Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

March 6, 2007

CHANGE NOTICE NO. 1
OF
CONTRACT NO. 071B6200044
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR	TELEPHONE: Michael Stevens **(989) 631-6450** **Fax: (989) 631-2547**
Stevens' Cycle Sales, Inc. **3636 S. Huron Road** **Bay City, MI 48706** **stvncycle@aol.com**	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-6535 **William C. Walsh, CPPB**

Contract Compliance Inspector: Kathi Ransier (517) 636-5019 **Training Motorcycles – Department of State**			
CONTRACT PERIOD:	From: **October 1, 2005**	To: **October 1, 2007**	
TERMS **N/A**		SHIPMENT **N/A**	
F.O.B. **N/A**		SHIPPED FROM **N/A**	
MINIMUM DELIVERY REQUIREMENTS **N/A**			

NATURE OF CHANGE(S):

Per section 2.004 of this Contract it states:

"The term of this Contract will be for two (2) years and will commence with the issuance of a Contract. This will be approximately October 1, 2005, through September 30, 2007."

Therefore, the ending date of this Contract is hereby CHANGED to October 1, 2007. All other terms, conditions, and pricing not noted above shall remain the same.

AUTHORITY/REASON:

Per request of the Department of State.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: $ 0.00

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

September 27, 2005

NOTICE
OF
CONTRACT NO. 071B6200044
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR **Stevens' Cycle Sales, Inc.** **3636 S. Huron Road** **Bay City, MI 48706** **stvncycle@aol.com**	TELEPHONE: Michael Stevens **(989) 631-6450** **Fax: (989) 631-2547** VENDOR NUMBER/MAIL CODE BUYER/CA (517) 373-6535 **William C. Walsh, CPPB**
Contract Compliance Inspector: Kathi Ransier (517) 636-5019 **Training Motorcycles – Department of State**	
CONTRACT PERIOD: From: **October 1, 2005** To: **October 1, 2006**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
MINIMUM DELIVERY REQUIREMENTS **N/A**	

This Contract is Extended to the Local Training Centers Listed in this Contract.

The terms and conditions of this Contract are attached.

Estimated Contract Value: $ 0.00

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

CONTRACT NO. 071B6200044
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR	TELEPHONE: Michael Stevens **(989) 631-6450** **Fax: (989) 631-2547**
Stevens' Cycle Sales, Inc. **3636 S. Huron Road** **Bay City, MI 48706** **stvncycle@aol.com**	VENDOR NUMBER/MAIL CODE BUYER/CA (517) 373-6535 **William C. Walsh, CPPB**

Contract Compliance Inspector: Kathi Ransier (517) 636-5019

Training Motorcycles – Department of State

CONTRACT PERIOD: From: **October 1, 2005** To: **October 1, 2006**

TERMS	SHIPMENT
N/A	**N/A**
F.O.B.	SHIPPED FROM
N/A	**N/A**

MINIMUM DELIVERY REQUIREMENTS
N/A

MISCELLANEOUS INFORMATION:
This Contract is Extended to the Local Training Centers Listed in this Contract.

The terms and conditions of this Contract are attached.

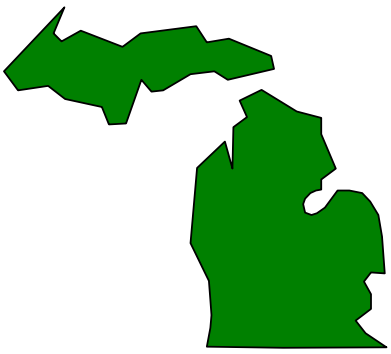
Estimated Contract Value: $ 0.00

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No.071I5200332. Orders for delivery of equipment will be issued directly by the Department of State through the issuance of a Purchase Order Form.

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

FOR THE VENDOR:

Stevens' Cycle Sales Inc. Firm Name	Signature **William C. Walsh, CPPB, Buyer Manager**
Authorized Agent Signature	Name **Commodities Division, Acquisition Services**
Authorized Agent (Print or Type)	Title
Date	Date



STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services

Contract No. 071B6200044
Training Motorcycles

Buyer Name: William C. Walsh, CPPB
Telephone Number: (517) 373-6535
E-Mail Address: walshw@michigan.gov

Training Motorcycles

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NOTE: SECTIONS MARKED “RESERVED” DO NOT APPLY TO THIS CONTRACT.

Article1 – Statement of Work (SOW)

1.0 Introduction

1.001 DEFINING DOCUMENT

This document contains or incorporates defined requirements, the specifications and scope of work, and all Contractual terms and conditions.

1.002 PROJECT TITLE AND DESCRIPTION

This Contract is for the purchase of motorcycles to be used on a closed range for training beginners in the Michigan Rider Safety Education Program managed by the Office of Traffic Safety, Michigan Department of State (DOS) and shall be utilized by various colleges, universities and local law enforcement agencies. These motorcycles will not be "street use" but may require title and registration when purchased by colleges, universities and other local enforcement agencies.

