

STATE OF MICHIGAN
 DEPARTMENT OF MILITARY & VETERANS AFFAIRS
 GRAND RAPIDS HOME FOR VETERANS
 PURCHASING AND CONTRACTS
 3000 MONROE AVE NW
 GRAND RAPIDS, MI 49505

NOTICE OF CONTRACT NO. 511B5500009

Between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Arrow Uniform 6400 Monroe Blvd. Taylor, MI 48180	Hank Huvaere	hank.huvaere@arrowuniform.com
	PHONE	VENDOR FEIN # (LAST FOUR DIGITS ONLY)
	Cell:(616) 304-4844 Office: (616) 475-8101	1111

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER	GRHV	Renee Webster	(616) 364-5347	WebsterR9@michigan.gov
CONTRACT ADMINISTRATOR	GRHV	Kerri Bielski	(616) 364-5327	BielskiK@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION:			
Kitchen Uniforms for the Grand Rapids Home for Veterans			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
1-Year	March 1, 2015	February 29, 2016	Four 1-Year
PAYMENT TERMS	F.O.B.	SHIPPED TO	
Payment Terms	F.O.B.	Grand Rapids, MI	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$10,000.00

Orders for delivery will be issued directly by the Department of Military & Veterans Affairs through the issuance of a Purchase Order Form.

For the Contractor:

Hank Huvaere
Arrow Uniform
6400 Monroe Blvd., Taylor, MI 48180
(616) 475-8101
hank.huvaere@arrowuniform.com

Date

For the State:

Kimberly Graham
State of Michigan
Department of Military & Veterans Affairs
3423 N. MLK Blvd., Lansing, MI 48906
(517) 481-7643
GrahamK@michigan.gov

Date



**EXHIBIT A
STATEMENT OF WORK
CONTRACT ACTIVITIES**

Background:

The Michigan Veterans Affairs Agency, Grand Rapids Home for Veterans, under the direction of the Department of Military and Veterans Affairs, is seeking a contractor to provide uniforms for the kitchen staff in the Nutrition Services Division. The exact quantities to be purchased are unknown; however, an estimate of one year’s usage has been provided in Exhibit C Price Sheet. The Grand Rapids Home for Veterans is not obligated to purchase in any of estimated quantities. The contractor will be required to furnish all such materials and services as may be ordered during the contract.

Requirement	Response
1. Specifications	
1.1 The Contractor must provide the following:	
There are approximately 45 kitchen staff employees that require uniforms. One time per year the contractor will be required to come in and take measurements / do a fitting with the staff to purchase 5-sets of uniforms, or have the option to purchase 10-pieces for that year. The contractor may have to come in on separate occasions throughout the year for additional fittings and orders for new staff.	Hank Huvaere will be the person responsible for the fittings annually
Bids on alternate brand or manufacturer lines will not be considered. (OR) Brands or trade names are for identification purposes only and do not limit the Contractor to such brands or trade names. (OR) The Contractor may offer an alternate bid that varies from the specifications. An alternate bid must clearly describe all variances from the specifications and the proposal must include descriptive literature that contains complete specifications, if available.	We will quote and provide Red Kap garments
1.2 Warranties	
Describe any warranties included in the bid and explain the process for reporting warranty issues and how the Contractor will handle any repairs or replacements.	These garments will be purchased and repairs will be the responsibility of the user. Replacements can be ordered as needed.
The State reserves the right to require additional warranties other than those identified by the Contractor in its response to this RFP.	
1.3 Recall Requirements and Procedures	
Describe any recall requirements and procedures. (OR) The Contractor must describe any recall procedures.	Any garment that doesn't fit will be exchanged / returned provided the tags are still on the garment and it has not been washed or personalized
1.4 Quality Assurance Program	
Explain your Quality Assurance Program(s).	We promise to provide Red Kap garments which are the finest available.
1.5 Incentives	
Explain any special incentives or services including, but not limited	As stated above we will accept the return of



