



STATE OF MICHIGAN PROCUREMENT

Department of Treasury

7285 Parsons Dr.
Dimondale, MI 48821

CONTRACT CHANGE NOTICE

Change Notice Number 3

to

Contract Number 20000000126

| | |
|-------------------|---------------------------|
| CONTRACTOR | Rotary Multiforms, Inc. |
| | 1340 East 11 Mile Rd |
| | Madison Heights, MI 48071 |
| | William Condon |
| | 586.558.7960 |
| | bcondon@rmi-printing.com |
| | CV0028435 |

| | | | |
|-----------------------|------------------------|--------------|------|
| STATE | Program Manager | Heather Case | TREA |
| | | Phone Number | |
| | caseh@michigan.gov | | |
| | Contract Administrator | Adam Zanetti | TREA |
| 517-667-1465 | | | |
| zanettia@michigan.gov | | | |

| CONTRACT SUMMARY | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------|---------------------------------------------------------------------|-------------------|
| DESCRIPTION: State of Michigan and City of Detroit Image Printing Services | | | | |
| INITIAL EFFECTIVE DATE | INITIAL EXPIRATION DATE | INITIAL AVAILABLE OPTIONS | EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW | |
| 2/29/2020 | 2/28/2023 | 5, 1-year | 2/28/2028 | |
| PAYMENT TERMS | | DELIVERY TIMEFRAME | | |
| 2% 10, Net 45 | | N/A | | |
| ALTERNATE PAYMENT OPTIONS | | | EXTENDED PURCHASING | |
| <input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other | | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| MINIMUM DELIVERY REQUIREMENTS | | | | |
| | | | | |
| DESCRIPTION OF CHANGE NOTICE | | | | |
| OPTION | LENGTH OF OPTION | EXTENSION | LENGTH OF EXTENSION | REVISED EXP. DATE |
| <input type="checkbox"/> | | <input type="checkbox"/> | | |
| CURRENT VALUE | | VALUE OF CHANGE NOTICE | ESTIMATED AGGREGATE CONTRACT VALUE | |
| \$1,028,346.7 | | \$0 | \$1,028,346.7 | |
| DESCRIPTION: Effective June 2, 2025, the following language has been added to Section 1.1 General Requirements I. Testing Period(s): "The State may request additional testing. Any costs associated with testing periods outside of the aforementioned testing date timeframe must be mutually agreed upon by the State and Contractor." All other terms, conditions, and specifications remain the same. | | | | |

FOR THE CONTRACTOR:

Rotary Multiforms, Inc.

Company Name

Authorized Agent Signature

William Condon

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Adam Zanetti – Buyer

Name & Title

Department of Treasury

Agency

Date



STATE OF MICHIGAN PROCUREMENT

Department of Treasury

7285 Parsons Dr.
Dimondale, MI 48821

CONTRACT CHANGE NOTICE

Change Notice Number 2

to

Contract Number 271 20000000126

| | |
|-------------------|---------------------------|
| CONTRACTOR | Rotary Multiforms, Inc. |
| | 1340 East 11 Mile Rd |
| | Madison Heights, MI 48071 |
| | William Condon |
| | 586.558.7960 |
| | bcondon@rmi-printing.com |
| | CV0028435 |

| | | | |
|-----------------------|------------------------|--------------|-------|
| STATE | Program Manager | Heather Case | TREAS |
| | | 517.636.4802 | |
| | caseh@michigan.gov | | |
| | Contract Administrator | Adam Zanetti | TREAS |
| 517-667-1465 | | | |
| zanettia@michigan.gov | | | |


| CONTRACT SUMMARY | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------|---------------------------------------------------------------------|-------------------|
| DESCRIPTION: State of Michigan and City of Detroit Image Printing Services | | | | |
| INITIAL EFFECTIVE DATE | INITIAL EXPIRATION DATE | INITIAL AVAILABLE OPTIONS | EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW | |
| 2/29/2020 | 2/28/2023 | 5, 1-year | 2/28/2023 | |
| PAYMENT TERMS | | DELIVERY TIMEFRAME | | |
| 2% 10, Net 45 | | N/A | | |
| ALTERNATE PAYMENT OPTIONS | | | EXTENDED PURCHASING | |
| <input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other | | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| MINIMUM DELIVERY REQUIREMENTS | | | | |
| N/A | | | | |
| DESCRIPTION OF CHANGE NOTICE | | | | |
| OPTION | LENGTH OF OPTION | EXTENSION | LENGTH OF EXTENSION | REVISED EXP. DATE |
| <input checked="" type="checkbox"/> | 5 years | <input type="checkbox"/> | | 2/28/2028 |
| CURRENT VALUE | | VALUE OF CHANGE NOTICE | ESTIMATED AGGREGATE CONTRACT VALUE | |
| \$328,346.70 | | \$700,000 | \$1,028,346.7 | |
| DESCRIPTION: | | | | |
| Effective 2/29/2023, this contract will exercise 5, 1-year options, increase the contract value by \$700,000 and have a revised expiration date of 2/28/2028. See attached Schedule B for pricing. | | | | |
| All other terms, conditions, and specifications remain the same. | | | | |

CHANGE NOTICE NO. 2 TO CONTRACT NO. 200000000126

FOR THE CONTRACTOR:

Rotary Multiforms, Inc.

Company Name

 SIGNED by William Condon
c...2023-02-16 08:57:26 EST

Authorized Agent Signature


William Condon

Authorized Agent (Print or Type)

2023-02-16 08:57:26 UTC

Date

FOR THE STATE:

 SIGNED by Adam Zanetti
c...2023-02-16 10:27:21 EST

Signature

Adam Zanetti – Purchasing Analyst

Name & Title

Department of Treasury

Agency

2023-02-16 10:27:21 UTC

Date

Revised 2/2019

STATE OF MICHIGAN Schedule B - Pricing

State of Michigan and City of Detroit Image Printing

MA 20000000126

A. Printing, Paper, NCOA and Envelopes

| Item # | Item | Estimated Annual Quantity | Printing Price/M (Includes Paper, Envelope and NCOA)* | Annual Cost (Price/M x Quantity) | Total Price (x5 years) |
|--------|---------------------|---------------------------|-------------------------------------------------------|----------------------------------|------------------------|
| 1 | MI-1040ES | 225,000 | \$180.15 | \$40,533.75 | \$202,668.75 |
| 2 | MI 1099G | 475,000 | \$98.41 | \$46,744.75 | \$233,723.75 |
| 3 | City 1099G | 30,000 | \$98.41 | \$2,952.30 | \$14,761.50 |
| 4 | City IIT Estimates | 65,000 | \$326.81 | \$21,242.65 | \$106,213.25 |
| 5 | City Withholding | 12,000 | \$855.36 | \$10,264.32 | \$51,321.60 |
| 6 | City Corp Estimates | 4,500 | \$899.45 | \$4,047.53 | \$20,237.63 |
| | TOTALS | 811,500 | | \$125,785.30 | \$628,926.48 |

*Pricing does not include metered or single piece mail.

(2) Overtime

| Item # | Item | Hourly Overtime Rate |
|--------|---------------------|----------------------|
| 1 | MI-1040ES | \$40 |
| 2 | MI CIT Estimates | \$40 |
| 3 | MI 1099G | \$40 |
| 4 | City 1099G | \$40 |
| 5 | City IIT Estimates | \$40 |
| 6 | City Withholding | \$40 |
| 7 | City Corp Estimates | \$40 |



STATE OF MICHIGAN PROCUREMENT

Department of Treasury

7285 Parsons Dr.
Dimondale, MI 48821

CONTRACT CHANGE NOTICE

Change Notice Number 1

to

Contract Number 271 20000000126

| | |
|-------------------|---------------------------|
| CONTRACTOR | Rotary Multiforms, Inc. |
| | 1340 East 11 Mile Rd |
| | Madison Heights, MI 48071 |
| | William Condon |
| | 586.558.7960 |
| | bcondon@rmi-printing.com |
| | CV0028435 |

| | | | |
|--------------|------------------------|-----------------------|-------|
| STATE | Program Manager | Heather Case | TREAS |
| | | 517.636.4802 | |
| | | caseh@michigan.gov | |
| | Contract Administrator | Adam Zanetti | TREAS |
| | | 517-667-1465 | |
| | | zanettia@michigan.gov | |


| CONTRACT SUMMARY | | | | |
|---------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------|---------------------------------------------------------------------|-------------------|
| DESCRIPTION: State of Michigan and City of Detroit Image Printing Services | | | | |
| INITIAL EFFECTIVE DATE | INITIAL EXPIRATION DATE | INITIAL AVAILABLE OPTIONS | EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW | |
| 2/29/2020 | 2/28/2023 | 5, 1-year | 2/28/2023 | |
| PAYMENT TERMS | | DELIVERY TIMEFRAME | | |
| 2% 10, Net 45 | | N/A | | |
| ALTERNATE PAYMENT OPTIONS | | | EXTENDED PURCHASING | |
| <input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other | | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| MINIMUM DELIVERY REQUIREMENTS | | | | |
| N/A | | | | |
| DESCRIPTION OF CHANGE NOTICE | | | | |
| OPTION | LENGTH OF OPTION | EXTENSION | LENGTH OF EXTENSION | REVISED EXP. DATE |
| <input type="checkbox"/> | | <input type="checkbox"/> | | |
| CURRENT VALUE | | VALUE OF CHANGE NOTICE | ESTIMATED AGGREGATE CONTRACT VALUE | |
| \$328,346.70 | | \$0.00 | \$328,346.70 | |
| DESCRIPTION: Effective immediately, Schedule B - Pricing has been updated per the attached table. | | | | |
| MI CIT Estimates and MET Coupon Books are hereby removed from the contract. | | | | |
| All other terms, conditions, and specifications remain the same. | | | | |

CHANGE NOTICE NO. 1 TO CONTRACT NO. 271 20000000126.

FOR THE CONTRACTOR:

Rotary Multiforms, Inc.