1.003 PROJECT CONTROL

Project Control

Steven's Cycle Sales Inc. will carry out this project under the direction and control of the Department of State.

1.004 COMMENCEMENT OF WORK

Steven's Cycle Sales Inc. shall show acceptance of this agreement by signing both copies of this Contract and returning it to the Contract Administrator. Steven's Cycle Sales Inc. shall not proceed with performance of the work to be done under this agreement, including the purchase of necessary materials, until both parties have signed this agreement to show acceptance of its terms.

1.1 Product Quality

1.101 SPECIFICATIONS

The purpose of this Contract is to purchase motorcycles to be used on a closed range for training beginners in the Michigan Rider and Safety Education Program managed by the Office of Traffic Safety, Michigan Department of State. These motorcycles will not be "street use" but may require title and registration when purchased by colleges, universities and other local enforcement agencies.

PREFERENCE WILL BE GIVEN TO MOTORCYCLES MEETING THE FOLLOWING CRITERIA:

- STYLE/TYPE: (1) Standard, (2) Dual Purpose, (3) Cruiser (listed in order of preference or a variety of)
- ENGINE SIZE RANGE: Greater than 120cc and less than 351 cc
- ENGINE TYPE: Four stroke
- COOLING SYSTEM: Air
- STARTING SYSTEM: Electric with optional kick
- ELECTRICAL SYSTEM: 12 volt electrical system with electronic ignition
- TRANSMISSION: Manual with clutch 5 or 6 speed
- WEIGHT: 300 lbs. or less
- SEAT HEIGHT: 33 inches or less without rider (lower is preferred)
- BRAKES: Disk in front and drum in rear
- STAND: side or optional center stand
- FUEL CAPACITY: Not less than 2.5 U.S. gallons but not more than 4.0 U.S. gallons
- SHIFTING MECHANISM: A direct shifting mechanism with a single shift pedal directly attached to the spindle exiting the transmission - indirect shift mechanisms using a connecting rod or linkage between the shift pedal and transmission spindle will be given lower consideration
- MIRRORS: Mirrors on each side

MINIMUM CRITERIA - MOTORCYCLES: Any motorcycle manufactured for on-highway use that meets two of the first three following criteria (as published by the original equipment manufacturer/distributor):

1. An engine displacement of 500cc or less
2. An unladen weight of 400 pounds or less
3. A seat height of 33 inches or less without rider (lower is preferred)
4. Manufacturers: A variety of models will be considered only if they are off the DOS list of “acceptable” that include: Honda, Suzuki, Kawasaki, Yamaha

with all DOT safety equipment meeting Federal Motor Vehicle Safety Standards.

ADDITIONAL CRITERIA - DELIVERY, SET-UP, ETC.

1. All motorcycles must be new with full manufacturer warranty
2. One operator’s manual and one tool kit for each motorcycle
3. One parts catalog shall be included with every 5 motorcycles
4. Two keys shall be delivered with each motorcycle
5. All bids shall include a picture of the motorcycle model and the manufacturer's specification sheet for the model
6. The motorcycles shall be fully assembled, serviced and ready for immediate operation upon delivery. This shall include, but is not limited to:
   (a) One gallon of gas in each fuel tank
   (b) All assembly and adjustments to frame and mechanical systems completed
   (c) Engine oil installed
   (d) Areas requiring lubrication are lubricated according to manufacturer specifications
   (e) Batteries are installed and charged
   (f) Tires are inflated to manufacturer's specifications
   (g) All units washed/cleaned
   (h) All cables and linkages are connected and adjusted to the manufacturer's specifications
7. DOS reserves the right to have a representative of the Motorcycle Rider and Safety Education Program inspect an example of the motorcycle model prior to accepting the bid
8. Delivery shall be made to multiple state training sites through the State of Michigan (including the Upper Peninsula) by March 1, 2006
9. A representative of the Michigan Motorcycle Rider and Safety Education Program shall inspect all motorcycles upon delivery. Units failing this inspection shall not be accepted and the dealer/manufacturer shall have 10 working days to repair, service or replace the unit(s)
10. Purchase will be made through the State of Michigan and shall be tax exempt
11. The dealer/manufacturer shall arrange delivery through the identified training programs on the 2006 Motorcycle Distribution List.

1.102 RESEARCH AND DEVELOPMENT-RESERVED

1.103 QUALITY ASSURANCE PROGRAM-RESERVED

1.104 WARRANTY FOR PRODUCTS OR SERVICES

All units have a 1 year warranty from American Suzuki Motor Corporation. Units may be taken to any authorized Suzuki dealer for warranty work. Normal maintenance will be conducted by the Rider Ed site.

1.2 Service Capabilities

1.201 CUSTOMER SERVICE/ORDERING

Steven’s Cycle Sales Inc. shall have an accessible customer service department with an individual specifically assigned to State of Michigan accounts. Steven’s Cycle Sales Inc.’s customer service must respond to State agency inquiries promptly.

Any supplies and services to be furnished under this Contract shall be ordered by issuance of delivery orders or task orders by the individuals or activities designated in the Schedule.

