

BLANKET PURCHASE ORDER

STATE OF MARYLAND

***** STATE OF MARYLAND *****

BPO NO: 001B5400181

PRINT DATE: 10/31/15

PAGE: 01

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| SHIP TO: AS SPECIFIED ON INDIVIDUAL ORDERS | | |
| VENDOR ID: MOORE WALLACE BCS RR DONNELLEY COMPANY 8401 CONNECTICUT AVE STE 500 CHEVY CHASE, MD 20815 (410)859-2841 | REFER QUESTIONS TO: VANESSA A WILLIAMS (410)767-8855 VANESSA.WILLIAMS@MARYLAND.GOV | |
| ITB: 001IT819630 | EXPR DATE: 12/31/19 POST DATE: 11/20/14 | DISCOUNT TERMS: . NET 30 DAY CONTRACT AMOUNT: 26,000.00 |

TERMS:

ARTICLES HEREIN ARE EXEMPT FROM MARYLAND SALES AND USE TAXES BY EXEMPTION CERTIFICATE NUMBER 3000256-3 AND FROM FEDERAL EXCISE TAXES BY EXEMPTION NUMBER 52-73-0358K. IT IS THE VENDOR'S RESPONSIBILITY TO ADVISE COMMON CARRIERS THAT AGENCIES OF THE STATE OF MARYLAND ARE EXEMPT FROM TRANSPORTATION TAX.

=====
AGENCY CONTRACT FOR
PRINTING OF CHECKS
AGENCY: STATE TREASURER'S OFFICE
=====

VENDOR CONTACT: BILL BROWN 410-859-2841
AGENCY CONTACT: LINDA JOHNS 410-260-7101

REQUIREMENTS CONTRACT FOR SUPPLYING THE USING AUTHORITY WITH THEIR NEED FOR THE FOLLOWING ITEM(S) FOR THE CONTRACT PERIOD SPECIFIED BELOW.

RELEASES SHALL BE MADE AS REQUESTED BY THE USING AUTHORITY ON AN "AS REQUIRED" BASIS.

QUANTITIES STATED ARE ESTIMATES ONLY AND ARE NOT TO BE CONSTRUED AS ANY MINIMUM OR MAXIMUM GUARANTEE. USAGE WILL BE FOR THE ACTUAL REQUIREMENTS OF THE AGENCY AND MAY VARY APPRECIABLY FROM THE ESTIMATED QUANTITIES. BIDS LIMITING QUANTITIES IN ANY WAY WILL NOT BE ACCEPTED OR CONSIDERED.

CONTRACT PERIOD: JANUARY 1, 2015 THROUGH DECEMBER 31, 2019

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TERMS (cont'd):

THE TERM OF THE CONTRACT WILL BE A PERIOD OF FOUR (4) YEARS BEGINNING FROM DATE OF AWARD. THE STATE RESERVES THE UNILATERAL OPTION TO RENEW THE CONTRACT FOR TWO (2) ONE- YEAR RENEWALS.

NOTE: RENEWAL OPTIONS ARE AT THE DISCRETION OF THE STATE AND THE CONTRACTOR WILL NOT BE RELIEVED OF THE COMMITMENT TO RENEW THE CONTRACT. PRICES SUBMITTED AT THE TIME OF THE BID MUST REMAIN IN EFFECT FOR ONE YEAR. AT THE TIME OF RENEWAL, THE CONTRACT IS SUBJECT TO A ONE-TIME ADJUSTMENT AS STATED BELOW.

PRICE ESCALATION/DE-ESCALATION: UPON WRITTEN REQUEST TO THE PROCUREMENT OFFICER, PRICE ESCALATIONS WILL BE CONSIDERED AT THE TIME OF EACH RENEWAL AND SHALL BE BASED ON THE PERCENTAGE CHANGE IN THE U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS (BLS) PRODUCER PRICE INDEX (PPI) FOR COMMERCIAL PRINTING, NUMBER 0947, NOT SEASONALLY ADJUSTED, FOUND AT WWW.BLS.GOV/PPI/. SHOULD THE SPECIFIED PPI BE ELIMINATED OR UNAVAILABLE BY BUREAU OF LABOR STATISTICS, THE DEPARTMENT OF GENERAL SERVICES WILL SELECT A COMPARABLE SERIES IDENTIFICATION NUMBER OR INDEX TO SUBSTITUTE.