Company Name

 SIGNED by William Condon
on 2023-01-04 14:38:49 EST

Authorized Agent Signature


William Condon

Authorized Agent (Print or Type)

2023-01-04 14:38:49 UTC

Date

FOR THE STATE:

 SIGNED by Adam Zanetti
on 2023-01-04 14:46:42 EST

Signature

Adam Zanetti – Purchasing Analyst

Name & Title

Department of Treasury

Agency

2023-01-04 14:46:42 UTC

Date

Schedule B – Pricing

MA 200000000126

| Item # | Item | Annual Quantity (Est.) | Original Printing Price/M (Includes Paper & Envelope) | Requested Price with Increase | total Increase |
|--------|------------------------------|------------------------|-------------------------------------------------------|-------------------------------|--------------------|
| 1 | MI-1040ES | 219,596 | \$150.75 | \$180.15 | \$6,455.30 |
| 3 | MI 1099G* | 452,900 | \$82.35 | \$98.41 | \$7,272.78 |
| 4 | City 1099G | 27,418 | \$82.35 | \$98.41 | \$440.29 |
| 5 | City IIT Estimates | 60,287 | \$273.48 | \$326.81 | \$3,215.02 |
| 6 | City Withholding Quarterly's | 2,138 | \$715.78 | \$855.36 | \$298.42 |
| | City Withholding Monthly's | 8,955 | \$715.78 | \$855.36 | \$1,249.91 |
| 7 | City Corp Estimates | 4,322 | \$752.68 | \$899.45 | \$634.35 |
| | TOTALS | 818,500 | | | \$19,566.07 |

*MI 1099G quantity is a very rough estimate. Please also estimate below quantities.

| Item # | Item | Annual Quantity (Est.) | Original Printing Price/M (Includes Paper & Envelope) | Requested Price with Increase |
|--------|----------|------------------------|-------------------------------------------------------|-------------------------------|
| 3 | MI 1099G | 350,000 | 87.35 | 104.38 |
| 3 | MI 1099G | 400,000 | 85.35 | 101.99 |
| 3 | MI 1099G | 450,000 | 82.35 | 98.41 |
| 3 | MI 1099G | 550,000 | 82.05 | 98.05 |
| 3 | MI 1099G | 600,000 | 81.75 | 97.69 |
| 3 | MI 1099G | 650,000 | 81.5 | 97.39 |



STATE OF MICHIGAN PROCUREMENT
Department of Treasury
 7285 Parsons Dr.
 Dimondale, MI 48821

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **271 200000000126**

between
 THE STATE OF MICHIGAN
 and

| |
|---------------------------|
| Rotary Multiforms, Inc. |
| 1340 East 11 Mile Rd. |
| Madison Heights, MI 48071 |
| William Condon |
| 586.558.7960 |
| bcondon@rmi-printing.com |
| CV0028435 |

| | | |
|------------------------|-----------------------|-------|
| Program Manager | Heather Case | TREAS |
| | 517.636.4802 | |
| | caseh@michigan.gov | |
| Contract Administrator | Adam Zanetti | TREAS |
| | 517.636.6817 | |
| | zanettia@michigan.gov | |

| CONTRACT SUMMARY | | | |
|---------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------|---------------------------------------------------------------------|
| DESCRIPTION: State of Michigan and City of Detroit Image Printing Services | | | |
| INITIAL EFFECTIVE DATE | INITIAL EXPIRATION DATE | INITIAL AVAILABLE OPTIONS | EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW |
| 2/29/2020 | 2/28/2023 | 5, 1-year | 2/28/2023 |
| PAYMENT TERMS | | DELIVERY TIMEFRAME | |
| 2% 10, Net 45 | | N/A | |
| ALTERNATE PAYMENT OPTIONS | | | EXTENDED PURCHASING |
| <input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other | | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| MINIMUM DELIVERY REQUIREMENTS | | | |
| N/A | | | |
| MISCELLANEOUS INFORMATION | | | |
| | | | |
| ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION | | | \$328,346.70 |

FOR THE CONTRACTOR:

Rotary Multiforms Inc
Company Name

William Condon
Authorized Agent Signature

William Condon
Authorized Agent (Print or Type)

29January2020
Date

FOR THE STATE:

Adam Zanetti
Signature

Adam Zanetti - Analyst
Name & Title

Treasury
Agency

1/29/20
Date



STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT (**Contract**) is agreed to between the State of Michigan (the **State**) and Rotary Multifarms, Inc. ("**Contractor**"), a Michigan corporation. This Contract is effective on 2/29/2020 ("**Effective Date**"), and unless terminated, expires on 2/28/2023.

This Contract may be renewed for up to five (5) additional one (1) year 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:

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

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

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

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

- 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: Adam Zanetti 7285 Parsons Dr. Dimondale, MI 48821 zanettia@michigan.gov 517.636.6817 | If to Contractor: William Condon, President 1340 East 11 Mile Road Madison Heights, MI 48071 bcondon@rmi-printing.com 586-558-7960 |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- Contract Administrator.** The Contract Administrator 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: Adam Zanetti 7285 Parsons Dr. Dimondale, MI 48821 zanettia@michigan.gov 517.636.6817 | Contractor: William Condon, President 1340 East 11 Mile Road Madison Heights, MI 48071 bcondon@rmi-printing.com 586-558-7960 |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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: Heather Case 7285 Parsons Dr. Dimondale, MI 48821 caseh@michigan.gov 517.636.4802 | Contractor: William Condon, President 1340 East 11 Mile Road Madison Heights, MI 48071 bcondon@rmi-printing.com 586-558-7960 |
|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

| Required Limits | Additional Requirements |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Commercial General Liability Insurance | |
| <u>Minimum Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations <u>Deductible Maximum:</u> \$50,000 Each Occurrence | Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 04. |
| Umbrella or Excess Liability Insurance | |
| <u>Minimum Limits:</u> \$5,000,000 General Aggregate | Contractor must have their policy follow form. |
| Automobile Liability Insurance | |
| <u>Minimum Limits:</u> \$1,000,000 Per Accident | Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) include Hired and Non-Owned Automobile coverage. |
| Workers' Compensation Insurance | |
| <u>Minimum Limits:</u> Coverage according to applicable laws governing work activities. | Waiver of subrogation, except where waiver is prohibited by law. |
| Employers Liability Insurance | |
| <u>Minimum Limits:</u> \$500,000 Each Accident | |

| | |
|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$500,000 Each Employee by Disease \$500,000 Aggregate Disease. | |
| Privacy and Security Liability (Cyber Liability) Insurance | |
| <u>Minimum Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate | Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability. |

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

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

This Section is not intended to and is not 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).

7. **Reserved.**

8. **Reserved.**

9. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.

10. **Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

11. **Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.

12. **Background Checks.** 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 Schedule A, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.
13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
14. **Change of Control.** Contractor will notify within 30 days of any public announcement or otherwise once legally permitted to do so, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

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

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

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

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

17. **Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Schedule A. All containers and packaging become the State's exclusive property upon acceptance.
18. **Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right

to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.

- 19. Warranty Period.** The warranty period, if applicable, for Contract Activities is a fixed period commencing on the date specified in Schedule A. If the Contract Activities do not function as warranted during the warranty period, the State may return such non-conforming Contract Activities to the Contractor for a full refund.
- 20. Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Schedule A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. All prices 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.

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

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

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

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

this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.

- 25. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 120 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, **'Transition Responsibilities'**). This Contract will automatically be extended through the end of the transition period.
- 26. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

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

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

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

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

29. Disclosure of Litigation, or Other Proceeding. Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

30. Reserved.

31. State Data.

- a. **Ownership.** The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.
- b. **Contractor Use of State Data.** Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.
- c. **Extraction of State Data.** Contractor must, within five (5) business days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.
- d. **Backup and Recovery of State Data.** Unless otherwise specified in Schedule A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Schedule A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.
- e. **Loss or Compromise of Data.** In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) with approval and assistance from the State, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within five (5) calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence,

including reasonable attorneys' fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within ten (10) calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. The parties agree that any damages relating to a breach of this **Section 31** are to be considered direct damages and not consequential damages. This section survives termination or expiration of this Contract.

- f. State's Governance, Risk and Compliance (GRC) platform. Contractor is required to assist the State with its security accreditation process through the development, completion and ongoing updating of a system security plan using the State's automated GRC platform and implement any required safeguards or remediate any security vulnerabilities as identified by the results of the security accreditation process.

32. Non-Disclosure of Confidential Information. The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.

- a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.
- b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
- c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any 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.

33. Data Privacy and Information Security.

- a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.
- b. Audit by Contractor. No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.
- c. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.
- d. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

34. Reserved.

35. Reserved.

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

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

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

- 37. Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (i) 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 23, Termination for Cause.
- 38. Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.
- 39. Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
- 40. Prevailing Wage.** Contractor must comply with prevailing wage requirements, to the extent applicable to this Contract.
- 41. State Printing.** All printing in Michigan must be performed by a business that meets *one* of the following: (a) have authorized use of the Allied Printing Trades Council union label in the locality in which the printing services will be performed; (b) have on file with the Michigan Secretary of State, a sworn statement indicating that employees producing the printing are receiving prevailing wages and are working under conditions prevalent in the locality in which the printing services will be performed; or (c) have a collective bargaining agreement in effect and the employees are represented by an operations that is not influenced or controlled by management.
- 42. 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.
- 43. Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
- 44. Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of

Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.

- 45. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
- 46. **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.
- 47. **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.

- 48. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
- 49. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
- 50. **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:

| | |
|---------------------|----------------------------------------------------------------------------|
| Schedule A | Statement of Work |
| Schedule B | Pricing |
| Attachment A | Safeguard Requirements of Confidential Tax Data, Forms 3337, 4000 and 4621 |

- 51. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and schedules and exhibits which are hereby expressly incorporated, 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 Schedule A –Statement of Work; (b) second, Schedule A – 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 WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

- 52. 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.
- 53. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 54. Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
- 55. 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.

STATE OF MICHIGAN

Contract No. 271 200000000126

State of Michigan and City of Detroit Image Printing Services

SCHEDULE A STATEMENT OF WORK CONTRACT ACTIVITIES

SCOPE

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

REQUIREMENTS

1. Requirements

1.1. General Requirements

A. State Printing Act

Any contractor and/or subcontractor must be in compliance with Public Act 153 of 1937, as amended.

B. Production

All work performed must be produced in the plant of the Contractor or that of the subcontractor and the subcontractor must be designated in the bid. Personalization, collating and binding must be performed within a single facility.

C. Overtime

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

D. Legislative or Treasury Delays

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

E. Lack of Need of Service

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

F. Emergency Plan

The Contractor must have an emergency disaster plan to continue providing service without interruption to Treasury.

G. Quality Assurance

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

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

H. Confidentiality and Data File Destruction

Final forms package must be assembled and sealed such that a casual observer or mail handler cannot see personalized information excluding names and addresses (1099G excluded). To preserve the confidentiality of the data provided by Treasury, all work must be produced in the Contractor's plant or in a subcontractor's plant. Subcontractors are subject to the same safeguard requirements of confidentiality provisions as the Contractor (Attachment A).

All agency data must be protected from unauthorized release. Any duplicates of electronic data made for backup must be erased immediately upon completion of the project. All electronic data must be kept under reasonable security to prevent their release to any unauthorized person (see Attachment A). UNDER NO CIRCUMSTANCES SHOULD ANY DATA BE REPRODUCED WITHOUT PRIOR WRITTEN APPROVAL FROM TREASURY. All electronic data files must be erased/destroyed 21 days after the completion of all mailings and a Certificate of Destruction must be provided to the Treasury Program Manager verifying data was erased/destroyed. Certificate of Destruction must include the item name, date of destruction and the person that certified the destruction.

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

I. Testing Period(s)

Treasury reserves the right to utilize a testing period if the Treasury Program Manager deems it necessary. Testing dates will be approximately 30 days earlier than dates specified in Schedule A, Section 1.2.

1.2. Michigan and City of Detroit Personalized Printing

A. Quantity Estimate

The items under this Contract will be printed, personalized, inserted into the outgoing envelope (1099G's are double sided postcards) and delivered to the USPS and Treasury. All addresses will need to be run through NCOA. Forms must be compatible with I-TRAN scanning equipment and must be readable using OCR-A font.

| <u>Item#</u> | <u>Form</u> | <u>Estimated Annual Quantity</u> |
|--------------|------------------------------|-----------------------------------------------------|
| 1 | MI-1040ES | 160,000 (All Calendar Filers) |
| 2 | MI CIT Estimates | 13,000 (9,000 Calendar Filers; 4,000 Fiscal Filers) |
| 3 | MI 1099G | 500,000 |
| 4 | City 1099G | 64,000 |
| 5 | City IIT Estimates | 56,000 (All Calendar Filers) |
| 6 | City Withholding Coupon Book | 18,500 (680 Quarterly; 17,820 Monthly) |
| 7 | City Corp Estimates | 5,000 (4,000 Calendar Filers; 1,000 Fiscal Filers) |

NOTE: Calendar year filer materials are dropped at the USPS. Fiscal year filer materials are delivered to Treasury.

B. Composition

All type will be set by the Treasury Program Manager. The Treasury Program Manager will provide copy of all items electronically.