All delivery orders or task orders are subject to the terms and conditions of this Contract. In the event of conflict between a delivery order or task order and this Contract, the Contract shall control.

If mailed, a delivery order or task order is considered "issued" when the State deposits the order in the mail. Orders may be issued orally, by facsimile, or by electronic commerce methods.

This Contract will be serviced through:

Stevens' Sport Center
1911 E. Airport Road
Midland, MI 48642
Phone: (989) 631-6450
Fax: (989) 631-2547
E-Mail: stvncycle@aol.com
Contact: Michael Stevens, General Manager

1.202 TRAINING-RESERVED

1.203 REPORTING

Steven's Cycle Sales Inc. shall provide delivery reports when requested by the State. These reports shall include delivery location, number of motorcycles delivered, and signature of person accepting delivery.

1.204 SPECIAL PROGRAMS-RESERVED

1.205 SECURITY-RESERVED

1.3 Delivery Capabilities

1.301 TIME FRAMES

All orders be shall be delivered no later than March 1, 2006.

1.302 MINIMUM ORDER

It is anticipated that a quantity of 60 to 70 motorcycles will be purchased each year of the Contract. However, the State does not guarantee this or any other quantity. The minimum order shall be one motorcycle.

1.303 PACKAGING-RESERVED

1.304 PALLETIZING-RESERVED

1.305 DELIVERY TERM

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

If Steven's Cycle Sales Inc. fails to follow these shipping instructions, the State shall pay the carrier used and deduct the difference from Steven's Cycle Sales Inc.'s invoice for the amount that was charged and the amount that would have been charged if the requested carrier had been used.

Deliveries will be required to be made to the following locations:

Allegan Intermediate School District
310 Thomas Street
Allegan, MI 49010
Contact: Steve Lick
Telephone: 269-673-3121

Mott Community College
1401 East Court Street, CM1117
Flint, MI 48503
Contact: Nancy Cook
Telephone: 810-762-0389

Delta College
1961 Delta Road
University Center, MI 48710
Contact: Jill Gallihugh
Telephone: 989-686-9218

Ferris State University
Alumni 117
Big Rapids, MI 48307
Contact: Julia Quillan
Telephone: 231-591-5819

Iosco Regional Educational Services
27 North Rempert Road
Tawas City, MI 48763
Contact: Vince Weiler/Eva McArdle
Telephone: 989-362-3006

Ithaca Public Schools
710 North Union Street
Ithaca, MI 48847
Contact: Paul Hornak
Telephone: 989-875-2550

Lenawee Intermediate School District
1327 North Main
Adrian, MI 49221
Contact: Jo-El Rodriguez
Telephone: 517-265-1650

MSU Highway Traffic Safety Program
Engineering Research Facility
2857 West Jolly Road
Okemos, MI 48864
Contact: Daniel G. Lee, Ph.D
Telephone: 517-355-3270

Northern Michigan University
1401 Presque Isle Avenue
Marquette, MI 49855
Contact: Cameron Hadley
Telephone: 906-227-2335

Otsego County Sheriff
3995 Hallock Road
Gaylord, MI 49735
Contact: Tim McPherson
Telephone: 231-546-3142

Schoolcraft Community College
18600 Haggerty Road
Livonia, MI 48152
Contact: Ann Prenger
Telephone: 734-462-4448

Washtenaw Community College
4800 East Huron River Drive
Ann Arbor, MI 48106
Contact: Lindsey Higginbottom
Telephone: 734-677-5027

White Pigeon Schools
68730 County Farm Road
Sturgis, MI 49091
Contact: Robin Bordner
Telephone: 269-651-4484

1.306 RESERVED FOR ACCEPTANCE OF DELIVERABLES/PARE EXPLANATION

1.4 Project Price

1.401 PRICING

Product purchased from this Contract is the Suzuki GZ250 at $2,560.00 Each/Delivered.

1.402 QUICK PAYMENT TERMS

No discounts are offered for this Contract.

1.403 PRICE TERM

Prices quoted are the maximum for a period of 365 days from the date the Contract becomes effective.

Prices are subject to change at the end of each 365-day period. Such changes shall be based on changes in actual costs incurred. Documentation of such changes must be provided with the request for price change in order to substantiate any requested change. Acquisition Services reserves the right to consider various pertinent information sources to evaluate price increase requests (such as the CPI and PPI, US City

Average, as published by the US Department of Labor, Bureau of Labor Statistics). Acquisition Services also reserves the right to consider other information related to special economic and/or industry circumstances, when evaluating a price change request. Changes may be either increases or decreases, and may be requested by either party. Approved changes shall be firm for the remainder of the Contract period unless further revised at the end of the next 365-day period.

Requests for price changes shall be RECEIVED IN WRITING AT LEAST TEN DAYS PRIOR TO THEIR EFFECTIVE DATE, and are subject to written acceptance before becoming effective. In the event new prices are not acceptable, the CONTRACT may be cancelled. The continued payment of any charges due after September 30th of any fiscal year will be subject to the availability of an appropriation for this purpose.