to, return policies, trade-in programs, quantity discounts, etc.	garments for fit that are not washed, personalized or have the tags removed from them.
	Prices reflect quantity discounts
2. Service Levels	
2.1 Time Frames	
All Contract Activities must be delivered within 10 calendar days from receipt of order. The receipt of order date is pursuant to Section 2, Notice provisions of the Standard Contract.	This might be a difficult as we are bound by the availability of the vendor. While Red Kap is very reliable we will commit to 14 business days
2.2 Delivery	
Delivery will be expected within 10 calendar days upon date of order. Delivery will be made to the Kitchen at the Grand Rapids Home for Veterans. Bidder to describe if there is any exchange program or restocking fee for returns.	We can promise 14 business days (more than likely less than that). Exchange policy listed above
2.3 Reporting	
The Contractor must submit, to the Buyer the following written reports: Annual Usage Report. The Contractor must explain its reporting capabilities and any reporting that is included in its proposal.	We will be able to provide a report on all garments ordered and can set up a website specifically for GR Veterans Home
3. Staffing	
3.1 Contractor Representative	
The Contractor must appoint a Customer Service Representative and/or Sales Representative 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").	Hank Huvaere – Regional Sales Manager – will be the Representative
The Contractor must notify the Contract Administrator at least 7 calendar days before removing or assigning a new Contractor Representative.	OK
3.2 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 5 pm EST.	(800) 552-7769 ask for Grand Rapids OR call (616) 475-8101 and ask for Hank
3.3 Disclosure of Subcontractors	
If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:	N/A
The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.	N/A
The relationship of the subcontractor to the Contractor.	
Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.	
A complete description of the Contract Activities that will be performed or provided by the subcontractor.	



Of the total bid, the price of the subcontractor's work.	
4. Pricing	
4.1 Price Term	
Pricing is firm for the entire length of the Contract.	OK
5. Ordering	
5.1 Authorizing Document	
The appropriate authorizing document for the Contract will be a Purchase Order.	OK
6. Delivery	
6.1 Delivery Programs	
The Contractor must explain in detail its delivery programs (e.g., standard delivery and quick-ship), including any limitations such as quantity.	Uniforms will be shipped directly to Hank Huvaere and then delivered to the Grand Rapids Home for Veterans. There will be no charge for delivery.
The Contractor must explain the transportation method (e.g., UPS, FedEx, Contractor fleet, or other third party carrier) it intends on utilizing in delivery of the Contract Activities.	
6.2 Packaging and Palletizing	
Packaging must be optimized to permit the lowest freight rate. Shipments must be palletized whenever possible using manufacturer's standard 4-way shipping pallets.	Uniforms will be bundled by employee for an additional \$2.00/person fee. Each employee will receive a bundle with their order form attached.
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.	OK
8. Payment Methods	
The State will make payment for Contract Activities by EFT in accordance with Public Act 533 of 2004. All State of Michigan vendors are required to receive payment by EFT.	OK
9.1 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 24 hours	Hank Huvaere
The Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés.	
9.2 Non-Key Personnel	
The Contractor must notify the Contract Administrator at least 7 calendar days before removing or assigning non-key personnel.	OK
9.3 Organizational Chart	
Provide an overall organizational chart that details staff members,	This account will be handled by Hank



by name and title, and subcontractors.	Huvaere, Regional Sales Manager
10. Liquidated Damages	
<p>Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of \$2,000 and an additional \$50 per day for each day Contractor fails to remedy the late or improper completion of the Work.</p>	<p>Due to the fact that we don't have complete control as to the availability of garment styles and sizes we cannot be held responsible and obligated to pay this amount of money. We will make every effort to meet ALL requirements stated herein.</p>



**EXHIBIT B
GENERAL PROPOSAL REQUIREMENTS
RESERVED**



EXHIBIT C PRICING

1. The Contractor must provide a pricing schedule for the proposed Contract Activities using the spreadsheet identified in Exhibit C-1. The pricing schedule should be submitted in a modifiable format (e.g., Microsoft Word or Excel); however, you may also submit an additional pricing schedule in a non-modifiable format (e.g., PDF). Failure to complete the pricing schedule as requested may result in disqualification of your proposal.
2. Price proposals must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).
3. The Contractor has not offered any quick payment terms; therefore, the terms are Net45.
4. By submitting its proposal, the Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.



**Grand Rapids Home for Veterans
Kitchen Uniforms**

Exhibit C-1

Line No.	Description	Brand	Item No.	Qty	Unit Price	Extended Price
1	Button-Front Cook Shirt; Short Sleeve; White 2XL; 65/35 Blend with Pocket	Red Kap	5020WH	20	\$ 8.45	\$169.00
2	Button-Front Cook Shirt; Short Sleeve; White XL; 65/35 Blend with Pocket	Red Kap	5020WH	0	\$ 7.55	\$0.00
3	Button-Front Cook Shirt; Short Sleeve; White L; 65/35 Blend with Pocket	Red Kap	5020WH	42	\$ 7.55	\$317.10
4	Button-Front Cook Shirt; Short Sleeve; White M 65/35 Blend with Pocket	Red Kap	5020WH	55	\$ 7.55	\$415.25
5	Button-Front Cook Shirt; Short Sleeve; White S; 65/35 Blend with Pocket	Red Kap	5020WH	2	\$ 7.55	\$15.10
6	Mens Specialized Pocketless Work Shirt; White 2XL; 65/35 Blend; Short Sleeve	Red Kap	SP26WH	14	\$ 11.45	\$160.30
7	Mens Specialized Pocketless Work Shirt; White L; 65/35 Blend; Short Sleeve	Red Kap	SP26WH	19	\$ 10.35	\$196.65