C. Individual Specifications and Production Schedules of Each Item

Item 1: MI-1040ES

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

- a. One 9-1/2" W x 4-1/8" H (standard #10, open on 9-1/2" side) outgoing white window envelope with inside security tint, 24#, printed two sides in black ink. Window is 1-3/4 x 4" – 3/4" from left and 5/8" from bottom.
- b. One 8-1/2" W x 14" H instruction sheet, 20# white bond, printed two sides in black ink; folded to 8 1/2" W x 3 1/2" H.
- c. One 8-1/2" W x 14" H personalized coupon sheet, 24# white bond suitable for MICR encoding, printed one side in black ink. This page contains four OCR-scannable coupons, 8-1/2" W x 3-1/2" H with a perforation between each coupon. Each coupon contains a scan line located 1/2" from bottom edge and 1/2" from right edge. The location of the scan line in relation to the bottom edge of the coupon is critical for scanning. The taxpayer name and address information is printed on each coupon. The personalized coupon sheet must fold on each perforation and the top coupon mailing address must show through the outgoing window envelope.

Perforations: Must separate the four readable coupons.

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

- a. Each coupon must bear the full name and address of the taxpayer/business (mailing address). Maximum 8 personalization lines.
- b. Each coupon contains a scan line. The scan line must be placed 1/2" from the right edge and 1/2" from the bottom edge of coupon. The location of the scan line in relation to the bottom of each coupon is critical for scanning. The scan line information is provided by Treasury (no computation/programming necessary by contractor).
- c. Personalized on each coupon are "Due Date for Calendar Year Filers" (format: January 15, 2020) and truncated "Social Security Number (SSN)" (format: XXX-XX-1234). The SSN must be truncated to show last four digits only; first five digits must be X's.

Blank Stock: Once printing is authorized, the Contractor must print one hundred (100) MI-1040ES sheets with no personalization and ship them to the Treasury Program Manager. These non-personalized coupons must include the perforations and be folded per MI-1040ES construction.

Production Schedule: The following is a general production schedule for the **MI-1040ES** forms.

| <u>Task</u> | <u>Due Date</u> |
|-------------------------------------------------------------------------------|-----------------|
| Contractor begins work with Treasury to establish/test FTP connection* | September 15 |
| Copy released to printer..... | November 7 |
| Contractor provides proofs of envelope and instructions | November 14 |
| Proofs approved by Treasury** | November 21 |
| Test file and record layouts released; Contractor confirms record count | November 22 |
| Contractor provides test PDFs (test 1) | November 29 |
| Test PDFs approved by Treasury | December 5 |
| Contractor provides test cut samples (test 2)..... | December 16 |

| | |
|--------------------------------------------------------------------------|-------------|
| Test cut samples approved by Treasury | December 22 |
| Production files released; Contractor confirms record count..... | December 22 |
| Contractor provides production sample PDFs (test 3) | December 27 |
| Production sample PDFs approved by Treasury..... | January 3 |
| Contractor provides mailing report..... | January 8 |
| Contractor provides production cut samples (test 4)..... | January 8 |
| Production cut samples approved by Treasury and authorizes mailing | January 15 |
| MI-1040ES delivered to USPS..... | January 22 |

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

** Printing of instructions is authorized AFTER the Legislature has adjourned. Printing of envelopes can be done before the Legislature adjourns. Personalization/production of MI-1040ES is authorized AFTER successful testing of vouchers at Treasury's financial institution.

Item 2: MI CIT Estimates

Construction: MI CIT Estimate form package is made up of the following items:

- a. Two envelopes. One envelope used for calendar filer mailing and one envelope for fiscal filer mailing. Specifications for both are 9-1/2" W x 4-1/8" H (standard #10, open on 9-1/2" side) outgoing white window envelope with inside security tint, 24#, printed two sides in black ink. Separate files will be provided for each envelope. Window is 1-3/4 x 4" – 3/4" from left and 5/8" from bottom.
- b. One 11" H x 17" W instruction sheet, 20# white bond, printed two sides in black ink; folded to 8 1/2" W x 3 5/8" H.
- c. One 8-1/2" W x 14" H personalized coupon sheet, 24# white bond suitable for MICR encoding, printed one side in black ink. This page contains four OCR-scannable coupons, 8-1/2" W x 3-1/2" H with a perforation between each coupon. Each coupon contains a scan line located 1/2" from bottom edge and 1/2" from right edge. The location of the scan line in relation to the bottom edge of the coupon is critical for scanning. The taxpayer name and address information is printed on each coupon. The personalized coupon sheet must fold on each perforation and the top coupon mailing address must show through the outgoing window envelope.

Perforations: Must separate the four readable coupons.

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

- a. Each coupon must bear the full name and address of the taxpayer/business (mailing address). Maximum 8 personalization lines.
- b. Each coupon contains a scan line. The scan line must be placed 1/2" from the right edge and 1/2" from the bottom edge of coupon. The location of the scan line in relation to the bottom of each coupon is critical for scanning. The scan line information is provided by Treasury (no computation/programming necessary by contractor).
- c. Personalized on each coupon are "Federal Employer Identification Number" (format: 31-1234567) and the "Year End File Date" (format: YYYYMM. Example: The file period "March 2020" should appear "202003").
- d. **Fiscal year filers only:** The file period must be personalized in the first address line (flush right) and must show through the window envelope. For example, the file period March 2020 would appear as 2020-03. This file period must be the same date as the "Year End File Date" printed on the individual coupons.

Production Schedule: The following is a general production schedule for the **MI CIT Estimate** forms.

| <u>Task</u> | <u>Due Date</u> |
|-------------------------------------------------------------------------------|-----------------|
| Contractor begins work with Treasury to establish/test FTP connection* | September 15 |
| Copy released to printer..... | November 7 |
| Contractor provides proofs of envelopes and instructions | November 14 |
| Proofs approved by Treasury** | November 21 |
| Test file and record layouts released; Contractor confirms record count | December 4 |
| Contractor provides test PDFs (test 1) | December 11 |
| Test PDFs approved by Treasury | December 17 |
| Contractor provides test cut samples (test 2)..... | December 23 |
| Test cut samples approved by Treasury | January 4 |
| Production files released; Contractor confirms record count..... | January 5 |
| Contractor provides production sample PDFs (test 3) | January 8 |
| Production sample PDFs approved by Treasury..... | January 12 |
| Contractor provides mailing report..... | January 20 |
| Contractor provides production cut samples (test 4)..... | January 20 |
| Production cut samples approved by Treasury and authorizes mailing | January 30 |
| MI CIT calendar year estimates, delivered to USPS | February 8 |
| MI CIT fiscal year estimates, delivered to Treasury | February 10 |

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

** Printing of instructions is authorized AFTER the Legislature has adjourned. Printing of envelopes can be done before the Legislature adjourns. Personalization/production of MI CIT Estimates is authorized AFTER successful testing of vouchers at Treasury’s financial institution.

Item 3: MI 1099G

Construction: The construction must adhere to USPS mail qualifications to mail as a double postcard.

- a. 6” W x 4-1/4” H Double Postcard (6” W x 8-1/2” H Flat with perforation at 4-1/4” fold)
- b. 7pt mail able 100# white tag paper, printed two sides in black ink.
- c. The final document must be double tabbed at the top of the double postcard in compliance with USPS double postcard standards.
- d. The Contractor will be required to produce one postcard for each record provided by Treasury. Every record must be mailed via USPS even if it is undeliverable.

Perforations: Must separate the two postcards. Perforations must not separate during mailing.

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

Production Schedule: The following is a general production schedule for the **MI 1099G** postcards.

| <u>Task</u> | <u>Due Date</u> |
|----------------------------------------------------------------------------------------|-----------------|
| Contractor begins work with Treasury to establish/test FTP connection* | September 15 |
| Copy released to Contractor | November 7 |
| Test files and file layout released by Treasury; Contractor confirms record count..... | November 17 |
| Contractor provides test PDFs (test 1) | December 5 |
| Test PDFs approved by Treasury** | December 10 |

| | |
|---------------------------------------------------------------------------------------|-------------|
| Production files released; Contractor confirms record count, refund and interest..... | December 15 |
| Contractor provides production sample PDFs (test 3) | December 18 |
| Production sample PDFs approved by Treasury..... | December 20 |
| Contractor provides mailing report..... | January 5 |
| Contractor provides production cut samples (test 4)..... | January 5 |
| Production cut samples approved by Treasury; Production Authorized..... | January 9 |
| MI 1099Gs delivered to USPS | January 20 |

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

**1099G's do not perform test 2.

Treasury is bound by statute to mail the MI 1099G on or before January 31, including all unmailable records. Late mailing of these forms due to Contractor error or delay is considered a breach of contract and subject to liquidated damages.

Item 4: City 1099G

Construction: The construction must adhere to USPS mail qualifications to mail as a double postcard.

- a. 6" W x 4-1/4" H Double Postcard (6" W x 8-1/2" H Flat with perforation at 4-1/4" fold)
- b. 7pt mail able 100# white tag paper, printed two sides in black ink with a PANTONE Process Blue bar printed on the front.
- c. The final document must be double tabbed at the top of the double postcard in compliance with USPS double postcard standards.
- d. The Contractor will be required to produce one postcard for each record provided by Treasury. Every record must be mailed via USPS even if it is undeliverable.

Perforations: Must separate the two postcards. Perforations must not separate during mailing.

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

Production Schedule: The following is a general production schedule for the **City 1099G** postcards.

| <u>Task</u> | <u>Due Date</u> |
|----------------------------------------------------------------------------------------|-----------------|
| Contractor begins work with Treasury to establish/test FTP connection* | September 15 |
| Copy released to Contractor | November 7 |
| Test files and file layout released by Treasury; Contractor confirms record count..... | November 17 |
| Contractor provides test PDFs (test 1)..... | December 5 |
| Test PDFs approved by Treasury** | December 10 |
| Production files released; Contractor confirms record count, refund and interest..... | December 15 |
| Contractor provides production sample PDFs (test 3) | December 18 |
| Production sample PDFs approved by Treasury..... | December 20 |
| Contractor provides mailing report..... | January 5 |
| Contractor provides production cut samples (test 4)..... | January 5 |
| Production cut samples approved by Treasury; Production Authorized..... | January 9 |
| City 1099Gs delivered to USPS | January 20 |

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

**1099G's do not perform test 2.

Treasury is bound by statute to mail the City 1099G on or before January 31, including all unmailable records. Late mailing of these forms due to Contractor error or delay is considered a breach of contract and subject to liquidated damages.

Item 5: City IIT Estimates

Construction: City Income Tax Estimates form package is made up of the following items:

- a. One #10 window envelope, 24# white, printed two-sided, black ink with inside security tint. Window is 1-3/4 x 4" – 3/4" from left and 5/8" from bottom.
- b. One 8-1/2" W x 11" H instruction sheet, 20# white bond, printed two sides in black ink; letter folded.
- c. One 8-1/2" W x 17-1/2" H personalized coupon sheet, 24# white bond suitable for MICR encoding, printed one side in black ink. This page contains a top address mailing panel, 8-1/2" W x 3-1/2" H, that must show through the outgoing window envelope followed by four personalized coupons with a generic document identification number in the lower left-hand corner of each coupon. The personalized coupon sheet must fold on each perforation. Coupon size: 8-1/2" W x 3-1/2" H with a perforation between each coupon and top mailing panel. The document identification number is located 1/2" from the bottom and 1/2" from the left edge of the return. The taxpayer name, address, account number, truncated Social Security Number (SSN) for the filer and their spouse and due date is printed on each coupon. The taxpayer/business mailing address is to be printed on the top blank 3 1/2" panel that does not contain a copy of the return.

Perforations: must separate the four readable coupons and top mailing panel.