1.5 Quantity term

Steven's Cycle Sales Inc. agrees to supply all that the state requires

1.6 Other Terms and Conditions Needed for this Contract

Article 2 – General Terms and Conditions

2.0 Introduction

2.001 GENERAL PURPOSE

The Contract is for Motorcycles for the State of Michigan, Department of State Motorcycle Rider and Safety Education Program. Exact quantities to be purchased are unknown, however Steven's Cycle Sales Inc. will be required to furnish all such materials and services as may be ordered during the CONTRACT period. Quantities specified if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities. Orders for delivery will be issued directly to Steven's Cycle Sales Inc. by various State Agencies on the Purchase Order Contract Release Form.

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

This Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for the Department of State, hereinafter known *as* DOS. Where actions are a combination of those of Acquisition Services and the State agencies, the authority will be known as the State.

Acquisition Services is the sole point of contact in the State with regard to all procurement and Contractual matters relating to the commodities and/or services described herein. Acquisition Services is the only office authorized to negotiate, change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of the Contract. Acquisition Services will remain the SOLE POINT OF CONTACT throughout the procurement process.

Steven's Cycle Sales Inc. proceeds at its own risk if it takes negotiation, changes, modification, alterations, amendments, clarification, etc., of the specifications, terms, or conditions of the Contract from any individual or office other than Acquisition Services and the listed Contract administrator

All communications covering this procurement must be addressed to Contract administrator indicated below:

Department of Management and Budget
Acquisition Services
Attn: William C. Walsh
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
(517) *373-6535*
walshw@michigan.gov

2.003 NOTICE

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

2.004 CONTRACT TERM

The term of this Contract will be for two (2) years and will commence with the issuance of a Contract. This will be approximately October 1, 2005 through September 30, 2007.

Extension. At the sole option of the State, the Contract may also be extended. Steven's Cycle Sales Inc. performance, quality of products, price, cost savings, and Steven's Cycle Sales Inc.'s ability to

deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

Written notice will be provided to Steven's Cycle Sales Inc. within 30 days, provided that the State gives Steven's Cycle Sales Inc. a preliminary written notice of its intent to extend at least 30 days before the Contract expires. The preliminary notice does not commit the State to an extension. If the State exercises this option, the extended Contract shall be considered to include this option clause.

2.005 GOVERNING LAW

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. By signing this agreement, Steven's Cycle Sales Inc. consents to personal jurisdiction in the state of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

2.006 APPLICABLE STATUTES

The following statutes, rules, and laws are applicable to the performance of this Contract; some statutes are reflected in the clauses of this Contract. This list is NOT exhaustive.

MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)
MI OSHA MCL §§ 408.1001 – 408.1094
Freedom of Information Act (FIOA) MCL §§ 15.231, et seq.
Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.
MI Consumer Protection Act MCL §§ 445.901 – 445.922
Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.
Department of Civil Service Rules and regulations
Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.
Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.
MCL §§ 423.321, et seq.
MCL § 18.1264 (law regarding debarment)
Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.
Contract Work Hours and Safety Standards Act (CWHSAA) 40 USCS § 327, et seq.
Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795
Rules and regulations of the Environmental Protection Agency
Internal Revenue Code
Rules and regulations of the Equal Employment Opportunity Commission (EEOC)
The Civil Rights Act of 1964, USCS Chapter 42
Title VII, 42 USCS §§ 2000e et seq.
The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.
The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.
The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.
The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.
The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.
Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106
Sherman Act, 15 U.S.C.S. § 1 et seq.
Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.
Clayton Act, 15 U.S.C.S. § 14 et seq.

2.007 RELATIONSHIP OF THE PARTIES

The relationship between the State and Steven's Cycle Sales Inc. is that of client and independent Steven's Cycle Sales Inc. No agent, employee, or servant of Steven's Cycle Sales Inc. or any of its sub-Contractor's shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. Steven's Cycle Sales Inc. will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and sub-Contractor's during the performance of this Contract.

2.008 HEADINGS

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

2.009 MERGER

This document constitutes the complete, final, and exclusive agreement between the parties. All other prior writings and negotiations are ineffective.

2.010 SEVERABILITY

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

2.011 SURVIVORSHIP

Any provisions of this Contract that impose continuing obligations on the parties including, but not limited to Steven's Cycle Sales Inc.'s indemnity and other obligations shall survive the expiration or cancellation of this Contract for any reason.

2.012 NO WAIVER OF DEFAULT

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

2.013 PURCHASE ORDERS

Orders for delivery of commodities and/or services may be issued directly by the State Departments through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Steven's Cycle Sales Inc. is asked to reference the Purchase Order Number on all invoices for payment.

2.1 Vendor/Steven's Cycle Sales Inc. Obligations

2.101 ACCOUNTING RECORDS

Steven's Cycle Sales Inc. and all sub-Contractors shall maintain all pertinent financial and accounting records and evidence pertaining to this Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on this Contract or extension thereof.