A REPORT MUST BE FURNISHED BY THE SUCCESSFUL VENDOR EVERY SIX MONTHS DETAILING THE PURCHASE OF ALL ITEMS ON THE CONTRACT. THE REPORT SHALL BE IN EXCEL FORMAT AND PROVIDE, AS A MINIMUM, THE CONTRACT NUMBER, CONTRACT ITEM NUMBER, THE DOLLAR VOLUME PURCHASED OF EACH ITEM, AGENCY IDENTIFICATION, AND THE CONTRACT TOTAL. THE REPORT MUST BE FILED WITHIN THIRTY (30) DAYS AFTER THE END OF EACH REPORTING PERIOD. ANY EXCEPTION TO THIS MANDATORY REQUIREMENT MAY RESULT IN CANCELLATION OF THE AWARD. FAILURE TO PROVIDE THE REPORT WITH THE MINIMUM REQUIRED INFORMATION MAY ALSO NEGATE ANY CONTRACT EXTENSION CLAUSES. ADDITIONALLY, VENDORS WHO ARE DETERMINED TO BE IN DEFAULT OF THIS MANDATORY REPORT REQUIREMENT WILL NOT BE ALLOWED TO BID ON ANY FUTURE REQUIREMENTS.

DURING THE TERM OF THIS CONTRACT, CHECK STOCK MUST FUNCTION SATISFACTORILY WITH LESS THAN .5% FAILURE RATE IN THE STO'S PRINT AND POST PRINT EQUIPMENT. THE CONTRACTOR WILL PROVIDE ASSISTANCE IN DETERMINING THE CAUSE OF CHECK STOCK THAT FAILS, BUT ULTIMATELY, THE CONTRACTOR IS RESPONSIBLE FOR REPLACEMENT OF THE DEFECTIVE CHECK STOCK IN A TIMELY MANNER AT THE VENDOR'S EXPENSE.

THE STO REQUIRES THAT WORK BE EXECUTED UNDER SECURE CONDITIONS. IN THIS REGARD, THE STO PREFERS THAT ALL PRINTING WORK BE PERFORMED ENTIRELY ON THE PREMISES OF THE VENDOR. HOWEVER, IF THIS IS NOT FEASIBLE, THE CONTRACTOR WILL CLEARLY DEFINE THE LOCATION WHERE SAID SERVICES WILL BE PERFORMED AND MAKE PROVISIONS FOR THE STO, OR ITS

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TERMS (cont'd):

REPRESENTATIVES TO VISIT THE FACILITY FOR THE PURPOSE OF DETERMINING IF THERE IS ADEQUATE SECURITY.

ALL PRINTING PLATES AND NON-CONSUMABLE PRINTING MATERIALS USED IN THE DIRECT PRODUCTION OF THE STO CHECK STOCK WILL BE KEPT IN LOCKED VAULTS AT ALL TIMES WHEN NOT IN USE.

ALL SPOILAGE WILL BE SECURELY DESTROYED BY EITHER INCINERATION ON-SITE OR BY SHREDDING THAT MEETS UNITED STATES DEPARTMENT OF DEFENSE (DOD) FEDERAL SPECIFICATION F-S-001169 RELATING TO THE SHREDDING OF TOP SECRET INFORMATION (0.8 X 11.1 MM OR 1/32" X 7/16").

PLANT SECURITY SHOULD INCLUDE FIRE DOORS WITH ALARM BELLS FOR ALERT IN THE EVENT OF AN EXIT.

PLANT DOORS SHOULD HAVE UNIFORM LOCKING DEVICES ON ALL OUTSIDE DOORS.

A LOG SHOULD BE KEPT OF ALL VISITORS ENTERING THE MANUFACTURING AREA WHEN STO CHECK STOCK IS BEING PRODUCED.

ALL STO CHECK STOCK PRODUCED IS TO BE KEPT UNDER LOCKED SECURITY WITH LIMITED AND RECORDED ACCESS UNTIL TIME OF SHIPMENT.