Personalization:

- a. Each coupon must bear the full name and address of the business (mailing address). Maximum 8 personalization lines.
- b. Each return contains a document identification number (Doc ID). The Doc ID must be placed 1/2" from the left edge and 1/2" from the bottom edge of return. The location of the Doc ID in relation to the bottom of each coupon is critical for scanning. The Doc ID is the same for every taxpayer/business.
- c. Personalized on each coupon are "Due Date for Calendar Year Filers" (format: 09-17-2020), "Account Number" (format: 1234 (space) 12345678), and truncated "Social Security Number (SSN)" for filer and spouse. The SSN must be truncated to show last four digits only; first five digits must be X's (format: XXX-XX-1234).

Production Schedule: The following is a general production schedule for the **City IIT Estimates** forms.

| <u>Task</u> | <u>Due Date</u> |
|-------------------------------------------------------------------------------|-----------------|
| Contractor begins work with Treasury to establish/test FTP connection* | September 15 |
| Copy released to printer..... | November 7 |
| Contractor provides proofs of envelope and instructions | November 14 |
| Proofs approved by Treasury** | November 21 |
| Test file and record layouts released; Contractor confirms record count | November 22 |
| Contractor provides test PDFs (test 1)..... | November 29 |
| Test PDFs approved by Treasury | December 5 |
| Contractor provides test cut samples (test 2)..... | December 16 |
| Test cut samples approved by Treasury | December 22 |
| Production files released; Contractor confirms record count..... | December 22 |
| Contractor provides production sample PDFs (test 3) | December 27 |
| Production sample PDFs approved by Treasury..... | January 3 |
| Contractor provides mailing report | January 8 |
| Contractor provides production cut samples (test 4)..... | January 8 |
| Production cut samples approved by Treasury and authorizes mailing | January 15 |
| City IIT Estimates delivered to USPS..... | January 22 |

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

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

Item 6: City Withholding Coupon Books

Construction: City Withholding coupon book, annual form and instruction package is made up of the following items:

- a. One 6" x 9-1/2" window booklet envelope, 24# white, printed two-sided, black ink with inside security tint. Window 1-1/8 x 4-1/2 - 7/8" from left and 1" from bottom.
- b. One 8-1/2" W x 11" H Annual Reconciliation form (form #5321), personalized, 20# white bond, printed one side in black ink; half folded.
- c. One 25-1/2" W x 11" H instruction sheet (6 – 8.5 x 11-page tri-fold), 20# white bond, printed two sides in black ink; tri-folded to 8.5 x 11" and then folded in half to 8.5 x 5.5".
- d. One 9" W x 3-1/2" H personalized coupon book, 7pt white paper for the front and back cover, 24# white bond for inside pages suitable for MICR encoding, printed one-sided (second page only is two-sided, back cover is blank), black ink. Cover must be addressed to show the address through the 6 x 9.5" window booklet envelope with other static text. First inside page will be instructions (printed two sided), followed by 4 or 12 (depending if it is quarterly or monthly) pre-identified returns. The 4 or 12 returns will need to be perforated 1/2" from the left edge. Each book will require a single stitch for binding. Each return contains a document identification number (Doc ID). The Doc ID must be placed 1/2" from the left edge perf and 1/2" from the bottom edge of return. The location of the Doc ID in relation to the bottom of each coupon is critical for scanning. The Doc ID is the same for every taxpayer/business.

Perforations: The 4 or 12 returns must be perforated 1/2" from the left edge.

Personalization:

- a. Each return must bear the full name and address of the business (mailing address).
- b. Personalized on each coupon are "Federal Employer Identification Number" (format: 31-1234567) and the "Return Period Ending" (format: MM-YYYY. Example: The file period "March 2017" should appear "03-2017").
- c. Annual Reconciliation form (form #5321) to be personalized with business name and FEIN.

Production Schedule: The following is a general production schedule for the **City Withholding Coupon Books**.

| <u>Task</u> | <u>Due Date</u> |
|-----------------------------------------------------------------------------------------|-----------------|
| Contractor begins work with Treasury to establish/test FTP connection* | September 1 |
| Copy released to printer | September 15 |
| Contractor provides proofs of envelope, instructions and coupon book instructions | September 22 |
| Proofs approved by Treasury** | September 29 |
| Test file and record layouts released; Contractor confirms record count | September 30 |
| Contractor provides test PDFs (test 1) | October 7 |
| Test PDFs approved by Treasury | October 12 |
| Contractor provides test cut samples (test 2) | October 20 |
| Test cut samples approved by Treasury | October 28 |
| Production files released; Contractor confirms record count | November 1 |
| Contractor provides production sample PDFs (test 3) | November 4 |
| Production sample PDFs approved by Treasury | November 7 |
| Contractor provides mailing report | November 7 |
| Contractor provides production cut samples (test 4) | November 13 |
| Production cut samples approved by Treasury and authorizes mailing | November 17 |
| City Withholding Coupon Books delivered to USPS | December 9 |

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

** Printing of instructions is authorized AFTER the Legislature has adjourned. Printing of envelopes can be done before the Legislature adjourns. Personalization/production of City Withholding Coupon Books is authorized AFTER successful testing of vouchers at financial institution.

Item 7: City Corp Estimates

Construction: City Corporate Estimates form package is made up of the following items:

- a. Two envelopes. One envelope used for calendar filer mailing and one envelope for fiscal filer mailing. Specifications for both are 9-1/2" W x 4-1/8" H (standard #10, open on 9-1/2" side) outgoing white window envelope with inside security tint, 24#, printed two sided in black ink. Window is 1-3/4 x 4" – 3/4" from left and 5/8" from bottom. Separate files will be provided for each envelope.
- b. One 11" H x 8-1/2" W instruction sheet, 20# white bond, printed two sides in black ink; letter folded.
- c. One 8-1/2" W x 17.5" H personalized return sheet, 24# white bond suitable for MICR encoding, printed one side in black ink. This page contains a top address mailing panel, 8-1/2" W x 3-1/2" H, that must show through the outgoing window envelope followed by four OCR-scannable returns, 8-1/2" W x 3-1/2" H with a perforation between each coupon. The personalized return sheet must fold on each perforation. The same taxpayer name and address information is printed on all four returns. Each return contains a document identification number (Doc ID). The Doc ID must be placed 1/2" from the left edge and 1/2" from the bottom edge of each return. The location of the Doc ID in relation to the bottom of each coupon is critical for scanning. The Doc ID is the same for every taxpayer/business.

Perforations: Must separate the five readable coupons and mailing panel.

Personalization:

- a. Each return must bear the full name and address of the business (mailing address).
- b. Personalized on each coupon are "Federal Employer Identification Number" (format: 31-1234567) and the "Tax Year Ending" (format: MM-DD-YYYY). Example: The tax year ending "June 15, 2020" should appear "06-15-2020").

Production Schedule: The following is a general production schedule for the **City Corp Estimates**.

| <u>Task</u> | <u>Due Date</u> |
|-------------------------------------------------------------------------------|-----------------|
| Contractor begins work with Treasury to establish/test FTP connection* | September 15 |
| Copy released to printer | November 7 |
| Contractor provides proofs of envelopes and instructions | November 14 |
| Proofs approved by Treasury** | November 21 |
| Test file and record layouts released; Contractor confirms record count | December 4 |
| Contractor provides test PDFs (test 1) | December 11 |
| Test PDFs approved by Treasury | December 17 |
| Contractor provides test cut samples (test 2) | December 23 |
| Test cut samples approved by Treasury | January 4 |
| Production files released; Contractor confirms record count | January 5 |
| Contractor provides production sample PDFs (test 3) | January 8 |
| Production sample PDFs approved by Treasury | January 12 |
| Contractor provides mailing report | January 20 |
| Contractor provides production cut samples (test 4) | January 20 |
| Production cut samples approved by Treasury and authorizes mailing | January 30 |
| City Corp calendar year estimates, delivered to USPS | February 8 |
| City Corp fiscal year estimates, delivered to Treasury | February 10 |

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

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

See Safeguard Requirements of Confidential Tax Data (Attachment A)

D. Printing Requirements

Perforations: Items that require perforations must contain perforations that are sufficiently sturdy to withstand mailing but should tear cleanly by hand.

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

Ink: OCR ink for scan lines and DOC IDs must be in black ink.

Print Standards: Personalized information must be created at a minimum of 300 dpi or equivalent. Scan lines and DOC IDs must be in OCR-A font scannable by I-TRAN document processors in Courier 12-point font size. OCR characters must be formatted at Arial or Helvetica 10-point font size.

E. Testing Specifications

Test 1 (Test PDFs): Using the test data the Treasury Program Manager provides, the Contractor must produce a PDF file. Test must show all personalization as it will appear on the final document.

Test 2 (Test Cut Samples):

For items 1-2 and 5-7: The Contractor must produce at least fifty (50) fully personalized pre-printed testing coupons (if there are calendar and fiscal filers or monthly and quarterly filers, samples of each group must be provided separately). These samples must be provided to the Treasury Program Manager via overnight mail and the tracking number e-mailed to the Treasury Program Manager notifying the samples are on their way. Testing will be done at Treasury's current depository institution. Production data will not be released until a successful test is completed. Treasury reserves the right to wave the need for cut down samples and utilize Test 1 PDFs to test with Treasury's current depository institution.

For items 3-4 (1099Gs): MI and City 1099Gs will skip test 2.

Test 3 (Production PDFs): Using the production data the Treasury Program Manager provides, the Contractor must produce a PDF file. Production PDFs must show all personalization as it will appear on the final document. PDFs from each sorted mailing group must be provided (i.e., all US and foreign groups).

Test 4 (Production Cut Samples):

For items 1-2 and 5-7: The Contractor must produce at least fifty (50) fully personalized pre-printed production coupons (if there are calendar and fiscal filers or monthly and quarterly filers, samples of each group must be provided separately). These samples must be provided to the Treasury Program Manager via overnight mail and the tracking number e-mailed to the Treasury Program Manager notifying the samples are on their way. Testing will be done at Treasury's current depository institution. Production will not be authorized until a successful production test is completed. Treasury reserves the right to wave the need for production cut down samples and utilize the test 3 PDFs to test with Treasury's current depository institution. If requested by the Treasury Program Manager, five (5) fully constructed mail ready samples with the coupon, instructions and envelope will be provided.

For items 3-4 (1099Gs): The Contractor must produce at least twenty-five (25) fully personalized pre-printed production postcards. These postcard samples must be provided to the Treasury Program Manager

via overnight mail and the tracking number e-mailed to the Treasury Program Manager notifying the samples are on their way.

For all items: The Contractor shall not allow system program changes after completion of Test 1 unless authorized, in writing, by the Treasury Program Manager. Any program changes will result in complete re-testing and approval of test results by the Treasury Program Manager. The contractor is bound by the production and mailing schedules in the event authorized system program changes are necessary.

F. Data Delivery and Data Accuracy

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

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

MDEG Connection Options: Vendornet or Internet

MDEG Security Options: SSL/FTP or HTTPS Web page

Within 24 hours of receiving production files for all items, Contractor is to confirm in writing with the Treasury Program Manager the number of records in each data file received from Treasury. A detailed breakdown must be provided of the number of calendar and fiscal filers for Items 2 and 7 and a breakdown of Quarterly and Monthly filers for Item 6. Any discrepancies will be addressed by the Treasury Program Manager.

G. National Change of Address (NCOA)

All production files must be processed against the National Change of Address (NCOA) file (subcontractor must be specified in the bid if applicable). The Contractor must have the ability to select and update all moves that occur after May 1st of mailing tax year and to treat all addresses as NCOA move type "business" (vs. "family" or "individual" move) in the match logic. Upon request, the Contractor must provide address updates electronically to the Treasury Program Manager.