2.102 NOTIFICATION OF OWNERSHIP

Steven's Cycle Sales Inc. shall make the following notifications in writing:

(a) When Steven's Cycle Sales Inc. becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, Steven's Cycle Sales Inc. shall notify Acquisition Services within 30 days.

(b) Steven's Cycle Sales Inc. shall also notify the Acquisition Services within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.

Steven's Cycle Sales Inc. shall:

(a) Maintain current, accurate, and complete inventory records of assets and their costs;

(b) Provide Acquisition Services or designated representative ready access to the records upon request;

(c) Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of Steven's Cycle Sales Inc.'s ownership or officer changes; and

(d) Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Steven's Cycle Sales Inc. ownership or officer change.

2.103 SOFTWARE COMPLIANCE-RESERVED

2.104 RESERVED

2.105 PERFORMANCE AND RELIABILTIY EVALUATION (PARE)-RESERVED

2.106 PREVAILING WAGE-RESERVED

2.107 PAYROLL AND BASIC RECORDS-RESREVED

2.108 COMPETITION IN SUB-CONTRACTING

Steven's Cycle Sales Inc. shall select sub-Contractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of this Contract.

2.109 CALL CENTER DISCLOSURE

Steven's Cycle Sales Inc. and/or all sub-Contractors involved in the performance of this Contract providing call or contact center services to the State of Michigan must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of this agreement.

2.2 Contract Performance

2.201 TIME IS OF THE ESSENCE

Steven's Cycle Sales Inc. is on notice that time is of the essence in the performance of this Contract. Late performance will be considered a material breach of this Contract, giving the State a right to invoke all remedies available to it under this Contract.

2.202 CONTRACT PAYMENT SCHEDULE

Payments for motorcycles shall be made by the local training centers, after receipt of motorcycles.

2.203 POSSIBLE PROGRESS PAYMENTS -RESERVED

2.204 POSSIBLE PERFORMANCE-BASED PAYMENTS-RESERVED

2.205 ELECTRONIC PAYMENT AVAILABILITY-RESERVED

2.206 PERFORMANCE OF WORK BY STEVEN'S CYCLE SALES INC.-RESERVED

2.3 Contract Rights and Obligations

2.301 INCURRING COSTS

The State of Michigan is not liable for any cost incurred by Steven's Cycle Sales Inc. prior to signing of the Contract. The State fiscal year is October 1st through September 30th. Steven's Cycle Sales Inc.(s) should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.

2.302 STEVEN'S CYCLE SALES INC. RESPONSIBILITIES

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

2.303 ASSIGNMENT AND DELEGATION

Steven's Cycle Sales Inc. shall not have the right to assign this Contract, to assign its rights under this Contract, or delegate any of its duties or obligations under the Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, Steven's Cycle Sales Inc. may not assign the right to receive money due under the Contract without the prior written consent of the Director of Acquisition Services.

Steven's Cycle Sales Inc. shall not delegate any duties or obligations under the Contract to a sub-Contractor other than a sub-Contractor named and approved in the bid unless the Director of Acquisition Services has given written consent to the delegation.

Steven's Cycle Sales Inc. must obtain the approval of the Director of Acquisition Services before using a place of performance that is different from the address that Steven's Cycle Sales Inc. provided in the bid.

2.304 TAXES

Sales Tax: For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

Federal Excise Tax: The State of Michigan may be exempt for Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to Steven's Cycle Sales Inc. upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.

The State's Tax Exempt Certification is available for vendor viewing upon request to the Contract Administrator.

2.305 INDEMNIFICATION

General Indemnification

To the fullest extent permitted by law, Steven's Cycle Sales Inc. shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

1. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of Steven's Cycle Sales Inc. or any of its sub-Contractors under this Contract.

2. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by Steven's Cycle Sales Inc. of any representation or warranty made by Steven's Cycle Sales Inc. in this Contract;

3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that Steven's Cycle Sales Inc. is required to insure against as provided for in this Contract;

4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by Steven's Cycle Sales Inc., by any of its Contractor, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;

5. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of Steven's Cycle Sales Inc. or any of its sub-Contractors in its or their capacity as an employer of a person.

Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, Steven's Cycle Sales Inc. shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by Steven's Cycle Sales Inc. or its Contractor, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in Steven's Cycle Sales Inc.'s opinion be likely to become the subject of a claim of infringement, Steven's Cycle Sales Inc. shall at Steven's Cycle Sales Inc.'s sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to Steven's Cycle Sales Inc., (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Steven's Cycle Sales Inc., (iii) accept its return by the State with appropriate credits to the State against Steven's Cycle Sales Inc.'s charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Code Indemnification

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

Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of Steven's Cycle Sales Inc. or any of its Contractor, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for Steven's Cycle Sales Inc. or any of its Contractor under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in sub clauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other sub clause.

Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect not withstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

Indemnification Procedures

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

(a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Steven's Cycle Sales Inc. of such claim in writing and take or assist Steven's Cycle Sales Inc. in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Steven's Cycle Sales Inc.. No failure to so notify Steven's Cycle Sales Inc. shall relieve Steven's Cycle Sales Inc. of its indemnification obligations except to the extent that Steven's Cycle Sales Inc. can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Steven's Cycle Sales Inc. shall notify the State in writing whether Steven's Cycle Sales Inc. agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Steven's Cycle Sales Inc. of a claim and prior to the State receiving Steven's Cycle Sales Inc.'s Notice of Election, the State shall be entitled to defend against the claim, at Steven's Cycle Sales Inc.'s expense, and Steven's Cycle Sales Inc. will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.

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

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

2.306 LIMITATION OF LIABILITY

Except as set forth herein, neither Steven's Cycle Sales Inc. nor the State shall be liable to the other party for indirect or consequential damages, even if such party has been advised of the possibility of such damages. Such limitation as to indirect or consequential damages shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of Steven's Cycle Sales Inc.; to claims covered by other specific provisions of this Contract calling for liquidated damages; to Steven's Cycle Sales Inc.'s indemnification obligations (2.305); or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

2.307 CONTRACT DISTRIBUTION

Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of State unless other arrangements are authorized by Acquisition Services.

2.308 FORM, FUNCTION, AND UTILITY-RESERVED

2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, Steven's Cycle Sales Inc. hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.

2.310 PURCHASING FROM OTHER STATE AGENCIES-RESERVED

2.311 TRANSITION ASSISTANCE-RESERVED

2.312 RESERVED

2.313 RESERVED

2.314 WEBSITE INCORPORATION

State expressly states that it will not be bound by any content on Steven's Cycle Sales Inc.'s website, even if Steven's Cycle Sales Inc.'s documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

2.4 Contract Review and Evaluation

2.401 CONTRACT COMPLIANCE INSPECTOR

Upon receipt at Acquisition Services of the properly executed Contract Agreement, the person named below will be allowed to oversee the Contract performance on a day-to-day basis during the term of the Contract. However, overseeing the Contract implies **no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Acquisition Services**. The Contract Compliance Inspector for this project is:

Kathi Ransier
Department of State
Office of Traffic Safety
7150 Harris Road
Lansing, MI 48906
(517) 636-5019

2.402 PERFORMANCE REVIEWS

Acquisition Services in conjunction with the *D*epartment of State may review with Steven's Cycle Sales Inc. their performance under this Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Steven's Cycle Sales Inc.'s past performance with the State. Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of this Contract.

Upon a finding of poor performance, which has been documented by Acquisition Services, Steven's Cycle Sales Inc. shall be given an opportunity to respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by Acquisition Services, the Contract may be canceled for default. Delivery by Steven's Cycle Sales Inc. of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS

Steven's Cycle Sales Inc. agrees that the State may, upon 24-hour notice, perform an audit at Steven's Cycle Sales Inc.'s location(s) to determine if Steven's Cycle Sales Inc. is complying with the requirements of this Contract. Steven's Cycle Sales Inc. agrees to cooperate with the State during the audit and produce all records and documentation that verifies compliance with the Contract requirements.

2.5 Quality and Warranties

2.501 PROHIBITED PRODUCTS

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by Steven's Cycle Sales Inc. of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Acquisition Services has approved a change.

2.502 QUALITY ASSURANCE

The State reserves the right inspect motorcycles, which have been received to verify compliance with specifications. If the motorcycles do not meet specifications or fails to perform satisfactorily at any time, Steven's Cycle Sales Inc. shall be responsible for:

1. Replacement of all motorcycles that fail to meet specifications.
3. All costs of repair and/or replacement of equipment deemed to have been damaged prior to acceptance by the State.

2.503 INSPECTION

All motorcycles are subject to inspection. In the event motorcycles are defective in material or workmanship, or otherwise fail to meet the requirements of this Contract, the State shall have the right to reject the motorcycles. Steven's Cycle Sales Inc. must arrange for the repair or return of said motorcycles, including paying for handling, packing, and transportation costs. The State has the authority to dispose of the goods without further liability to the State in the event Steven's Cycle Sales Inc. fails to make arrangements within the specified time period.

2.504 GENERAL WARRANTIES (goods)

Warranty of Merchantability – Goods provided by Steven's Cycle Sales Inc. under this agreement shall be merchantable. All goods provided under this Contract shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the vendor or on the container or label.

Warranty of fitness for a particular purpose – When Steven's Cycle Sales Inc. has reason to know or knows any particular purpose for which the goods are required, and the State is relying on the vendor's skill or judgment to select or furnish suitable goods, there is a warranty that the goods are fit for such purpose.

Warranty of title – Steven's Cycle Sales Inc. shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by Steven's Cycle Sales Inc. shall be delivered free from any security interest, lien, or encumbrance of which the State, at the time of Contracting, has no knowledge. Goods provided by vendor, under this agreement, shall be delivered free of any rightful claim of any third person by of infringement or the like.

