation/Transport Crate- Flat Rate	\$ 999.00
CART	MailSecur Mobile Cart (if Selected) *	\$ 3,750.00
OONSITET	Onsite Installation/Training	\$ 715.00
SHIP	Shipping Charges	\$ 725.00
Total Unit Purchase Cost*		\$ 116,128.00

Cost to Purchase New based on MDOCs Purchase of 1-9 Total Units		
Product #	Product Name	Unit Pricing Each
MS300	MailSecur 300	\$ 45,999.00
SP300	Service Plan 300, Premium (60 months)	\$ 68,940.00
CRATE	MailSecur Workstation/Transport Crate- Flat Rate	\$ 999.00
CART	MailSecur Mobile Cart (if Selected) *	\$ 3,750.00
OONSITET	Onsite Installation/Training	\$ 1,430.00
SHIP	Shipping Charges	\$ 725.00
Total Unit Purchase Cost*		\$ 121,843.00

OTHER PRICING		
Product #	Product Name	Unit Pricing Each
	Additional On-site One-day Installation, Training or Non-Covered Repair	\$ 3,550.00
	Additional Consectutive Days of On-site Training	\$ 900.00
	Return of MailSecure Device and Mobile Cart (if not kept after lease)	\$ 725.00
	Return of MailSecure Mobile Cart only	\$ 350.00

OPTION YEAR PREMIERE SERVICE PLAN PRICING

Product #	Product Name	Unit Pricing Per Year
SP300	Service Plan 300, Premium (based on 20-29 machines)	\$ 57,000.00
SP300	Service Plan 300, Premium (based on 10-19 machines)	\$ 65,940.00
SP300	Service Plan 300, Premium (based on 1-9 machines)	\$ 68,940.00

SCHEDULE C - INSURANCE REQUIREMENTS

Master Agreement 240000000365

- 1. General Requirements.** Contractor, at its sole expense, must maintain the insurance coverage as specified herein for the duration of the Term. Minimum limits may be satisfied by any combination of primary liability, umbrella or excess liability, and self-insurance coverage. To the extent damages are covered by any required insurance, Contractor waives all rights against the State for such damages. Failure to maintain required insurance does not limit this waiver.
- 2. Qualification of Insurers.** Except for self-insured coverage, all policies must be written by an insurer with an A.M. Best rating of A- VII or higher unless otherwise approved by DTMB Enterprise Risk Management.
- 3. Primary and Non-Contributory Coverage.** All policies for which the State of Michigan is required to be named as an additional insured must be on a primary and non-contributory basis.
- 4. Claims-Made Coverage.** If any required policies provide claims-made coverage, Contractor must:
 - a. Maintain coverage and provide evidence of coverage for at least 3 years after the later of the expiration or termination of the Contract or the completion of all its duties under the Contract;
 - b. Purchase extended reporting coverage for a minimum of 3 years after completion of work if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Contract.
- 5. Proof of Insurance.**
 - a. Insurance certificates showing evidence of coverage as required herein must be submitted to DTMB-RiskManagement@michigan.gov within 10 days of the contract execution date.
 - b. Renewal insurance certificates must be provided on annual basis or as otherwise commensurate with the effective dates of coverage for any insurance required herein.
 - c. Insurance certificates must be in the form of a standard ACORD Insurance Certificate unless otherwise approved by DTMB Enterprise Risk Management.
 - d. All insurance certificates must clearly identify the Contract Number (e.g., notated under the Description of Operations on an ACORD form).
 - e. The State may require additional proofs of insurance or solvency, including but not limited to policy declarations, policy endorsements, policy schedules, self-insured certification/authorization, and balance sheets.

f. In the event any required coverage is cancelled or not renewed, Contractor must provide written notice to DTMB Enterprise Risk Management no later than 5 business days following such cancellation or nonrenewal.

6. **Subcontractors.** Contractor is responsible for ensuring its subcontractors carry and maintain insurance coverage.