H. Address Files and ZIP Code Sorting

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

MI CIT Estimates and City Corp Estimates (items 2 and 7) will contain two separate files. One of these files will contain calendar-year filers. This file must be matched against a carrier route sort and prepared for automated carrier route mailing or non-automated carrier route mailing to ensure the best possible postal rates for the State.

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

MI1040ES, MI1099G, City 1099G, City IIT Estimates and City Withholding (items 1 and 3-6) will contain one file. These files must be matched against a carrier route sort and prepared for automated carrier route mailing or non-automated carrier route mailing to ensure the best possible postal rates for the State.

- b. The Contractor must process information according to USPS Mail requirements for CASS <http://about.usps.com/forms/ps3602r.pdf>.
- c. The Contractor must determine and personalize the correct Delivery Point Bar Code. Addressing and bar coding must meet USPS guidelines for position and readability.

I. Mailing

- a. Notice of Mailing

1. Contractor must notify the Treasury Program Manager 2 days after production is authorized on an estimated date of when each item is expected to begin mailing.
- b. Mail Specifications for MI-1040ES, MI CIT Estimates, City IIT Estimates, City Withholding and City Corp Estimates (Items 1-2 and 5-7)
1. Mail Sort: Presort standard rate. Before personalizing, the Contractor must match the production file with a USPS qualified ZIP-code and presort standard rate sort program, append the carrier-route code, apply the correct PostNet bar code, postal qualify the file and prepare for delivery to the USPS. Subcontractors for the postal sorting are acceptable but must be specified and a copy of the subcontractor's current CASS certificate must be provided. Quality of barcode must meet USPS guidelines.
 2. Prior to production each year, the Contractor must take a sample of all items to the U.S. postal facility being used for the mailings to verify the packet is acceptable as presented and can be mailed at the lowest possible qualifying rate. The Contractor must provide USPS with a detailed description of the packet construction for USPS signature and provide the Treasury Program Manager with a signed copy verifying all pieces are acceptable for mailing and the rate classification at which it will be mailed. **The Contractor will be responsible for any mailing charges above the mailing rate provided to the Treasury Program Manager.**
 3. For City Withholding (Item 6), the Contractor is to deliver forms to the USPS that provides the best overall economies of scale for the State after December 1 or 15 days after production is authorized. Unless notified otherwise from the Treasury Program Manager, undeliverable addresses should not be mailed for this item.

For MI1040ES, MI CIT Estimates, City IIT Estimates, and City Corp Estimates (Items 1-2, 5 and 7), the Contractor is to deliver forms to the USPS that provides the best overall economies of scale for the State after January 15 or 10 days after production is authorized. Unless notified otherwise from the Treasury Program Manager, undeliverable addresses should not be mailed for these items.

The Contractor shall be liable for liquidated damages due to late mailing of forms.

- c. Mail Specifications for MI and City 1009G (Items 3 and 4)
1. Mail Sort: 1st class carrier-route rate. Before personalizing, the Contractor must match data with a USPS qualified ZIP code and 1st class carrier-route sort program, append the carrier-route code, apply the correct PostNet barcode, postal qualify the file and prepare for delivery to the USPS. Subcontractors for the postal sorting are acceptable but must be specified in the bid. A copy of the postal sorters current CASS certificate must be included with the bid. Quality of barcode must meet USPS guidelines.
 2. Prior to production each year, the Contractor must provide a 1099G sample to the USPS facility being used for the mailings to verify the piece is acceptable as presented and can be mailed at the lowest possible qualifying rate. Contractor must provide USPS with a detailed description of the piece construction for USPS signature and provide the Treasury Program Manager with a signed copy verifying the piece is acceptable for mailing and the rate classification at which it will be mailed. The Contractor will be responsible for any mailing charges above the mailing rate provided to the Treasury Program Manager.
 3. Contractor is to deliver postcards to the USPS that provides the best overall economies of scale for the State on or before January 31, including all unmailable records.
- d. Proof of Mailing

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

Contractor must provide in detail the method(s) used to verify a piece was printed and mailed for every record as described in Section 1.2, Items 1-7.

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

e. Shipping Address

1. MI CIT Estimates and City Corp Estimates, fiscal-year forms:

Michigan Department of Treasury
Facility, Mail and Data Operations
7285 Parsons Drive
Dimondale, MI 48821

2. All items that are not fiscal-year forms:

United States Postal Service (USPS) direct mail per Schedule A Section 1.2 H

J. Packing MI CIT Estimates and City Corp Estimates (items 2 and 7) – (Fiscal Year Forms only)

The MI CIT Estimate and City Corp Estimate fiscal year forms shall be delivered to Treasury (Schedule A, Section 1.2 I).

a. Package only one month/file period in a box. Do not mix months in the same box.

b. Boxes must be labeled on end (not on top). For example: There are 8 boxes for the month 3 (March).

Box 1 is labeled:

MI CIT Fiscal Year Filers
Month 3
Box 1 of 8

Box 5 is labeled:

MI CIT Fiscal Year Filers
Month 3
Box 5 of 8

K. Additional Tax Related Forms

The state reserves the right to amend the contract to include additional tax related forms as needed over the term of this contract. In the event this occurs, the state and contractor will mutually agree on pricing documented per a Change Notice.

L. Supplemental Non-Tax Related Form

Item 8: Michigan Education Trust (MET) Coupon Books

- a. MET is a division within Treasury. MET provides an avenue for families to invest in their child's future financial ability to attend a Michigan institution of higher education. Interested individuals can enroll in a four, seven, ten, or fifteen-year MET contract and make monthly payments toward their children's education. Each MET contract purchaser is mailed the proper forms and documentation to meet the MET monthly purchase contract payment requirements.
- b. MET Coupon Books, Forms Package is made up of the following items:

- i. Personalized front cover with contract purchaser name and address
 - ii. Personalized Change of Address form
 - iii. Generic instruction sheet
 - iv. 48, 84, 120 or 180 monthly coupons (depending on the length of MET contract)
 - v. Back cover – printed on one side
 - Note: Window envelope must be capable of holding two coupon books in one envelope and designed so the name/address on the front cover shows through the window envelope.
 - vi. Pre-identified Automatic Monthly Purchase Option and Payroll Deduction Option form
- c. Personalization - The forms package materials (items b, i-vi listed above) will be printed, personalized (if applicable), collated into a bound personalized coupon book (7 3/4" x 2 3/4"), inserted into a window envelope with name and address showing through and delivered to the USPS in postal sort order (automation rate Presort Standard A).
- d. Mailing Schedule - Currently, MET sends out the coupon books four times a year. These coupon books will be for new contracts or for existing customers needing reprinted materials. Each new MET contract purchaser will receive enough coupons to fulfill either a four, seven, ten or fifteen-year contract. Customers requesting reprinted materials will receive only the remaining coupons left on their contract. In the past, mailings have been sent to MET purchasers in September, October, February and May, which concurred with enrollment periods. Enrollment periods can fluctuate each year and the Contractor must be flexible with their production schedules. Additional mailings may be necessary to send coupon books to new MET purchasers who enrolled outside of the enrollment period and to existing purchasers who misplaced their books. In past years, MET has averaged 200-300 coupon books in September, February and May. Contractor must have the ability to produce coupon books during enrollment periods as well as up to as frequently as once per month.

1.3. Warranties

Contractor will handle any repairs or replacements for faulty items determined to be covered under a warranty and will communicate the process with the Treasury Program Manager.

The State reserves the right to require additional warranties other than those identified by the Contractor.

1.4. Recall Requirements and Procedures

The Contractor will contact the Treasury Program Manager in the event of any recalls and inform of the process to have the recalled items replaced.

2. Service Levels

2.1. Time Frames

All Contract Activities must be delivered based on timelines as described in Schedule A Sections 1.2 C and 1.2 L.

2.2. Delivery

The Contractor price is FOB Destination (freight prepaid) on orders to the USPS Bulk Mail Center (BMC) or Treasury. All orders must be delivered within the specified time frame (B.8 Production Schedule C.5 Production Schedule). All orders delivered to USPS facilities must be palletized according to USPS requirements and all forms or documents required by the BMC must be completed as required by that facility. Exceptions include orders sent First Class that do not qualify for BMC mailing (mail that does not meet quantity minimums, bad addresses, CASS errors, foreign mail, etc.). These orders must be itemized by quantity and cost on invoice. The Contractor will pay the costs for the First-Class shipments and invoice Treasury.

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

2.3. Reporting

The Contractor must submit to the Treasury Program Manager, per Section 1.2 I, Mailing, Proof of Mailing reports as described in each Item description.

2.4. Meetings

The State may request meetings as it deems appropriate.

3. Staffing

3.1. Contractor Representative

The Contractor must appoint 1 individual, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the "Contractor Representative").

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

William Condon – Contractor Program Manager
1340 E 11 Mile Road
Madison Heights MI 48071
Cell 586 292-2059
DID. 586 582-3440
Ph. 586 558-7960
Email: bcondon@rmi-printing.com

3.2. Key Personnel

The Contractor must appoint at least one individual who will be directly responsible for the day to day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquires within 12 hours.

The Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms. The 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.

It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "**Unauthorized Removal Credit**"):

- a. For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be \$25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30 calendar days before the Key Personnel's removal.
- b. If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 calendar days, in addition to the \$25,000.00 credit specified above, Contractor will credit the State \$833.33 per calendar day for each day of the 30 calendar-day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total Unauthorized

Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30 calendar days of shadowing will not exceed \$50,000.00 per individual.

William Condon – Contractor Program Manager
 1340 E 11 Mile Road
 Madison Heights MI 48071
 Cell 586 292-2059
 DID. 586 582-3440
 Ph. 586 558-7960
 Email: bcondon@rmi-printing.com

3.3. Non-Key Personnel

The Contractor must notify the Contract Administrator at least 10 calendar days before removing or assigning non-key personnel.

3.4. Organizational Chart

See Appendix A – Roles and Responsibilities

3.5. Customer Service Toll-Free Number

The Contractor must specify its toll-free number for the State to make contact with the Contractor Representative. The Contractor Representative must be available for calls during the hours of 8 am to 4 pm EST.

3.6. Disclosure of Subcontractors

| Required Information | Bidder Response |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Legal business name and full address | Stylecraft Printing |
| State business was incorporated in | Michigan |
| Phone number | 800-482-1461 |
| Description of subcontractor's organization and the services it will provide | Corporation that supplies printed materials and services to the print trade only |
| Description of the Contract Activities that will be performed or provided by the subcontractor. | Will be used to print base materials for all tax forms and instructions |
| Information concerning subcontractor's ability to provide the Contract Activities they are proposed for | The plant has multiple presses that can be used to manufacture the base materials for this program. |
| Website address | www.stylecraftprinting.com |
| The relationship of the subcontractor to the Contractor | Supplier |
| If the Contractor has a previous working experience with the subcontractor, provide the details of that previous relationship | Current supplier for 1040, CIT, FTW, and 1099 base materials as well as SUW and a variety of printed items for DTMB Print and Graphics |
| | |

| Required Information | Bidder Response |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Legal business name and full address | Envelope Printery |
| State business was incorporated in | Michigan |
| Phone number | 734-398-7700 |
| Description of subcontractor's organization and the services it will provide | Corporation that provides envelopes to customers both direct and trade. |
| Description of the Contract Activities that will be performed or provided by the subcontractor. | Print window envelopes |

| | |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Information concerning subcontractor's ability to provide the Contract Activities they are proposed for | Multiple presses capable of producing required envelopes. |
| Website address | www.envelopeprintery.com |
| The relationship of the subcontractor to the Contractor | Supplier |
| If the Contractor has a previous working experience with the subcontractor, provide the details of that previous relationship | Current supplier for 1040, CIT, City CIT, City IIT and Withholding envelopes |
| | |

| Required Information | Bidder Response |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Legal business name and full address | Wolverine Solutions |
| State business was incorporated in | Michigan |
| Phone number | 313-873-6800 |
| Description of subcontractor's organization and the services it will provide | Corporation that provides mailing services to direct customers and trade. |
| Description of the Contract Activities that will be performed or provided by the subcontractor. | Data work, imaging of variable data, inserting and dropping at the USPS or Lansing |
| Information concerning subcontractor's ability to provide the Contract Activities they are proposed for | |
| Website address | www.wolverinemail.com |
| The relationship of the subcontractor to the Contractor | Supplier |
| If the Contractor has a previous working experience with the subcontractor, provide the details of that previous relationship | Currently is RMI's mailing sub-contractor for the 1040, CIT, MI-1099, and City tax forms |
| | |

3.7. Security

The Contractor will be subject the following security procedures:

See Attachment A – Safeguard Requirements of Confidential Tax Data

Contractor shall pay for one-year social security fraud prevention services for all taxpayers affected, if confidential information is provided to a party for which it was not intended, as a result of Contractor error.