WHEN THE STO CHECK STOCK IS SHIPPED, A SHIPPING MANIFEST SHALL BE MADE UP CONTAINING, AT A MINIMUM, THE NUMBER OF BOXES OF CHECK STOCK AND THE SEQUENTIAL NUMBERING OF THE CHECKS CONTAINED IN EACH BOX.

THE CONTRACTOR MUST PROVIDE AS MUCH PRINTED CHECK STOCK AS DEEMED NECESSARY BY THE STO FOR TEST AND EVALUATION DURING THE DEVELOPMENT AND ACCEPTANCE PROCESS. THE TEST CHECK STOCK WILL CONTAIN SERIAL CONTROL NUMBERS.

THE AMOUNT OF CHECK STOCK NEEDED WILL BE BASED UPON THE RESULTS OF THE TESTING AND REVIEW PROCESS UNDERTAKEN BY THE STO, INCLUDING SUBMISSION OF TEST CHECKS PRODUCED TO THE BANKING ESTABLISHMENTS EMPLOYED BY THE STATE. TIMELY FEEDBACK WILL BE PROVIDED TO THE CONTRACTOR AS TO WHAT CHANGES NEED TO BE MADE TO THE CHECK STOCK. THESE CHANGES MAY INCLUDE, BUT NOT NECESSARILY BE LIMITED TO, THE DEPTH AND SPACING OF THE PERFORATIONS AND THE ARTWORK AND PRINTING ON THE FACE AND BACK OF THE CHECK STOCK.

THE CONTRACTOR WILL MAKE THE NECESSARY CHANGES AND PROVIDE THE STO WITH ADDITIONAL CORRECTED TEST PAPER OF THE CHECK STOCK DESIGN UNTIL THE CONTRACTOR HAS SATISFACTORILY PROVIDED A PRODUCT ACCEPTABLE TO THE STO.

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TERMS (cont'd):

CHECK STOCK PACKAGING:

FAN FOLD IN CARTON (APPROXIMATELY 2,000 - 2,400 PER CARTON). EACH BOX MUST BE PROPERLY LABELED TO REFLECT THE SERIAL NUMBER SEQUENCE CONTAINED ON THE CHECK STOCK.

CONTRACTOR STORAGE OF CHECK STOCK:

TO FACILITATE THE TIMELY DELIVERY OF CHECK STOCK DURING THE TERM OF THIS CONTRACT, THE CONTRACTOR SHALL MAINTAIN A SECURED, ENVIRONMENTALLY CONTROLLED STORAGE FACILITY TO STORE UNDELIVERED CHECK STOCK UNTIL REQUESTED BY STO.

AT A MINIMUM, A SECURED STORAGE FACILITY IS A FACILITY WHERE ACCESS TO THE STO CHECK STOCK IS RESTRICTED TO ONLY AUTHORIZED PERSONNEL FOR THE PURPOSE DEPOSITING CHECK STOCK PRINTED AND REMOVING CHECK STOCK FOR DELIVERY PURPOSES. ADDITIONALLY, THE FACILITY WILL SEGREGATE THE STO CHECK STOCK FROM ALL OTHER ITEMS BEING HELD IN THE FACILITY. FINALLY, THERE SHALL BE NO OTHER MATERIALS IN THE FACILITY THAT CAN DAMAGE OR DESTROY THE STO'S CHECK STOCK.

THE CONTRACTOR'S SECURE AND ENVIRONMENTALLY CONTROLLED STORAGE FACILITY MUST MEET THE SPECIFICATIONS OF THE CHECK STOCK PAPER MANUFACTURER FOR THE PROPER STORAGE OF THEIR CHECK STOCK PAPER.

THE VENDOR WILL BEAR THE SOLE RESPONSIBILITY AND COST FOR REPLACING CHECK STOCK THAT IS DETERMINED TO BE UNUSABLE OR DAMAGED AS A RESULT OF TRANSIT, STORAGE, WEATHER, MOISTURE, CONTAMINATION, DIRT, ETC.