2.505 WARRANTIES -RESERVED

2.506 STAFF-RESERVED

2.507 RESERVED

2.508 EQUIPMENT WARRANTY-RESERVED

2.509 RESERVED

2.6 Breach of Contract

2.601 BREACH DEFINED

Failure to comply with articles, sections, or subsections of this agreement, or making any false statement in this agreement will be considered a material breach of this agreement giving the state authority to invoke any and all remedies available to it under this agreement.

In addition to any remedies available in law and by the terms of this Contract, if Steven's Cycle Sales Inc. breaches Sections 2.508, 2.509, or 2.510, such a breach may be considered as a default in the performance of a material obligation of this Contract.

2.602 NOTICE AND THE RIGHT TO CURE

In the event of a curable breach by Steven's Cycle Sales Inc., the State shall provide Steven's Cycle Sales Inc. written notice of the breach and a time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.

2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another Steven's Cycle Sales Inc.); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its Contractor are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to Steven's Cycle Sales Inc. as of the date specified by the State in a written notice of cancellation to Steven's Cycle Sales Inc.. Steven's Cycle Sales Inc. will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by Steven's Cycle Sales Inc. which are caused by acts or omissions of its Contractor will not relieve Steven's Cycle Sales Inc. of its obligations under the Contract except to the extent that a sub-Steven's Cycle Sales Inc. is itself subject to any excusable failure condition described above and Steven's Cycle Sales Inc. cannot reasonably circumvent the effect of the sub-Steven's Cycle Sales Inc.'s default or delay in performance through the use of alternate sources, workaround plans or other means.

2.7 Remedies

2.701 CANCELLATION

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

1. Material Breach by Steven's Cycle Sales Inc.. In the event that Steven's Cycle Sales Inc. breaches any of its material duties or obligations under this Contract, which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of cancellation to Steven's Cycle Sales Inc., cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

   In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, Steven's Cycle Sales Inc. shall be responsible for all costs incurred by the State in canceling this Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any additional costs the State may incur to procure the services required by this Contract from other sources. All excess re-procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in this Contract.

   In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

   In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that Steven's Cycle Sales Inc. was not in breach of Contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving Steven's Cycle Sales Inc. written notice 30 days prior to the date of cancellation. If

the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.

3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. Steven's Cycle Sales Inc. acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to Steven's Cycle Sales Inc.. The State shall give Steven's Cycle Sales Inc. written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.

4. Criminal Conviction. In the event Steven's Cycle Sales Inc., an officer of Steven's Cycle Sales Inc., or an owner of a 25% or greater share of Steven's Cycle Sales Inc., is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or sub-Contract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon Steven's Cycle Sales Inc.'s business integrity.

5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Steven's Cycle Sales Inc. or may be effective as of the date stated in such written notice.

2.702 RIGHTS UPON CANCELLATION

Termination Assistance. If this Contract (or any Statement of Work issued under it) is terminated for any reason prior to completion, Steven's Cycle Sales Inc. agrees to provide for up to six (6) months after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of this Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. Such termination assistance shall be at no additional charge to the State if the termination is for Steven's Cycle Sales Inc.'s Default pursuant to Section 2.602; otherwise the State shall compensate Steven's Cycle Sales Inc. for such termination assistance on a time and materials basis in accordance with the Amendment Labor Rates identified within this Contract agreement.

2.703 LIQUIDATED DAMAGES-RESERVED

2.704 STOP WORK-RESERVED

2.705 SUSPENSION OF WORK

The Contract Administrator may order Steven's Cycle Sales Inc., in writing, to suspend, delay, or interrupt all or any part of the work of this Contract for the period of time that the Contract Administrator determines appropriate for the convenience of the State.

If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of the Contract Administrator in the administration of this Contract, or (2) by the Contract Administrator's failure to act within the time specified in this Contract (or within a reasonable time if not specified), an adjustment shall be made for any increase in the cost of performance of this Contract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the Contract modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed,

or interrupted by any other cause, including the fault or negligence of Steven's Cycle Sales Inc., or for which an equitable adjustment is provided for or excluded under any other term or condition of this Contract.

A claim under this clause shall not be allowed:

(1) For any costs incurred more than 20 days before Steven's Cycle Sales Inc. shall have notified the Contract Administrator in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order); and
(2) Unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under the Contract.

2.8 Changes, Modifications, and Amendments

2.801 APPROVALS

This Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

2.802 TIME EXTENTIONS

Time extensions for Contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of performance as described in the statement of work. The change order granting the time extension may provide that the Contract completion date will be extended only for those specific elements related to the changed work and that the remaining Contract completion dates for all other portions of the work will not be altered. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.

2.803 MODIFICATION

Acquisition Services reserves the right to modify this Contract at any time during the Contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by Steven's Cycle Sales Inc. resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases. IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.

The State reserves the right to add an item(s) that is not described on the item listing and is available from the Contract vendor. The item(s) may be included on the Contract, only if prior written approval has been granted by Acquisition Services.