4. Pricing

4.1. Price Term

Pricing is firm for a 365-day period ("Pricing Period"). The first pricing period begins on the Effective Date. Adjustments may be requested, in writing, by either party, and will take effect no earlier than the next Pricing Period.

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 supplier 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) or Purchase Order (PO) issued through the State's SIGMA system.

6. Acceptance

6.1. Acceptance, Inspection and Testing

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

- A. The Treasury Program Manager approves, in writing, all test samples, as required in the contract.
- B. The Treasury Program Manager approves in writing, all production samples and reports, as required in the contract.

6.2. Final Acceptance

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

7. Invoice and Payment

7.1. Invoice Requirements

All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.

7.2. Payment Methods

The State will make payment for Contract Activities via EFT through the SIGMA system.

8. Licensing Agreement

The Contractor must provide a copy of any applicable licensing agreement(s).

9. Liquidated Damages

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work, the State is entitled to collect liquidated damages. Liquidated damages shall not exceed the total value of the awarded contract.

- A. For 1099G: In the event the January 31 mail date is not met by the Contractor, the following penalties are incurred.
 - a. Within 30 calendar days after January 31: \$15 per return per day, up to a maximum of \$75,000 per calendar year.
 - b. Within 31 calendar days after January 31 up to August 1: \$30 per return day, up to a maximum of \$150,000 per calendar year.
 - c. After August 1: \$50 per return per day, up to a maximum of \$250,000 per calendar year.
 - d. Up to \$600/day for Treasury staff time for resolution of printing/mailings that do not meet the specifications of the contract.

- e. Actual costs incurred by Treasury as a result of forms, which do not meet contract specifications that are mailed to taxpayers. This may include, but is not limited to processing costs, notifications to affected taxpayers, staff time, etc.
- B. For all other items (not 1099Gs):
- a. \$5,000.00 initially for late mailing due to contractor error and an additional \$100.00 per day for each day Contractor fails to mail forms. Liquidated damages shall be limited to the total value of the contract. Liquidated damages shall be limited to the total value of the contract.
 - b. Up to \$600/day for Treasury staff time for resolution of printing/mailings that do not meet the specifications of the contract.
 - c. Actual costs incurred by Treasury as a result of forms, which do not meet contract specifications that are mailed to taxpayers. This may include, but is not limited to processing costs, notifications to affected taxpayers, staff time, etc.

10. Additional Requirements

10.1. 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.

10.2. 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.

10.3. 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.

STATE OF MICHIGAN

Contract No. 271 200000000126
State of Michigan and City of Detroit Image Printing Services

SCHEDULE B PRICING

Quick payment terms: 2% discount off invoice if paid within 10 days after receipt of invoice.

PRICES DO NOT INCLUDE POSTAGE

| Item # | Item | Annual Quantity (Est.) | Printing Price/M (Includes Paper & Envelope) | Cost to NCOA | Annual Cost (Price/M x Quantity) | Total Price (x3 years) | Additional Proof/Each |
|----------|-------------------------------------|------------------------|----------------------------------------------|--------------|----------------------------------|------------------------|-----------------------|
| 1 | MI-1040ES | 160,000 | 150.75 | 1.50/M | 24,360.00 | 73,080.00 | N/C |
| | 10% Add'l/M +/- | | | | | | |
| 2 | MICIT Estimates | 13,000 | 193.33 | 80.00 lot | 2,593.29 | 7,779.87 | N/C |
| | 10% Add'l/M +/- | | | | | | |
| 3 | MI 1099G* | 500,000 | 82.35 | 1.50/M | 41,925.00 | 125,775.00 | N/C |
| | 10% Add'l/M +/- | | | | | | |
| 4 | City 1099G | 64,000 | 82.35 | 1.50/M | 5,366.40 | 16,099.20 | N/C |
| | 10% Add'l/M +/- | | | | | | |
| 5 | City III Estimates | 56,000 | 273.48 | 1.50/M | 15,398.88 | 46,196.64 | N/C |
| | 10% Add'l/M +/- | | | | | | |
| 6 | City Withholding Quarterly's | 680 | 715.78 | Included | 486.73 | 1,460.19 | N/C |
| | City Withholding Monthly's | 17,820 | 715.78 | Included | 12,755.20 | 38,265.60 | N/C |
| | 10% Add'l/M +/- | | | | | | |
| 7 | City Corp Estimates | 5,000 | 752.68 | Included | 3,763.40 | 11,290.20 | N/C |
| | 10% Add'l/M +/- | | | | | | |
| 8 | MET Coupon Books | 2,000 | 1400.00 | | 2800.00 | 8400.00 | N/C |
| | 10% Add'l/M +/- | | | | | | |
| | TOTALS | 818,500 | | | | 328,346.70 | |

***MI1099G & City 1099G quantities are a very rough estimate. Please also estimate below quantities.**

| Item # | Item | Annual Quantity (Est.) | Printing Price/M (Includes Paper & Envelope) | Cost to NCOA | Annual Cost (Price/M x Quantity) | Total Price (x3 years) | Additional Proof/Each |
|--------|----------|------------------------|----------------------------------------------|--------------|----------------------------------|------------------------|-----------------------|
| 3 | MI 1099G | 350,000 | 87.35 | 1.50 | 31,097.50 | 93,929.50 | N/C |
| 3 | MI 1099G | 400,000 | 85.35 | 1.50 | 34,740.00 | 104,220.00 | N/C |
| 3 | MI 1099G | 450,000 | 82.35 | 1.50 | 37,732.50 | 113,197.50 | N/C |
| 3 | MI 1099G | 500,000 | 82.35 | 1.50 | 41,925.00 | 125,775.00 | N/C |
| 3 | MI 1099G | 550,000 | 82.35 | 1.50 | 45,127.50 | 135,382.50 | N/C |
| 3 | MI 1099G | 600,000 | 81.75 | 1.50 | 49,950.00 | 149,850.00 | N/C |
| 3 | MI 1099G | 650,000 | 81.50 | 1.50 | 53,950.00 | 161,850.00 | N/C |

| Item # | Item | Annual Quantity (Est.) | Printing Price/M (Includes Paper & Envelope) | Cost to NCOA | Annual Cost (Price/M x Quantity) | Total Price (x3 years) | Additional Proof/Each |
|--------|------------|------------------------|----------------------------------------------|--------------|----------------------------------|------------------------|-----------------------|
| 4 | City 1099G | 38,400 | 94.25 | 1.50 | 3,619.20 | 10,857.60 | N/C |
| 4 | City 1099G | 44,800 | 83.95 | 1.50 | 3,760.96 | 11,282.88 | N/C |
| 4 | City 1099G | 51,200 | 83.75 | 1.50 | 4,288.00 | 12,864.00 | N/C |
| 4 | City 1099G | 57,600 | 82.50 | 1.50 | 4,752.00 | 14,256.00 | N/C |
| 4 | City 1099G | 64,000 | 82.35 | 1.50 | 5,366.40 | 16,099.20 | N/C |
| 4 | City 1099G | 70,400 | 82.35 | 1.50 | 5,797.44 | 17,392.32 | N/C |
| 4 | City 1099G | 76,800 | 82.35 | 1.50 | 6,634.48 | 18,974.44 | N/C |

(2) Overtime

| Item # | Item | Hourly Overtime Rate |
|--------|---------------------|----------------------|
| 1 | MI-1040ES | 40.00 |
| 2 | MI CIT Estimates | 40.00 |
| 3 | MI 1099G | 40.00 |
| 4 | City 1099G | 40.00 |
| 5 | City IIT Estimates | 40.00 |
| 6 | City Withholding | 40.00 |
| 7 | City Corp Estimates | 40.00 |
| 8 | MET Coupon Books | 40.00 |

- Overtime total provided above is for estimation purposes only. This amount can be used for additional hour services or form production.

Attachment A
MA 271 20000000126

SAFEGUARD REQUIREMENTS OF CONFIDENTIAL TAX DATA

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

I. Authority

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

II. Confidentiality

It is agreed that all information exchanged under this section will be kept confidential in accordance with the confidentiality provisions contained in the Revenue Act, MCL 205.28(1)(f)-which states in part;

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

Confidential information obtained under this contract will not be disclosed except as required by state law, or in the proper administration of applicable laws, promulgated rules and procedures. In the event, confidentiality statutes are amended, Treasury will notify Contractor of any changes. No employee, agent, authorized representative or legal representative of Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department or unit within such governmental agency whether local, state, federal or foreign, department or unit within such governmental agency, or any unauthorized third party. No tax returns or tax return information accessed by Contractor will be duplicated or disseminated within or outside the company without the written approval of the Contract Compliance Inspector. Tax returns and tax return information remain the property of Treasury.

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

Confidential information obtained under this agreement will not be disclosed in part of a report or document that is subject to FOIA.

The penalties for violating the confidentiality provisions of the Revenue Act are contained in, MCL 205.28(2) and MCL 205.27(4). MCL 205.28(2) states:

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

MCL 205.27(4) states:

A person who is not in violation pursuant to subsection (2), but who knowingly violates any other provision of this act, or of any statute administered under this act, is guilty of a misdemeanor, punishable by a fine of not more than \$1,000.00, or imprisonment for not more than 1 year, or both.

Information received by Treasury from the U.S. Internal Revenue Service, pursuant to section 6103(d) of the Internal Revenue Code or any other federal agency will not be subject to the exchange.

III. Procedure for Security

Contractor will safeguard any tax return information obtained under the Contract as follows:

- A. Access to the tax returns and tax return information will be allowed only to those authorized employees and officials of Contractor who need the information to perform their official duties in connection with the uses of the information authorized in this Contract.
- B. Any records created from tax returns and tax return information will be stored in an area that is physically safe from access by unauthorized persons during duty hours and locked in a secure area during non-duty hours, or when not in use.
- C. Any records matched and any records created by the match will be processed under the immediate supervision and control of authorized personnel in a manner in which will protect the confidentiality of the records, and in such a way that unauthorized persons cannot retrieve any such records by means of a computer, remote terminal or other means.
- D. All personnel who will have access to the tax returns and tax return information and to any records created by the tax return information will be advised annually of the confidential nature of the information, the safeguards required to protect the information and the civil and criminal sanctions for noncompliance contained in MCL 205.28 (2) and MCL 205.27(4) and will sign confidentiality certifications.
- E. All confidential information, electronic and paper, will be secured from unauthorized access and with access limited to designated personnel only. State tax return information will not be commingled with other information. All Michigan tax returns and return information will be marked as follows: **CONFIDENTIAL - DO NOT DISCLOSE - MICHIGAN TREASURY TAX RETURN INFORMATION**
- F. Treasury, Office of Privacy and Security or Contract Compliance Inspector may make onsite inspections or make other provisions to ensure that adequate safeguards are being maintained by the Contractor.