Line No.	Description	Brand	Item No.	Qty	Unit Price	Extended Price
8	Womens Specialized Pocketless Work Shirt; White 3XL; 65/35 Blend; Short Sleeve	Red Kap	SP26WH	5	\$ 10.35	\$51.75
9	Womens Specialized Pocketless Work Shirt; White 2XL; 65/35 Blend; Short Sleeve	Red Kap	SP26WH	2	\$ 10.35	\$20.70
10	Womens Specialized Pocketless Work Shirt; White L; 65/35 Blend; Short Sleeve	Red Kap	SP25WH	0	\$ 10.35	\$0.00
11	Womens Specialized Pocketless Work Shirt; White M; 65/35 Blend; Short Sleeve	Red Kap	SP25WH	5	\$ 10.35	\$51.75
12	Womens Specialized Pocketless Work Shirt; White S; 65/35 Blend; Short Sleeve	Red Kap	SP25WH	5	\$ 10.35	\$51.75
13	Mens Baggy Cook Pant; Regular Length; Black; Twill 65/35 Blend; Elastic Waist w/ Drawstring; XL	Red Kap	5360BK	5	\$ 18.50	\$92.50
14	Mens Baggy Cook Pant; Regular Length; Black; Twill 65/35 Blend; Elastic Waist w/ Drawstring; L	Red Kap	5360BK	10	\$ 18.50	\$185.00
15	Mens Baggy Cook Pant; Regular Length; Black; Twill 65/35 Blend; Elastic Waist w/ Drawstring; M	Red Kap	5360BK	10	\$ 18.50	\$185.00



Line No.	Description	Brand	Item No.	Qty	Unit Price	Extended Price
16	Mens Baggy Cook Pant; Regular Length; Black; Twill 65/35 Blend; Elastic Waist w/ Drawstring; S	Red Kap	5360BK	15	\$ 18.50	\$277.50
17	Mens Industrial Work Pant; Black, 30" inseam, Twill 65/35 Blend, Slack Style Pockets; Waist: 30-40"	Red Kap	PT20BK	35	\$ 15.75	\$551.25
18	Mens Industrial Work Pant; Black, 32" inseam, Twill 65/35 Blend, Slack Style Pockets; Waist: 30-40"	Red Kap	PT20BK	40	\$ 15.75	\$630.00
19	Mens Industrial Work Pant; Black, 34" inseam, Twill 65/35 Blend, Slack Style Pockets; Waist: 30-40"	Red Kap	PT20BK	10	\$ 15.75	\$157.50
20	Womens Easy Wear Poplin Straight Leg Pant; Black; Regular Inseam; 65/35 Blend; On-Seam Pockets; S	Red Kap	2P11BK	40	\$ 17.10	\$684.00
21	Womens Easy Wear Poplin Straight Leg Pant; Black; Regular Inseam; 65/35 Blend; On-Seam Pockets; M	Red Kap	2P11BK	10	\$ 16.45	\$164.50
22	Womens Easy Wear Poplin Straight Leg Pant; Black; Regular Inseam; 65/35 Blend; On-Seam Pockets; L	Red Kap	2P11BK	15	\$ 16.45	\$246.75
23	Womens Easy Wear Poplin Straight Leg Pant; Black; Regular Inseam; 65/35 Blend; On-Seam Pockets; XL	Red Kap	2P11BK	10	\$ 16.45	\$164.50



Line No.	Description	Brand	Item No.	Qty	Unit Price	Extended Price
24	Womens Elastic Insert Work Pant; Tapered Leg; Black; 34" unhemmed inseam, Twill 65/35 Blend, Slack Style Pockets	Red Kap	PT61BK	5	\$ 17.80	\$89.00
25	Uniform Bundling for Employee			45	\$ 2.00	



STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and Arrow Uniform (“**Contractor**”). This Contract is effective on March 1, 2015 (“**Effective Date**”), and unless terminated, expires on February 29, 2016.

This Contract may be renewed for up to four (4) additional one-year period(s). Renewal must be by written agreement of the parties.

The parties agree as follows:

1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Exhibit 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 Exhibit 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.