7. **Limits of Coverage & Specific Endorsements.**

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimum Limits: \$1,000,000 Each Occurrence \$1,000,000 Personal & Advertising Injury \$2,000,000 Products/Completed Operations \$2,000,000 General Aggregate	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 20 10 12 19 and CG 20 37 12 19.
Umbrella or Excess Liability Insurance	
Minimum Limits: \$5,000,000 General Aggregate	Contractor must have their policy follow form.
Automobile Liability Insurance	
If a motor vehicle is used in relation to the Contractor’s performance, the Contractor must have vehicle liability insurance on the motor vehicle for bodily injury and property damage as required by law.	
Workers' Compensation Insurance	
Minimum Limits: Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
Minimum Limits: \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease	

8. **Non-Waiver.** This Schedule C is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract, including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State.

Schedule D- Service Level Agreements (SLAs)

MA 240000000365



Agency/Vendor: RaySecur

Contract #: 240000000365- Mail Screening Devices

Metric 1: Technical Issue Resolution

Definition and Purpose:

The Contractor must ensure that their equipment remain operational for MDOC use. Equipment will be identified in the Statement of Work.

The MDOC will report technical issues through the Contractor's ticketing/repair process. When providing technical support, the Contractor's Call Center will respond to a customer request within thirty [30] minutes of the initial MDOC contact, during normal business hours as defined below. Remote troubleshooting and system diagnostic work will be performed within 24 hours (excluding weekends and State holidays) to document a Plan of Action. If the caller's issue cannot be resolved within two [2] business days, on-site service must be scheduled. Onsite service will be completed within three [3] business days once onsite travel is approved by the client and the site visit is authorized. The MDOC will respond by approving or denying site visit authorization requests within 24 hours. The MDOC is not responsible for Contractor travel costs, with the exception being Repair Exclusions listed in 1.2.D. of the Statement of Work.

For remote repair and diagnostic work, the coverage is from 8:00 a.m. to 5:00 p.m. Eastern Standard Time. Onsite service work is performed from 8:00 a.m. to 5:00 p.m. local time. Service work is performed Monday through Friday excluding Contractor holidays. RaySecur reserves the right to resolve any issues with the temporary replacement unit delivered via ground transportation.

A full resolution is defined as returning the Contractor equipment to 100% functionality.

Data Sources:

1. Monthly Ticket/Repair Process Report (supplied by Contractor).
2. Correspondence with MDOC Staff or the Contractor.
3. Contractor Warranty Information.
4. Extenuating Circumstances Documentation (i.e., email correspondence)

Methodology:

Reconcile and review Data Sources 1 through 4 as needed.

Acceptable Standard:

The Acceptable Standard is 100% compliance.

Schedule D- Service Level Agreements (SLAs)

MA 24000000365

<p>Amount for Failing to Meet Service Level Agreement:</p> <p>For any technical issue with Contractor equipment (identified in the Statement of Work) that does not have a Plan of Action established within 24 hours (excluding weekends and State Holidays) of initial MDOC contact, \$50.00 per impacted unit will be assessed at hour 25 and every 48-hour period (excluding weekends and State holidays) thereafter until the Plan of Action is received by the MDOC.</p> <p>For any technical issue with Contractor equipment (identified in the Statement of Work) that is not fully resolved within five (5) business days \$150.00 per impacted unit will be assessed at day 6 and every 48-hour period (excluding weekends and State Holidays) thereafter until the issue is fully resolved.</p> <p>Extenuating circumstances will be reviewed by the MDOC Contract Manager before any Service Credits are assessed (including the timeframe for the MDOC approval of on-site work and/or issues related to shipping and the supply chain. At the discretion of the State, these credits may be applied toward any payable due to the Contractor or be payable directly to the State of Michigan. Payments made directly to the State of Michigan shall be completed within 45 calendar days upon demand.</p>
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<p align="center">Metric 2: Timely Reporting</p>
<p>Definition and Purpose:</p> <p>The Contractor must ensure all reports required in Section 2.7 (Reports) are provided to the MDOC within 20 calendar days from the close of the previous month or any additional reports requested by the Program Manager.</p>
<p>Data Sources:</p> <ol style="list-style-type: none"> 1. Monthly Reports provided by the Contractor. 2. Correspondence with CFA Staff.
<p>Methodology:</p> <p>MDOC will review that all reports are provided within 20th calendar days from the close of the previous month and available according to Section 2.7 (Reports).</p>
<p>Acceptable Standard:</p> <p>The Acceptable Standard is 100% compliance.</p>
<p>Amount for Failing to Meet Service Level Agreement:</p> <p>\$50.00 will be assessed for each month that the required reports from Section 2.7 (Reports) are not received within 20 calendar days from the close of the previous month. An additional amount of \$50.00 will be assessed for each business day after the 20th calendar day until the reports are received by the MDOC. Before being assessed MDOC will notify contractor they have not received the report at least two days prior to said assessment.</p>