- G. The Treasury Office of Privacy and Security may monitor compliance of systems security requirements during the lifetime of the Contract or any extension.
- H. Contractor will also adopt policies and procedures to ensure that information contained in their respective records and obtained from Treasury and taxpayers will be used solely as stipulated in the Contract.

IV. Computer System Security of Tax Data

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

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

A. Controlled Access Protection

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

- 1) **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.
- 2) **Accountability** – Computer systems processing Michigan tax information must be secured from unauthorized access. All security features must be available (audit trails, identification and authentication) and activated to prevent unauthorized users from indiscriminately accessing Michigan tax information. Everyone who accesses computer systems containing Michigan tax information is accountable. Access controls must be maintained to ensure that unauthorized access does not go undetected. Computer programmers and contractors who have a need to access databases, and are authorized under the law, must be held accountable for the work performed on the system. The use of passwords and access control measures must be in place to identify who accessed protected information and limit that access to persons with a need to know.

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

Any employee granted access privileges through the Contractor's Security Administrator will be approved for access and viewing rights to Treasury on-line systems by the Department of Treasury, Office of Privacy and Security.

b) Operating Features of System Security

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

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

NOTICE TO EMPLOYEES AND AUTHORIZED REPRESENTATIVES

This system contains Michigan Department of Treasury tax return information. **DO NOT DISCLOSE OR DISCUSS MICHIGAN RELATED TAX RETURN INFORMATION** with unauthorized individuals. The Revenue Act at MCL 205.28(1)(f) prohibits such disclosure.

MICHIGAN PENALTIES

A person making a willful unauthorized disclosure or inspection (browsing) of tax return information may be charged with the following Michigan penalties:

- Criminal penalties up to \$5,000 and/or imprisonment for 5 years, plus costs and dismissal from employment if it is found that a current or former employee or authorized representative has made an unauthorized disclosure of a tax return or tax return information or divulged audit selection or processing parameters. [MCL 205.28(2)]
- A misdemeanor, punishable by a fine of not more than \$1,000.00, or imprisonment for not more than 1 year, or both if the person is not in violation pursuant to MCL 205.27(2), but who knowingly violates any other provision of this act, or of any statute administered under this act.

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

- 3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant

enhancements or other changes to a security system must follow the process of review, independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.

a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Contract Compliance Inspector. Notice of the corrective action must be provided to the Contract Compliance Inspector. All non-conformities must be reported to the Contract Compliance Inspector with the following:

- a. Duration of non-conformity/interruption
- b. Reason for non-conformity/interruption
- c. Resolution.

b) All non-conformities to the specifications/tasks of the Contract must be corrected within four (4) hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four (4) hours to the Contract Compliance Inspector for approval.

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

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

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

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

V. Electronic Transmission of Michigan Tax Information

The two acceptable methods of transmitting Michigan tax information over telecommunications devices are encryption and using guided media. Encryption involves altering data objects in a way that the objects become unreadable until deciphered with the appropriate software at the intended destination. Guided media involves transmission of data over twisted pair cable, coaxial cable or end to end fiber optics which are typically used in secure computer networks like the state's Local Area Network (LAN), telephone systems, and television distribution.

Cryptography standards have been adopted by the IRS and can be used to provide guidance for encryption, message authentication codes or digital signatures and digital signatures with or without an associated certification infrastructure. For further information, see IRS Publication 1075 at the IRS web site.

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

A. Remote Access

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

For remote access, the contractor is required to use an identification security card that requires both PIN and card in possession. The State identified and approved methods for remote vendor access are as follows:

- SecureID through VPN – State provided SecureID taken and VPN software in order to access State of Michigan resources. Appropriate Acceptable Use policies and signoffs are required
- Follow-the Sun SecureID – Vendor is provided with VPN software and a SOM technical resource coordinates with the DTMB Client Service Center to provide secure ID code access to specific State of Michigan resources. Appropriate Acceptable Use Policies and signoffs are required.

B. Portable Computer Devices

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

VI. Record Keeping Requirements for Information Received

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

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

The Contractor will adopt and implement formal procedures to:

- Ensure proper handling of tax returns and tax return information;
- Secure and safeguard information from unauthorized use; and
- Ensure appropriate destruction of information and materials retrieved from Treasury.

A. Electronic Media

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

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

B. Recordkeeping Requirements of Disclosure Made to State Auditors

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

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

VII. Contract Services

To the extent the Contractor employs an independent agency, consultant, or agent to process confidential information which includes Michigan tax return information; the Contractor will notify the Treasury Disclosure Officer before the execution of any such agreement. Each agreement will include in the agreement the following recommended safeguard provisions:

- A. The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.
- B. Definition of Treasury Tax Return Information as defined in Revenue Administrative Bulletin (RAB) 1989-39:

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

- C. An acknowledgment that a taxpayer has filed a return is known as a “fact of filing” and may not be disclosed. All tax return data made available in any format will be used only for the purpose of carrying out the provisions of the Contract between Contractor and the sub-contractor. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract between Contractor and the subcontractor. In addition, all related output will be given the same level of protection as required for the source material.
- D. The subcontractor will certify that the data processed during the performance of the Contract between Contractor and the subcontractor will be completely purged from all data storage components of the subcontractor’s computer facility, and no output will be retained by the subcontractor at the time the work is completed.
- E. Destruction of tax data, including any spoilage or any intermediate hard copy printout which may result during the processing of Michigan tax return information, will be documented with a statement containing the date of destruction, description of material destroyed, and the method used. Destruction parameters must meet the standards of Section IX, Disposal of Tax Information, of this agreement.
- F. Computer system security and physical security of tax data stored and processed by the subcontractor must be in compliance with security guidelines and standards established by this contract. See section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.
- G. The Contractor will be responsible for maintaining a list of employees authorized to access Michigan tax return information and will provide a copy of such list to Treasury.
- H. No work involving information furnished under the contract will be subcontracted without the specific approval of Treasury. Contractor and approved subcontractors handling Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* provided by Treasury, (Form 3337, see Attachment A). The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Contract Compliance Inspector.

VIII. Transport of Tax Information

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

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

Any such incidents must be reported to the Contract Administrator immediately.

IX. Disposal of Tax Information

Materials furnished to Contractor, such as tax returns, remittance vouchers, W-2 reports, correspondence, computer printouts, carbon paper, notes, memorandums and work papers will be

destroyed by burning, mulching, pulverizing or shredding. If shredded, destroy paper using cross cut shredders which produce particles that are 1 mm x 5mm (0.04in x 0.2 in.) in size (or smaller).

Data tracks should be overwritten or reformatted a minimum of three times or running a magnetic strip over entire area of disk at least three (3) times to remove or destroy data on the disk media. Electronic data residing on any computer systems must be purged based on Treasury's retention schedule.

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

X. Security Responsibility

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

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

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

XI. Security Breach Notification

The Contractor is required to report to Treasury, on Form 4000, Incident Reporting, any use or disclosure of confidential information, whether suspected or actual, **immediately** after becoming aware of the misuse or disclosure. The Contractor may substitute its internal form for Form 4000 if all pertinent information is included.

The Contractor agrees to immediately contain the breach if it is determined ongoing.

Treasury has the right to terminate the Contract when a breach has occurred, and the Contractor cannot demonstrate proper safeguards were in place to avert a breach. Treasury must approve Contractor's resolution to the breach.

XIII. Certification of Compliance

The Contractor will fully protect State Tax Information (STI) entrusted to them. Each Contractor or subcontractor who will have access to STI must read and sign a confidentiality agreement. This contract requires that all information obtained from the Michigan Department of Treasury under the Revenue Act, PA 122 of 1941, MCL 205.28 (1)(f) be kept confidential. In the event of a security breach involving STI in the possession of the Contractor, the Contractor agrees to provide full cooperation to conduct a thorough security review. The review will validate compliancy with the Contract, and state laws and regulations.

If, as a result of the Contractor's failure to perform as agreed, the State is challenged by a

governmental authority or third party as to its conformity to or compliance with State, Federal and local statutes, regulations, ordinances or instructions; the Contractor will be liable for the cost associated with loss of conformity or compliance.

The Contractor understands the cost reflects violation fines identified by the Michigan Social Security Number Privacy Act, 454 of 2004 and the Michigan Identity Theft Protection Act, Act 452 of 2004 as amended.

XI. Effective Date

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

Vendor, Contractor or Subcontractor Confidentiality Agreement

The Revenue Act, Public Act 122 of 1941, MCL 205.28(1)(f), the City Income Tax Act, Public Act 284 of 1964, MCL 141.674(1), and Internal Revenue Code (IRC) 6103(d), make all information acquired in administering taxes confidential. The Acts and IRC hold a vendor, contractor or subcontractor and their employees who sell a product or provide a service to the Michigan Department of Treasury, or who access Treasury data, to the strict confidentiality provisions of the Acts and IRC. Confidential tax information includes, but is not limited to, information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the Michigan Department of Treasury for a tax administered by the department.

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

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

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

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

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

Michigan Penalties

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

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

City Penalties

MCL 141.674(2) provides that any person divulging confidential City Tax information is guilty of a misdemeanor and subject to a fine not exceeding \$500 or imprisonment for a period not exceeding 90 days, or both, for each offense.

Federal Penalties

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

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

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

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

Submit your form to the following address:

Office of Privacy and Security/ Disclosure Unit
Michigan Department of Treasury
430 W. Allegan Street
Lansing, MI 48922

Questions, contact the **Office of Privacy and Security by telephone, 517-636-4239; fax, 517-636-5340; or email:**

Treas_Disclosure@michigan.gov

What is an Incident? What is a Security Breach?

What is an Incident?

An incident is any event threatening some aspects of physical or financial security, when financial resources or items valued at \$100 or more are missing or misused, any event violating confidentiality or privacy of information, where data is manipulated or missing, or any event involving unauthorized or unlawful activity.

Examples of Incidents:

- Missing computer equipment containing non-personal information
- Missing briefcase that contains non-personal information.

Examples of Material Incidents:

- Missing laptop computer, other mobile device, or paper records that do not contain Treasury personal information but do contain confidential or sensitive information
- Missing check stock.

What makes an incident a Security Breach?

An incident becomes a security breach when an unauthorized person gains access to or acquires:

1. Unencrypted or unredacted (data not altered or truncated) personal information, or
2. The encryption key to an area storing personal information.

Beware: If personal information is discovered during the investigative process, an incident will become a potential security breach.

Examples of a Potential/Actual Security Breach:

- Missing laptop computer, other mobile device, or portable media that contains Treasury personal information
- Missing paper records that contain personal information
- Accessing personal information when there is no business need for it
- Using another individual's User ID and Password to access personal information
- Stealing Treasury records that include personal information
- Hacking into records containing Treasury personal information
- Obtaining Treasury personal information from employees without proper authorization to access the information
- Unauthorized and unescorted persons entering secure areas that house personal information
- Theft of a server.

What is Personal Information?

The Identify Theft Protection Act, Public Act 452 of 2004, as amended, defines personal information as information containing the first name or initial of the first name and the last name **along with** one of the following:

1. Social Security number
2. Driver's License number or State Personal Identification card number
3. Account number; Credit or Debit Card number **in combination with** any required security code, access code or password that would permit access to a person's financial account.

Personal information may be in written or printed form or may reside electronically on devices or media such as mainframes, servers, personal computers (desktops and laptops), CDs, DVDs,

tapes, flash drives, memory sticks, USB keys, microfiche, PDAs, cell phones, or may exist on other state-of-the-art devices that have been or may be developed.