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



If to State:	If to Contractor:
<i>Kerri Bielski, Buyer</i> <i>Grand Rapids Home for Veterans</i> <i>3000 Monroe Ave NE</i> <i>Grand Rapids, MI 49505</i> <i>BielskiK@michigan.gov</i> <i>(616) 364-5327</i>	<i>Hank Huvaere, Regional Sales Manager</i> <i>6400 Monroe Blvd.</i> <i>Taylor, MI 48180</i> <i>hank.huvaere@arrowuniform.com</i> <i>(616) 304-4844 Cell</i>

3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms and conditions of this Contract (each a **"Contract Administrator"**):

If to State:	If to Contractor:
<i>Kerri Bielski, Buyer</i> <i>Grand Rapids Home for Veterans</i> <i>3000 Monroe Ave NE</i> <i>Grand Rapids, MI 49505</i> <i>BielskiK@michigan.gov</i> <i>(616) 364-5327</i>	<i>Hank Huvaere, Regional Sales Manager</i> <i>6400 Monroe Blvd.</i> <i>Taylor, MI 48180</i> <i>hank.huvaere@arrowuniform.com</i> <i>(616) 304-4844 Cell</i>

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"**):

If to State:	If to Contractor:
<i>Renee Webster, Director of Nutrition Services</i> <i>Grand Rapids Home for Veterans</i> <i>3000 Monroe Ave NE</i> <i>Grand Rapids, MI 49505</i> <i>WebsterR9@michigan.gov</i> <i>(616) 364-5347</i>	<i>Hank Huvaere, Regional Sales Manager</i> <i>6400 Monroe Blvd.</i> <i>Taylor, MI 48180</i> <i>hank.huvaere@arrowuniform.com</i> <i>(616) 304-4844 Cell</i>



- 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 Exhibit 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 an company with an A.M. Best rating of "A" or better and a financial size of VII or better.

Insurance Type	Additional Requirements
Commercial General Liability Insurance	
<u>Minimal 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: (1) 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; (2) include a waiver of subrogation; and (3) for a claims-made policy, provide 3 years of tail coverage.
Umbrella or Excess Liability Insurance	
<u>Minimal Limits:</u> \$5,000,000 General 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) include a waiver of subrogation.
Motor Vehicle Insurance	
<u>Minimal Limits:</u> \$1,000,000 Per Occurrence	
Workers' Compensation Insurance	
<u>Minimal Limits:</u>	Waiver of subrogation, except where waiver



Coverage according to applicable laws governing work activities.	is prohibited by law.
Employers Liability Insurance	
<u>Minimal Limits:</u> \$100,000 Each Accident \$100,000 Each Employee by Disease \$500,000 Aggregate Disease.	

If Contractor's policy contains limits higher than the minimum limits, the State is entitled to coverage to the extent of the higher limits. The minimum limits are not intended, and may not be construed to limit any liability or indemnity of Contractor to any indemnified party or other persons.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase 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.

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.

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.** Upon request, 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, provide all necessary documentation and signatures, and continue to perform, with the third party, its obligations under the Contract.
14. **Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, 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 Exhibit 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 Exhibit 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 Exhibit A. All containers and packaging becomes 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 Exhibit 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 Exhibit 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. Notwithstanding the foregoing, all prices are inclusive 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/cpexpress> 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 Exhibit 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 purchase 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 90 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.** 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. State Data.** All data and information provided to Contractor by or on behalf of the State, and all data and information derived therefrom, is the exclusive property of the State (“**State Data**”); this definition is to be construed as broadly as possible. Upon request, Contractor must provide to the State, or a third party designated by the State, all State Data within 10 calendar days of the request and in the format requested by the State. Contractor will assume all costs incurred in compiling and supplying State Data. No State Data may be used for any marketing purposes.
- 31. 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 non-State Data Confidential Information is not feasible, such party must destroy the non-State Data Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party.

32. **Reserved.**

33. **Reserved.**

34. **Reserved.**

- 35. **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 7 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.

- 36. **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; and (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. 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.

37. **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.
38. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
39. **Prevailing Wage.** This Contract and any subcontract is subject to the Prevailing Wage Act, 1965 PA 166. Contractor must comply with the state prevailing wage law and its requirements.
40. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, 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, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.
41. **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.
42. **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.
43. **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.
44. **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.
45. **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.

46. **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.
47. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
48. **Order of Precedence.** In the event of a conflict between the terms and conditions of the Contract, the exhibits, a purchase order, or an amendment, the order of precedence is: (a) the purchase order; (b) the amendment; (c) Exhibit A; (d) any other exhibits; and (e) the Contract.
49. **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.
50. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
51. **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.
52. **Entire Contract and Modification.** This Contract is the entire agreement and replaces all previous agreements between the parties for the Contract Activities. This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**").