DELIVERY OF CHECK STOCK

SHIPMENTS MUST BE PREPAID, INSIDE DELIVERY. THE VENDOR MUST STORE CHECK STOCK AND SHIP AS CALLED FOR BY THE STO. THE VENDOR WILL BE NOTIFIED BY THE STO AT LEAST 1 WEEK IN ADVANCE OF THE DELIVERY DATE WHEN CHECK STOCK IS NEEDED. VENDOR MUST MAINTAIN A SUFFICIENT SUPPLY OF CHECK STOCK IN SECURED STORAGE. SELECTED VENDOR MUST DELIVER AND UNLOAD BOXES ON THE LOADING DOCK ON NORTHWEST STREET, REVENUE ADMINISTRATION BUILDING, ANNAPOLIS, MARYLAND, OR ANY OTHER LOCATION SPECIFIED BY THE STO. RECEIVING PERSONNEL WILL MOVE BOXES TO A SECURED ROOM. SELECTED VENDOR WILL HAVE 48 HOURS TO MOVE THE BOXES TO THE OFFICE OF THE STATE TREASURER, ROOM 103, LOUIS L. GOLDSTEIN BUILDING, 80 CALVERT ST., ANNAPOLIS, MARYLAND 21401 WHERE THEY WILL BE PLACED IN A SECURE CAGE. THE NEW CHECK STOCK SHIPMENT (BOXES) MUST BE PUT IN NUMERICAL ORDER, ALONG WITH THE EXISTING CHECK STOCK, SO THAT THE LOWEST CHECK NUMBERS ARE ACCESSIBLE. A FLATBED WILL BE AVAILABLE FOR USE. THE DATE AND VOLUME OF THE INITIAL DELIVERY OF CHECK STOCK WILL BE COORDINATED WITH THE CONTRACTOR AND THE STO.

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TERMS (cont'd):

CHECK STOCK TRANSPORTATION

THE CONTRACTOR IS RESPONSIBLE FOR PROVIDING SECURE AND GUARDED TRANSPORTATION OF CHECK STOCK TO THE STO OR ANOTHER LOCATION PROVIDED BY THE STO.

A COMMON CARRIER MAY NOT BE USED.

CHECK STOCK MUST BE SHIPPED NON-STOP FROM THE FACTORY/MILL, OR THE VENDOR'S SECURED STORAGE FACILITY TO THE LOCATION SPECIFIED BY THE STO. THERE MUST BE NO LAYOVERS OR REST STOPS, EXCEPT TO EAT OR USE RESTROOM FACILITIES, REFUEL, AND THE CHECK STOCK MUST BE GUARDED AT ALL TIMES.

THE STO, INFORMATION TECHNOLOGY DIVISION MUST BE NOTIFIED ON (410) 260-7102 WHEN THE CHECK STOCK LEAVES THE FACTORY/MILL OR THE VENDOR'S SECURED STORAGE FACILITY AND THE ESTIMATED TIME OF ARRIVAL OF THE SHIPMENT. THIS PROCEDURE MUST BE FOLLOWED FOR EACH AND EVERY DELIVERY OF CHECK STOCK.

THE CHECK STOCK MUST BE DELIVERED DURING THE BUSINESS HOURS OF 8:00 AM AND 3:00 PM, MONDAY THROUGH FRIDAY FOR THE CHECK STOCK TO BE ACCEPTED AND VERIFIED.

PERFORMANCE

IF AT ANY TIME DURING THE 12 MONTH PERIOD FOLLOWING THE DELIVERY OF THE CHECK STOCK, THE REJECTION RATE EXCEEDS .5% FOR ANY REASON, SUCH AS, BUT NOT NECESSARILY LIMITED TO THE QUALITY OF THE PRINTED IMAGES (FRONT AND/OR BACK OF THE CHECK STOCK), CHECK STOCK STICKING TOGETHER, PROBLEMS ENCOUNTERED IN USAGE ON THE STATE'S CHECK PRINTING AND POST PRINT PROCESSING EQUIPMENT, AND THE BANK'S PROCESSING EQUIPMENT, THE VENDOR WILL IMMEDIATELY ASSIST THE STO TO DETERMINE THE CAUSE OF THE PROBLEM. THE CONTRACTOR WILL REPLACE THE DEFECTIVE CHECK STOCK AND DELIVER IT TO THE STO IN A TIMELY MANNER. DEPENDING ON THE CAUSE AND SEVERITY/MAGNITUDE OF THE PROBLEM, THE VENDOR MAY BE REQUIRED BY THE STO TO REPLACE THE REMAINING INVENTORY OF THE ORDER (BOTH DELIVERED AND UNDELIVERED) WITHIN TEN (10) BUSINESS DAYS AFTER THE RECEIPT OF NOTICE TO REPLACE THE REMAINING CHECKS AT THE VENDOR'S EXPENSE.