What should I do if my laptop is missing or if an incident is suspected?

Employee must:

1. File a report with local police immediately if asset valued at \$100 or more is missing.
2. Notify immediate supervisor no later than beginning of the next business day.
3. Complete Parts 1 and 2 of Form 4000, *Incident Report* (available on Treasury's Intranet).
4. Forward the Incident Report (with attached police report, if applicable) to immediate supervisor and a copy to the Department of Treasury, Office of Privacy and Security.

Management Staff must:

1. Report the incident immediately through the chain of command to the Treasury Division/Office Administrator and the Office of Privacy and Security. If personal information is involved, follow the guidelines for Security Breach.

Exception: If another state agency/governmental entity, report incident to Treasury Disclosure Officer, Office of Privacy and Security. If contractor or vendor, report incident to Program Manager and the Office of Privacy and Security.

2. The Administrator must notify the Bureau Director if it is a material incident or involves non-Treasury information.
3. The Bureau Director must notify the other entity immediately.
4. The Office Administrator/Bureau Director must inform the Department of Technology, Management and Budget (DTMB) Agency Services (Treasury) Director immediately if incident involves information technology resources.
5. Notify other Treasury divisions/offices that may be affected or should be involved with investigation.
6. The Disclosure Officer must notify the IRS Office of Safeguards if federal tax information is involved.
7. Investigate and resolve the incident.
8. Finalize Form 4000* and submit it to the Department of Treasury, Office of Privacy and Security.

*Another entity may substitute its internal form for Form 4000 if all pertinent information is included.

What should I do if I witness, discover, or am informed of a potential security breach?

Employee must:

1. Report the security breach immediately (no later than beginning of the next business day) to immediate supervisor.
2. Complete Parts 1 and 2 of Form 4000.
3. Forward Form 4000 (with attached police report if applicable) to immediate supervisor and a copy to the Department of Treasury, Office of Privacy and Security.
4. Office of Privacy and Security contacts Michigan Cyber Security (MCS) within 24 hours, if the suspected breach involves electronic data.

Management Staff must:

1. If the breach is ongoing, **CONTAIN IT**.
2. Report the potential breach immediately, through the chain of command, to the Bureau Director or Deputy Treasurer, whichever is applicable.
3. The Bureau Director or the Deputy Treasurer, whichever is applicable, must notify the Chief Deputy Treasurer/Treasurer immediately if a breach involves a database of personal information.
4. The Bureau Director must notify the other entity if the potential breach involves non-Treasury information.
5. The Office Administrator/Bureau Director must inform the DTMB Agency Services (Treasury) Director right away if incident involves information technology resources and personal information.
6. The Disclosure Officer must notify the IRS Office of Safeguards if federal tax information is involved.
7. Convene appropriate personnel, so the scope of the breach can be determined, and a plan for appropriate action can be agreed upon.

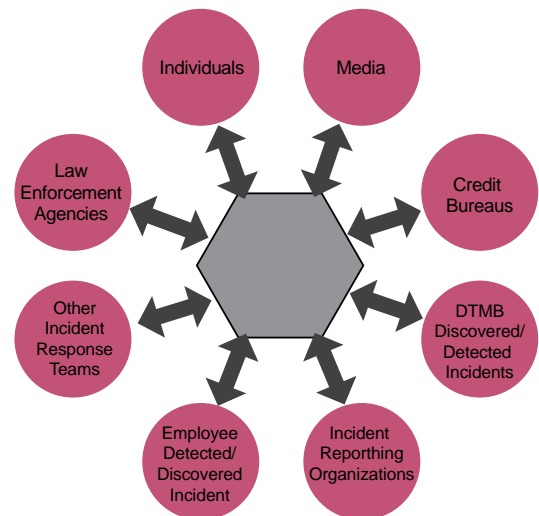
Note: If a database of personal information is involved, the Chief Deputy Treasurer/Treasurer must approve the Plan of Action.

8. If appropriate, issue breach notifications by telephone, in writing, on the Web or by e-mail.
 9. Notify the three major credit bureaus of the breach if more than 1,000 residents of the State of Michigan will receive or have received breach notifications.
 10. Finalize Form 4000* and submit it to the Department of Treasury, Office of Privacy and Security.
 11. Office of Privacy and Security contacts the Social Security Administration (SSA), if the data involves SSA provided personally identifiable information (PII) and Treasury Inspector General for Tax Administration (TIGTA) if Federal Tax Information (FTI) is involved.
- *Another entity may substitute its internal form for Form 4000 if all pertinent information is included.

Treasury must protect personal information against risks such as unauthorized access, modification or loss with reasonable security safeguards. Some safeguards are:

- Do not store confidential, personal, or sensitive Treasury information on mobile devices or portable media (including laptops, notebooks, memory sticks, CDs, DVDs, floppies) unencrypted. ENCRYPT files or the full disk. (Refer to DTMB Standard 1340.00.110.03, Storage of Sensitive Information on Mobile Devices and Portable Media; also refer to Treasury Policy ET-03169 Data Security).
- Avoid sending or receiving unencrypted confidential, personal, or sensitive information via e-mail.
- Avoid sending confidential, personal, or sensitive information via fax.
- Secure confidential, personal, or sensitive papers on the fax, printer, or copy machines.
- Keep conversations at a volume level and/or in a location that will protect information.
- Back-up data on a regular basis; make sure data files from an approved portable device are stored on the network server.
- Store data on a "need to know" basis.

- Shred documents with confidential, personal, or sensitive information (see Treasury Policy ET-03115 Confidential Information, Handle and Discard).
- Have computers and hard drives properly wiped or overwritten when discarding or transferring (see DTMB Procedure 1340.00.110.04, Secure Disposal of Installed and Removable Digital Media and Treasury Policy ET-03169).
- Use a log-in password that complies with DTMB's 1340.00.080.01 Identification and Authentication Standard.
- Never set any log-in dialog box to remember your password (see Treasury Policy ET-03175 Passwords).
- Use a password-protected screen saver that comes on after a few minutes of inactivity. Initiate screen lock system (if a Treasury employee, press the key with Microsoft Windows logo and 'L' on the keyboard) when you leave your office, even for a short period.
- Limit access to confidential, personal, or sensitive information to those who need to use it to perform their job duties (see DTMB Policy 1340.00.020.01, Information Technology Access Control, and Treasury Policy ET-03164 Access Control).



For additional information, see the following guidelines in the Security Guide:

- ET-03180, Incident Reporting
- BT-03084, Security Breach Involving Personal Information
- PT-03253, Incident Reporting and Handling
- CT-03070, Incident/Security Breach Examples
- DTMB Operating Procedure, How to Handle a Breach of Personal Identifiable / Sensitive Information Incidents

Other References:

- ET-03204, Employee Conduct, General Guidelines
- BT-03049, Employee Conduct, General Guidelines
- ET-03140 Workplace Safety
- PT-03246, Potential Dangerous Taxpayer/Debtor, Report
- PT-03095, Theft or Irregularities in Public Funds/Property or Violations of Departmental Policies and Procedures, Report and Investigate

Contact Information:

If questions, please contact Office/Division/Bureau Security Liaison or the Office of Privacy and Security at 517 636-4081.

Incident Report

INSTRUCTIONS: Complete Parts 1 and 2 and immediately submit Initial Report to the Office of Privacy and Security. After incident resolution, submit Final Report (Parts 1, 2 and 3) to the Office of Privacy and Security. Refer to Procedure PT-03253, Incident Reporting and Handling.

| PART 1: A. CONTACT INFORMATION (Reporting Entity) | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Full Name (Last, First, Middle Initial) | | Division/Office | |
| Telephone Number | Fax Number | E-Mail Address | |
| B. CONTACT INFORMATION (Affected Entity) | | | |
| Full Name (Last, First, Middle Initial) | | Division/Office | |
| Telephone Number | Fax Number | E-Mail Address | |
| PART 2: INCIDENT INFORMATION | | | |
| Whose information was involved in the incident? | | | |
| <input type="checkbox"/> Treasury <input type="checkbox"/> Federal Tax Information <input type="checkbox"/> Other State Agency, specify _____ <input type="checkbox"/> Other _____ | | | |
| Incident Category (select all that apply) | | | |
| <input type="checkbox"/> Passwords Shared/Stolen | <input type="checkbox"/> Computer Virus/Spam | <input type="checkbox"/> Paper Archives Compromised | |
| <input type="checkbox"/> Misrouted Communications | <input type="checkbox"/> Data Destruction/Deletion | <input type="checkbox"/> Safe/Lockbox/other Compromise | |
| <input type="checkbox"/> Unauthorized Access | <input type="checkbox"/> Backups Missing or Stolen | <input type="checkbox"/> Delivery of Documents Lost | |
| <input type="checkbox"/> Fraudulent Actions | <input type="checkbox"/> Hacking of Networks/Systems | <input type="checkbox"/> Inappropriate Destruction Paper | |
| <input type="checkbox"/> Lost/Stolen Information/Data | <input type="checkbox"/> Improperly Secured Sys/Web | <input type="checkbox"/> Inappropriate Destruction Media | |
| <input type="checkbox"/> Lost/Stolen Cash/Checks | <input type="checkbox"/> Circumvention of Security Protocols | <input type="checkbox"/> Lost/Stolen Equipment | |
| <input type="checkbox"/> Inappropriate Building Access | <input type="checkbox"/> _____ | <input type="checkbox"/> _____ | |
| Incident Affects | | | |
| <input type="checkbox"/> Financial Information/Resources | <input type="checkbox"/> Personal Information (SSN, Driver License No. Financial information) | <input type="checkbox"/> Unauthorized/Unlawful Activity | |
| <input type="checkbox"/> Confidential/Sensitive Information | <input type="checkbox"/> Human Resources (threat) | <input type="checkbox"/> Other _____ | |
| Date Incident Occurred | Time Incident Occurred | Date Incident Discovered | Time Incident Discovered |
| Incident Location | | Number of Individuals Affected | |
| Involved Parties/Entities | | Does this involve personal information (first and last name along with a SSN, driver license number, or credit/debit card account number)? | |
| | | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Date of Initial Report | | | |
| Description of Incident | | | |

Appendix A Roles and Responsibilities

| <u>Staff</u> | <u>Role and Responsibility</u> |
|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Program Manager Bill Condon | <ul style="list-style-type: none"> • Work with the Contract Administrator to establish DATA requirements for bulk distribution. • Work with the Contract Administrator to complete all reports and displays of timelines. • Meet with Contract Administrator as needed • Work on and complete all reports for the Contract Administrator. • Attend production meetings • Enter data for releases and reports |
| Coordinator Rachel Seng | <ul style="list-style-type: none"> • Work with the program manager and the various production departments to verify compliance and quality • Attend production meetings |
| Dir. of Operations Ernesta Bagaric | <ul style="list-style-type: none"> • Work with the program manager and department heads to establish the guidelines. |
| Customer Service Representative Geneen Mauden | <ul style="list-style-type: none"> • Work with the program manager to create all production samples. • Work with the program manager to write up the production ticket. • Meet weekly with all production departments and production manager/coordinator to go over all aspects of the program. • Inside contact for all questions • Update all departments and program manager to all production/usage/receiving. |
| Production Manager Bob Dzurka | <ul style="list-style-type: none"> • Review production ticket and production samples to verify completeness • Instruct and verify production • Spot inspections of product |
| Print Center Manager Kelly Chervinsky | <ul style="list-style-type: none"> • Review production ticket and production samples to verify completeness • Instruct and verify postal processing/NCOA of data and laser printing. |

Organizational Chart