Schedule D- Service Level Agreements (SLAs)

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Extenuating circumstances will be reviewed by the MDOC Contract Manager before any Service Credits are assessed. At the discretion of the State, these credits may be applied toward any payable due to the Contractor or be payable directly to the State of Michigan. Payments made directly to the State of Michigan shall be completed within 45 calendar days upon demand.

Metric 3: Responsiveness to Corrective Action Plan Requests
Definition and Purpose:
The State requires that the contractor must confirm receipt and submit their Plan of Action in response to any Corrective Action Plan Request within the timeframe outlined in the request. If the MDOC Contract Manager or Contract Monitor provides a written pre-approval of an alternate submission date, the Service Credit may not apply. Please refer to Section 12.B.3.
Data Sources:
<ol style="list-style-type: none"> 1. Corrective Action Plan Request. 2. Corrective Action Plan confirmation of receipt. 3. Corrective Action Plan response/Plan of Action. 4. Written pre-approval of an alternative submission date. 5. Internal MDOC correspondence with Program Area staff. 6. Additional correspondence with Contractor.
Methodology:
Reconcile and review Data Sources 1-6 as needed.
Acceptable Standard:
The Acceptable Standard is 100% compliance.
Amount for Failing to Meet Service Level Agreement:
<p>\$50.00 may be assessed for each business day that the Contractor fails to submit their Plan of Action by the deadline stated in the Corrective Action Plan Request.</p> <p>Extenuating circumstances will be reviewed by the MDOC Contract Manager before any Service Credits are assessed. At the discretion of the State, these credits may be applied toward any payable due to the Contractor or be payable directly to the State of Michigan. Payments made directly to the State of Michigan shall be completed within 45 calendar days upon demand.</p>

Schedule D- Service Level Agreements (SLAs)

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Metric 4: Recurring or Unresolved Corrective Action Plan Requests
Definition and Purpose:
The State requires that the Contractor must cure, at no additional cost to the State, any deficiency identified in a Corrective Action Plan Request. The Plan of Action must include a solution that resolves the issue so that it does not reoccur. Please refer to Section 12.B.3.
Data Sources:
<ol style="list-style-type: none"> 1. Corrective Action Plan Request. 2. Corrective Action Plan Response/Plan of Action. 3. Corrective Action Plan Implementation Documentation. 4. Documentation of non-compliant contract activities. 5. Notification to the Contractor of non-compliant contract activities. 6. Internal MDOC correspondence with Program Area staff. 7. Additional correspondence with Contractor.
Methodology:
Reconcile and review Data Sources 1-7 to determine if there are recurring or unresolved contract deficiencies.
Acceptable Standard:
The Acceptable Standard is 100% compliance. Recurring or unresolved contract deficiencies are unacceptable.
Amount for Failing to Meet Service Level Agreement:
<p>The following credits per occurrence will be assessed for any identified contract deficiency addressed in a Corrective Action Plan that is recurring or unresolved.</p> <p>Occurrence 1 Amount: \$250.00</p> <p>Additional service credits may be assessed for each additional occurrence:</p> <p>Occurrence 2 Amount: \$500.00</p> <p>Occurrence 3 Amount: \$750.00</p> <p>Extenuating circumstances will be reviewed by the MDOC Contract Manager before any Service Credits are assessed. At the discretion of the State, these credits may be applied toward any payable due to the Contractor or be payable directly to the State of Michigan. Payments made directly to the State of Michigan shall be completed within 45 calendar days upon demand.</p>