SPECIAL CONTRACT PROVISIONS

A DUPLICATE SET OF ALL NEGATIVES/POSITIVES, ENGRAVINGS, DIES, TAPES, DISCS, OR OTHER PHOTOMECHANICAL MEDIA AND OTHER PRODUCTION MEDIA

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TERMS (cont'd):

INVOLVED WITH THIS CONTRACT SHALL BE GIVEN AT TIME OF FINAL DESIGN APPROVAL AND BECOME OR REMAIN THE PROPERTY OF THE STATE OF MARYLAND AND THE SET USED BY THE PRINTER DURING THE LIFE OF THE CONTRACT SHALL BE SURRENDERED TO THE STO UPON COMPLETION OF AND WITH THE FINAL DELIVERY OF THE CONTRACT, OR AT SUCH A TIME AS REQUIRED BY THE STO. THE VENDOR AGREES TO A PENALTY NOT TO EXCEED 10% OF THE TOTAL CONTRACT AMOUNT WHICH MAY BE ASSESSED BY THE STO AGAINST THE VENDOR FOR FAILURE TO DELIVER THESE ITEMS (NEGATIVES/POSITIVES, ENGRAVINGS, DIES, TAPES, DISCS, OR OTHER PHOTOMECHANICAL MEDIA AND OTHER PRODUCTION MEDIA).

THE CONTRACTOR SHALL NOT ACCEPT CHANGES, ADDITIONS, WAIVERS OR SUBSTITUTIONS IN THE PROVISIONS OF THIS ORDER UNLESS FURNISHED IN WRITING AND SIGNED BY THE CONTRACTING AUTHORITY FOR THE STATE OF MARYLAND. SHOULD ANY CHANGE CAUSE AN INCREASE IN THE CONTRACTOR'S COST OR TIME FOR THE PERFORMANCE THAT IS NOT REFLECTED IN THE WRITTEN NOTICE, THE CONTRACTOR SHALL ASSERT ITS CLAIM FOR SAME WITHIN TEN (10) CALENDAR DAYS AFTER THE DATE OF THE PURCHASE ORDER OR NOTICE.

THE CONTRACTOR WILL BE RESPONSIBLE FOR ALL COSTS ASSOCIATED WITH THE PICKUP, SECURE DESTRUCTION AND REPLACEMENT OF CHECK STOCK THAT IS UNUSABLE DUE TO MANUFACTURING AND/OR PACKAGING DEFECT, SHIPPING/DELIVERY DAMAGE, VENDOR STORAGE DAMAGE, CHECK STOCK THAT WILL NOT FUNCTION PROPERLY ON THE STO'S PRINTING AND POST PRINT PROCESS EQUIPMENT, AND CHECK STOCK FOUND TO CONTAIN SPLICES, BREAKS, AND/OR MEDIAL STRIPS.

| <u>LINE #</u> | <u>STATE ITEM ID</u> | <u>U/M</u> | <u>UNIT COST</u> | | |
|---------------|----------------------|------------|------------------|--|--|
| 0001 | 96612-E75027 | M | 10.4000 | | |

PRINTING OVERSIZED CHECKS 24" X48"

BACKGROUND PRINTING FOR STATE OF MARYLAND CHECKS AND REMITTANCE ADVICES FOR STATE TREASURER'S OFFICE. SERVICES INCLUDE BACKGROUND PRINTING, NUMBERING, PERFORATING, FOLDING, PACKAGING, STORAGE, DELIVERY, ETC. FOR APPROXIMATELY 1.8 MILLION CHECKS PER YEAR. TERM: FOUR YEARS WITH TWO ONE-YEAR RENEWALS. PRICE IS \$10.40 PER THOUSAND.

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_____ END OF ITEM LIST _____

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AUTHORIZED BY: _____ **DATE:** _____

BUYER AUTHORIZED DESIGNEE