2.804 AUDIT AND RECORDS UPON MODIFICATION

DEFINITION: records includes books, documents, accounting procedures and practices, and other data, regardless of whether such items are in written form, electronic form, or in any other form

Steven's Cycle Sales Inc. shall be required to submit cost or pricing data with the pricing of any modification of this Contract to the Contract Administrator in Acquisition Services. Data may include accounting records, payroll records, employee time sheets, and other information the state deems necessary to perform a fair evaluation of the modification proposal. Contract Administrator or authorized representative of the state shall have the right to examine and audit all of Steven's Cycle Sales Inc.'s records, including computations and projections, related to:

(a) The proposal for modification;
(b) The discussions conducted on the proposal, including those related to negotiation;
(c) Pricing of the modification; or
(d) Performance of the modification.

Steven's Cycle Sales Inc. shall make available at its office at all reasonable times the materials described in the paragraphs above.

If this Contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

2.805 CHANGES

(a) The Contract Administrator may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the Contract, including changes:

(1) In the specifications (including drawings and designs);
(2) In the method or manner of performance of the work;
(3) In the State-furnished facilities, equipment, materials, services, or site; or
(4) Directing acceleration in the performance of the work.

(a) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contract Administrator that causes a change shall be treated as a change order under this clause; Provided, that Steven's Cycle Sales Inc. gives the Contract Administrator written notice stating:

(1) The date, circumstances, and source of the order; and
(2) That Steven's Cycle Sales Inc. regards the order as a change order.

(b) Except as provided in this clause, no order, statement, or conduct of the Contract Administrator shall be treated as a change under this clause or entitle Steven's Cycle Sales Inc. to an equitable adjustment.

Article 3 – Certifications and Representations

3.006 EXTENDED PURCHASING TO LOCAL UNITS OF STATE/INSTITUTIONS OF HIGHER LEARNING

Act Number 431 of the Public Acts of 1984 permits the State of Michigan, Department of Management and Budget, to provide purchasing services to any city, village, county, township, school district, intermediate school district, nonprofit hospital, institution of higher learning, or community or junior colleges. As a result of the enactment of this legislation, the Extended Purchasing Program has been developed. This program extends the use of State Contracts to program members. The Stateal agency must enter into an agreement with the State of Michigan to become authorized to participate, thus ensuring that local units of State secure a greater return for the expenditure of public funds. It is the policy of Acquisition Services, Department of Management and Budget, that the final approval to utilize any such Contract in this manner must come from the Contract vendor.

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

3.102 FREEDOM OF INFORMATION ACT

All information in a bidder's proposal and the Contract is subject to the provisions of the Freedom of Information Act. 1976 Public Act No. 442, as amended, MCL 15.231, et seq

3.307 LIABILITY INSURANCE

A. Insurance

Steven's Cycle Sales Inc. is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from Steven's Cycle Sales Inc.'s performance of services under the terms of this Contract, whether such services are performed by Steven's Cycle Sales Inc., or by any sub-Contractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

Steven's Cycle Sales Inc. waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies Steven's Cycle Sales Inc. is required to maintain pursuant to this Contract.

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

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

The insurers selected by Steven's Cycle Sales Inc. shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. Companies that have been approved to do business in the State shall issue all policies of insurance required in this Contract.

See www.michigan.gov/cis

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

Before both parties sign this Contract or before the purchase order is issued by the State, Steven's Cycle Sales Inc. must furnish to the Director of Acquisition Services, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverage afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

Steven's Cycle Sales Inc. is required to pay for and provide the type and amount of insurance checked **below**:

☑ 1. Commercial General Liability with the following minimum coverage:

$2,000,000	General Aggregate Limit other than Products/Completed Operations
$2,000,000	Products/Completed Operations Aggregate Limit
$1,000,000	Personal & Advertising Injury Limit
$1,000,000	Each Occurrence Limit
$500,000	Fire Damage Limit (any one fire)

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

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

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

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

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

Steven's Cycle Sales Inc. also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

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

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

B. Contractor

Except where the State has approved in writing a Steven's Cycle Sales Inc. sub-Contract with other insurance provisions, Steven's Cycle Sales Inc. shall require all of its Contractors under this Contract to purchase and maintain the insurance coverage as described in this Section for Steven's Cycle Sales Inc. in connection with the performance of work by those Contractors. Alternatively, Steven's Cycle Sales Inc. may include any Contractor under Steven's Cycle Sales Inc.'s insurance on the coverage required in this Section. Sub-Contractor.(s) shall fully comply with the insurance coverage required in this Section. Failure of Sub-Contractor(s) to comply with insurance requirements does not limit Steven's Cycle Sales Inc.'s liability or responsibility.

C. Certificates of Insurance and Other Requirements

Steven's Cycle Sales Inc. shall furnish to the Office of Acquisition Services certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, Steven's Cycle Sales Inc. shall provide evidence that the State and its agents, officers and employees are listed as additional insureds, but only to the extent of liabilities assumed by Steven's Cycle Sales Inc. as set forth in Indemnification Section of this Contract, under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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